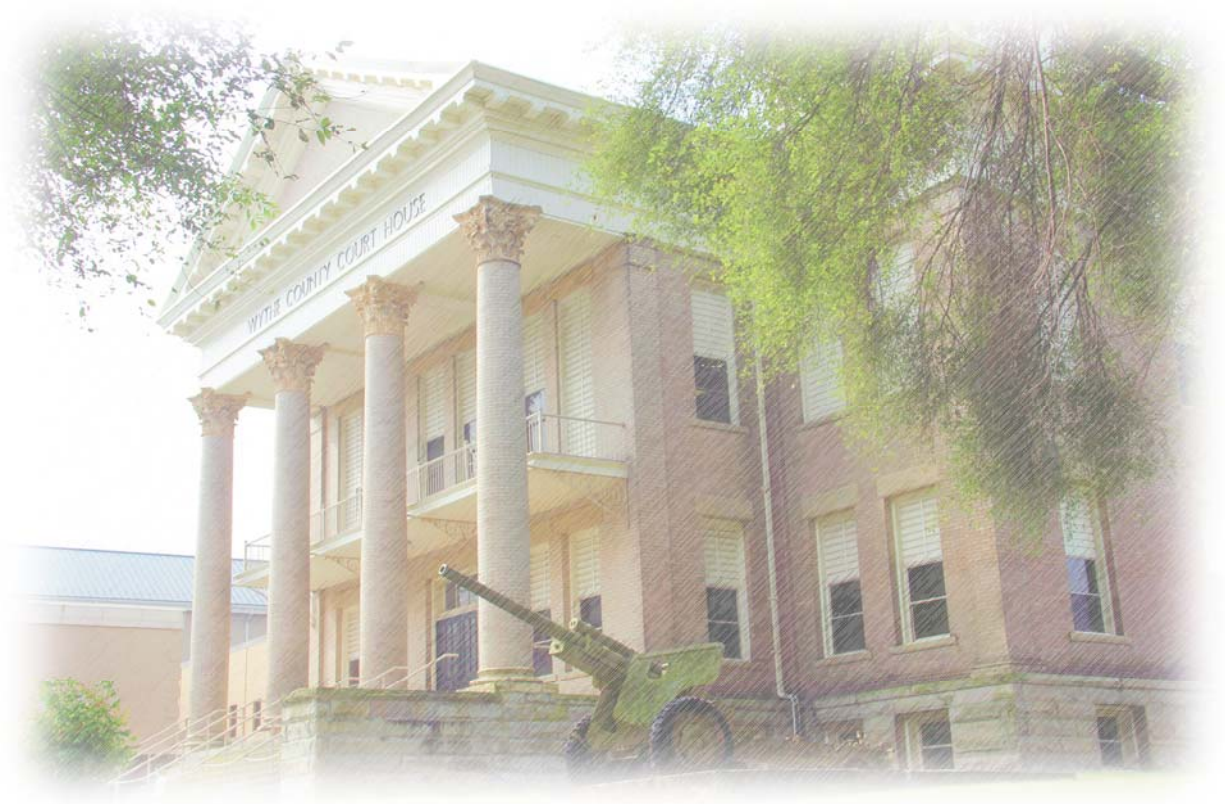


County of Wythe, Virginia

Financial Statements



Wythe County Courthouse

Fiscal Year Ended June 30, 2014

COUNTY OF WYTHE, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF WYTHE, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	2-4
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	5
Statement of Activities	2	6
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	10
Statement of Net Position - Proprietary Funds	7	11
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	12
Statement of Cash Flows - Proprietary Funds	9	13
Statement of Fiduciary Net Position - Fiduciary Funds	10	14
Notes to Financial Statements		15-54

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund	11	55
Schedule of Pension and OPEB Funding Progress.....	12	56

Other Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Capital Projects Fund	13	57
Statement of Fiduciary Net Position - Fiduciary Funds	14	58
Discretely Presented Component Unit - School Board:		
Balance Sheet	15	59

COUNTY OF WYTHE, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

Other Supplementary Information (Cont.):

	<u>Exhibit</u>	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds	16	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	17	61
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	62-67
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	68-72
Statistical Information:	<u>Table</u>	<u>Page</u>
Government-wide information:		
Government-wide Expenses by Function	1	73
Government-wide Revenues	2	74
Fund information:		
General Governmental Expenditures by Function	3	75
General Governmental Revenues by Source	4	76
Property Tax Levies and Collections	5	77
Assessed Value of Taxable Property	6	78
Property Tax Rates	7	79
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	80
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures.....	9	81

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82-83
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	84-85
Schedule of Expenditures of Federal Awards	86-87
Notes to Schedule of Expenditures of Federal Awards	88
Schedule of Findings and Questioned Costs.....	89-90

INTRODUCTORY SECTION

COUNTY OF WYTHE, VIRGINIA

BOARD OF SUPERVISORS

Timothy A. Reeves, Chair

Arthur "Artie" E. Hall, Vice Chair
Joe F. Hale
Coy L. McRoberts

Gary M. Houseman
Steven T. Willis
B. G. "Gene" Horney, Jr.

R. Cellell Dalton, Clerk

COUNTY SCHOOL BOARD

William S. Kidd, Chair

Deborah M Crigger, Vice Chair
Walter C. White
David W. Martin

Chalmer L. Frye
Patricia S. Hines
Stephen R. Sage

Sara F. Dickens, Clerk

SOCIAL SERVICES BOARD

Rose M. Lester, Chair

Dan Challgren
Nancy Jackson

Joel Hash, Jr.
Timothy A. Reeves

Lewis Lafon, Clerk

OTHER OFFICIALS

Judge of the Circuit Court Josiah T. Showalter, Jr.
Clerk of the Circuit Court Hayden H. Horney
Judge of the General District Court J.D. Bolt
Judge of the Juvenile & Domestic Relations Court Howard D. Chitwood
Commonwealth's Attorney Gerald Mabe
Commissioner of the Revenue Faye Barker
Treasurer Walter S. Crockett
Sheriff Doug King
Superintendent of Schools Dr. W. Lee Brannon
Director of Social Services Lewis Lafon
County Administrator R. Cellell Dalton
County Attorney Scot S. Farthing

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule of pension and OPEB funding progress on pages 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Information

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

Other Information (continued)

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

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express 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 November 25, 2014, on our consideration of the County of Wythe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Wythe, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 25, 2014

Basic Financial Statements

County of Wythe, Virginia
Statement of Net Position
June 30, 2014

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>School Board</u>
ASSETS				
Cash and cash equivalents	\$ 38,211,701	\$ 5,114,885	\$ 43,326,586	\$ 3,014,079
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,185,199	-	1,185,199	-
Other local taxes	277,443	-	277,443	-
Accounts receivable	93,038	552,292	645,330	11,761
Due from other governmental units	1,518,361	4,457,238	5,975,599	1,365,469
Inventories	-	-	-	56,549
Prepaid items	35,027	-	35,027	327,239
Restricted assets:				
Cash and cash equivalents (in custody of others)	890,569	694,630	1,585,199	-
Capital assets (net of accumulated depreciation):				
Land	2,742,336	218,005	2,960,341	708,696
Buildings and improvements	33,577,706	-	33,577,706	11,487,944
Machinery and equipment	2,404,543	11,206	2,415,749	2,593,772
Infrastructure	1,994,841	40,566,431	42,561,272	-
Construction in progress	22,036,371	419,199	22,455,570	-
Total assets	104,967,135	52,033,886	157,001,021	19,565,509
LIABILITIES				
Accounts payable	299,535	136,219	435,754	1,065,506
Retainage payable	-	28,496	28,496	-
Customer deposits	-	69,853	69,853	2,602,156
Accrued interest payable	400,445	119,110	519,555	-
Deposits held in escrow	16,000	-	16,000	-
Long-term liabilities:				
Due within one year	2,381,644	842,146	3,223,790	465,099
Due in more than one year	41,524,527	19,756,232	61,280,759	889,133
Total liabilities	44,622,151	20,952,056	65,574,207	5,021,894
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	118,888	-	118,888	-
NET POSITION				
Net investment in capital assets	19,913,536	21,324,420	41,237,956	14,790,412
Restricted:				
Law library	35,452	-	35,452	-
Property seizure	67,016	-	67,016	-
Courtroom security	359,729	-	359,729	-
Clerk's records grant	23,653	-	23,653	-
School cafeterias	-	-	-	295,747
Unrestricted	39,826,710	9,757,410	49,584,120	(542,544)
Total net position	\$ 60,226,096	\$ 31,081,830	\$ 91,307,926	\$ 14,543,615

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

County of Wythe, Virginia
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		
			Grants and Contributions	Grants and Contributions		Governmental Activities	Business-type Activities	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,557,004	\$ 3,112	\$ 269,808	\$ -	-	\$ (1,284,084)	\$ -	\$ (1,284,084)
Judicial administration	1,136,607	11,403	870,476	-	-	(254,728)	-	(254,728)
Public safety	6,416,496	1,738,566	1,779,956	-	-	(2,897,974)	-	(2,897,974)
Public works	1,960,842	42,155	-	-	-	(1,918,687)	-	(1,918,687)
Health and welfare	6,223,639	-	4,532,026	-	-	(1,691,613)	-	(1,691,613)
Education	12,134,257	-	-	-	-	(12,134,257)	-	(12,134,257)
Parks, recreation, and cultural	533,197	63,340	26,491	-	-	(443,366)	-	(443,366)
Community development	533,516	-	19,700	79,951	-	(433,865)	-	(433,865)
Interest on long-term debt	1,256,115	-	-	-	-	(1,256,115)	-	(1,256,115)
Total governmental activities	\$ 31,751,673	\$ 1,858,576	\$ 7,498,457	\$ 79,951	-	\$ (22,314,689)	\$ -	\$ (22,314,689)
Business-type activities:								
Water and sewer	\$ 3,403,181	\$ 2,709,912	\$ -	\$ 1,829,290	-	\$ -	\$ 1,136,021	\$ 1,136,021
Total primary government	\$ 35,154,854	\$ 4,568,488	\$ 7,498,457	\$ 1,909,241	-	\$ (22,314,689)	\$ 1,136,021	\$ (21,178,668)
COMPONENT UNIT:								
School Board	\$ 42,005,284	\$ 1,070,919	\$ 26,905,113	\$ -	-	\$ -	\$ -	\$ (14,029,252)
General revenues:								
General property taxes						\$ 17,303,112	\$ -	\$ 17,303,112
Other local taxes:								
Local sales and use taxes						3,293,354	-	3,293,354
Consumers' utility taxes						614,117	-	614,117
Consumption tax						95,314	-	95,314
Motor vehicle licenses						373,074	-	373,074
Bank stock taxes						29,786	-	29,786
Taxes on recordation and wills						155,590	-	155,590
Hotel and motel room taxes						166,328	-	166,328
Restaurant food taxes						721,051	-	721,051
Unrestricted revenues from use of money and property						1,242,777	150,845	1,393,622
Miscellaneous						642,961	-	642,961
Payments from the County of Wythe, Virginia						-	-	-
Grants and contributions not restricted to specific programs						2,525,329	-	2,525,329
Transfers						(296,085)	296,085	-
Total general revenues and transfers						\$ 26,866,708	\$ 446,930	\$ 27,313,638
Change in net position						\$ 4,552,019	\$ 1,582,951	\$ 6,134,970
Net position - beginning						55,674,077	29,498,879	85,172,956
Net position - ending						\$ 60,226,096	\$ 31,081,830	\$ 91,307,926
								\$ 14,543,615

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

County of Wythe, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 31,965,039	\$ 6,246,662	\$ 38,211,701
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	1,185,199	-	1,185,199
Other local taxes receivable	277,443	-	277,443
Accounts receivable	93,038	-	93,038
Due from other governmental units	1,518,361	-	1,518,361
Prepaid items	35,027	-	35,027
Restricted assets:			
Cash and cash equivalents	877,635	12,934	890,569
Total assets	<u>35,951,742</u>	<u>6,259,596</u>	<u>42,211,338</u>
LIABILITIES			
Accounts payable	299,535	-	299,535
Deposits held in escrow	16,000	-	16,000
Total liabilities	<u>315,535</u>	<u>-</u>	<u>315,535</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>1,171,174</u>	<u>-</u>	<u>1,171,174</u>
FUND BALANCES			
Nonspendable	35,027	-	35,027
Restricted			
Law library	35,452	-	35,452
Property seizure	67,016	-	67,016
Construction projects	-	12,934	12,934
Courtroom security	359,729	-	359,729
Clerk's records grant	23,653	-	23,653
Committed for capital projects	-	6,246,662	6,246,662
Assigned for police activity	933,504	-	933,504
Unassigned	<u>33,010,652</u>	<u>-</u>	<u>33,010,652</u>
Total fund balances	<u>34,465,033</u>	<u>6,259,596</u>	<u>40,724,629</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,951,742</u>	<u>\$ 6,259,596</u>	<u>\$ 42,211,338</u>

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

County of Wythe, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 40,724,629
--	---------------

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

Land	\$ 2,742,336	
Buildings and improvements	33,577,706	
Infrastructure	1,994,841	
Machinery and equipment	2,404,543	
Construction in progress	<u>22,036,371</u>	
		62,755,797

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. These amounts are as follows:

Unavailable revenue - property taxes	1,052,286
--------------------------------------	-----------

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

General obligation bonds	\$ (42,519,300)	
Accrued interest payable	(400,445)	
Unamortized bond premium	(335,895)	
Landfill postclosure liability	(70,599)	
Compensated absences	(291,092)	
Net OPEB obligation	<u>(689,285)</u>	
		(44,306,616)

Net position of governmental activities	<u><u>\$ 60,226,096</u></u>
---	-----------------------------

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

County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 17,172,749	\$ -	\$ 17,172,749
Other local taxes	5,448,614	-	5,448,614
Permits, privilege fees, and regulatory licenses	101,343	-	101,343
Fines and forfeitures	1,403,682	-	1,403,682
Revenue from the use of money and property	1,153,118	89,659	1,242,777
Charges for services	308,617	44,934	353,551
Miscellaneous	641,577	1,384	642,961
Recovered costs	858,372	-	858,372
Intergovernmental:			
Commonwealth	7,756,018	-	7,756,018
Federal	2,347,719	-	2,347,719
Total revenues	<u>37,191,809</u>	<u>135,977</u>	<u>37,327,786</u>
EXPENDITURES			
Current:			
General government administration	1,678,577	-	1,678,577
Judicial administration	1,136,912	-	1,136,912
Public safety	6,326,660	-	6,326,660
Public works	1,978,276	-	1,978,276
Health and welfare	6,252,476	-	6,252,476
Education	19,122,678	-	19,122,678
Parks, recreation, and cultural	517,575	-	517,575
Community development	377,251	-	377,251
Capital projects	269,678	-	269,678
Debt service:			
Principal retirement	1,725,738	-	1,725,738
Interest and other fiscal charges	1,242,930	-	1,242,930
Total expenditures	<u>40,628,751</u>	<u>-</u>	<u>40,628,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,436,942)</u>	<u>135,977</u>	<u>(3,300,965)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	597,982	3,258,701	3,856,683
Transfers out	(3,897,273)	(255,495)	(4,152,768)
Debt service principal (current refunding)	(9,600,000)	-	(9,600,000)
Issuance of proceeds of general obligation bonds	16,950,000	-	16,950,000
Sale of capital assets	22,272	475,530	497,802
Total other financing sources (uses)	<u>4,072,981</u>	<u>3,478,736</u>	<u>7,551,717</u>
Net change in fund balances	636,039	3,614,713	4,250,752
Fund balances - beginning	33,828,994	2,644,883	36,473,877
Fund balances - ending	<u>\$ 34,465,033</u>	<u>\$ 6,259,596</u>	<u>\$ 40,724,629</u>

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

County of Wythe, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ 4,250,752
--	--------------

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

Capital outlays	\$ 8,267,098	
Depreciation expenses	(1,830,631)	
		6,436,467

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(177,675)
--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	130,363
--	---------

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Debt issued or incurred:		
Issuance of general obligation debt	\$ (16,950,000)	
Increase in accrued landfill closure/postclosure liability	(975)	
Principal repayments:		
Current refunding of debt	9,600,000	
General obligation bonds	1,725,738	
		(5,625,237)

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.

Decrease (increase) in compensated absences	\$ (17,281)	
Decrease (increase) in accrued interest payable	(46,665)	
Amortization of bond premium	33,480	
(Increase) decrease in net OPEB obligation	(432,185)	
		(462,651)

Change in net position of governmental activities	\$ 4,552,019
---	--------------

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

County of Wythe, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds		
	Water	Sewer	
	<u>Department</u>	<u>Department</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,748,552	\$ 2,366,333	\$ 5,114,885
Accounts receivable	262,488	289,804	552,292
Due from other governmental units	4,457,238	-	4,457,238
Total unrestricted current assets	7,468,278	2,656,137	10,124,415
Restricted current assets:			
Cash and cash equivalents (in custody of others)	694,630	-	694,630
Total restricted current assets	694,630	-	694,630
Total current assets	8,162,908	2,656,137	10,819,045
Noncurrent assets:			
Capital assets:			
Land	211,245	6,760	218,005
Utility plant in service	27,889,222	25,006,239	52,895,461
Machinery and equipment	99,912	30,740	130,652
Accumulated depreciation	(6,471,166)	(5,977,310)	(12,448,476)
Construction in progress	411,699	7,500	419,199
Total capital assets	22,140,912	19,073,929	41,214,841
Total noncurrent assets	22,140,912	19,073,929	41,214,841
Total assets	30,303,820	21,730,066	52,033,886
LIABILITIES			
Current liabilities:			
Accounts payable	126,353	9,866	136,219
Retainage payable	28,496	-	28,496
Customers' deposits	54,278	15,575	69,853
Accrued interest payable	104,825	14,285	119,110
Compensated absences - current portion	7,817	2,178	9,995
Bonds payable - current portion	442,784	389,367	832,151
Total current liabilities	764,553	431,271	1,195,824
Noncurrent liabilities:			
Compensated absences - net of current portion	2,606	726	3,332
Bonds payable - net of current portion	12,750,947	7,001,953	19,752,900
Total noncurrent liabilities	12,753,553	7,002,679	19,756,232
Total liabilities	13,518,106	7,433,950	20,952,056
NET POSITION			
Net investment in capital assets	9,641,811	11,682,609	21,324,420
Unrestricted	7,143,903	2,613,507	9,757,410
Total net position	\$ 16,785,714	\$ 14,296,116	\$ 31,081,830

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

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

	Enterprise Funds		
	Water	Sewer	
	<u>Department</u>	<u>Department</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer billings	\$ 1,275,730	\$ 1,434,182	\$ 2,709,912
Total operating revenues	1,275,730	1,434,182	2,709,912
OPERATING EXPENSES			
Personnel services	263,247	74,152	337,399
Fringe benefits	73,645	37,919	111,564
Professional services	24,773	57,797	82,570
Operating expenses	389,615	254,763	644,378
Purchase of water - regional plant	558,268	-	558,268
Depreciation	569,263	593,665	1,162,928
Total operating expenses	1,878,811	1,018,296	2,897,107
Operating income (loss)	(603,081)	415,886	(187,195)
NONOPERATING REVENUES (EXPENSES)			
Interest income	92,037	58,808	150,845
Gain on sale of assets	832	-	832
Interest expense	(227,794)	(279,112)	(506,906)
Total nonoperating revenues (expenses)	(134,925)	(220,304)	(355,229)
Income before contributions and transfers	(738,006)	195,582	(542,424)
Capital contributions and construction grants	1,829,290	-	1,829,290
Transfers in	644,304	-	644,304
Transfers out	(325,559)	(22,660)	(348,219)
Change in net position	1,410,029	172,922	1,582,951
Total net position - beginning	15,375,685	14,123,194	29,498,879
Total net position - ending	\$ 16,785,714	\$ 14,296,116	\$ 31,081,830

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

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,256,317	\$ 1,396,926	\$ 2,653,243
Payments to suppliers	(972,820)	(324,697)	(1,297,517)
Payments to and for employees	(333,692)	(110,796)	(444,488)
Net cash provided by (used for) operating activities	(50,195)	961,433	911,238
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(325,559)	(22,660)	(348,219)
Transfers from other funds	644,304	-	644,304
Net cash provided by (used for) noncapital financing activities	318,745	(22,660)	296,085
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	(2,533,586)	(105,325)	(2,638,911)
Construction grants	2,641,680	-	2,641,680
Principal payments on bonds	(406,568)	(376,597)	(783,165)
Proceeds from indebtedness	-	109,600	109,600
Interest expense	(254,924)	(278,582)	(533,506)
Proceeds from sales of capital assets	832	-	832
Net cash provided by (used for) capital and related financing activities	(552,566)	(650,904)	(1,203,470)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	92,037	58,808	150,845
Net cash provided by (used for) investing activities	92,037	58,808	150,845
Net increase (decrease) in cash and cash equivalents	(191,979)	346,677	154,698
Cash and cash equivalents - beginning (including \$694,547 of restricted deposits)	3,635,161	2,019,656	5,654,817
Cash and cash equivalents - ending (including \$694,630 of restricted deposits)	\$ 3,443,182	\$ 2,366,333	\$ 5,809,515
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (603,081)	\$ 415,886	\$ (187,195)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	569,263	593,665	1,162,928
(Increase) decrease in accounts receivable	(20,793)	(37,256)	(58,049)
Increase (decrease) in customer deposits	1,380	-	1,380
Increase (decrease) in accounts payable	(164)	(12,137)	(12,301)
Increase (decrease) in compensated absences	3,200	1,275	4,475
Total adjustments	552,886	545,547	1,098,433
Net cash provided by (used for) operating activities	\$ (50,195)	\$ 961,433	\$ 911,238

Capitalized interest in the water fund was \$23,055 for the fiscal year.

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

County of Wythe, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Agency <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 33,103
Total assets	<u>\$ 33,103</u>
LIABILITIES	
Amounts held for social services clients	\$ 33,103
Total liabilities	<u>\$ 33,103</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

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

Discretely Presented Component Units - The component unit column in the financial statements includes the financial data of the County's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Wythe County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. Separate statements are not issued for the Component Unit - School Board.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2014, the County contributed \$289,584 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2014, the County contributed \$62,000 to the Airport.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

B. Government-wide and fund financial statements:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund and the Property Seizure Fund.

The County reports the following major capital projects funds:

The County Capital Projects Fund accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. It accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The government reports the following major proprietary funds:

The *water fund and sewer fund* accounts for the activities of the County water and sewer system, which includes water distribution and sewage collections systems throughout the County.

Additionally, the government reports the following fund types:

Fiduciary funds (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds consist of the special welfare fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, liabilities, deferred inflows/outflows of resources, and net position/fund balance:

1. Cash and Cash Equivalents

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

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

2. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

D. Assets, liabilities, deferred inflows/outflows of resources, and net position/fund balance:
(Continued)

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th.

Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$622,142 at June 30, 2014. This allowance consists of delinquent taxes in the amount of \$249,481 and delinquent water and sewer bills of \$372,661.

5. Use of Estimates

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

6. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest of \$23,055 was capitalized in the Water fund during the 2014 fiscal year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies: (Continued)**D. Assets, liabilities, deferred inflows/outflows of resources, and net position/fund balance: (Continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. The School Board and Social Services department accrue payments associated with sick leave upon retirement. The County does not pay for sick leave upon retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term Obligations

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

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.

9. Net Position

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

D. Assets, liabilities, deferred inflows/outflows of resources, and net position/fund balance:
(Continued)

10. 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 (expenditure/expense) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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

11. Fund Equity

The County reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County of Wythe, Virginia evaluated its funds and classified fund balance into the following five categories:

Nonspendable - amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted - amounts that are restricted by external parties such as creditors or imposed by grants, law or legislation

Committed - amounts that have been committed (establish, modify, or rescind) by formal action (resolution or ordinance) by the entity's "highest level of decision-making authority"; which the County of Wythe, Virginia considers to be the Board of Supervisors.

Assigned - amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Wythe, Virginia considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned -this category is for any balances that have no restrictions placed upon them; positive amounts are only reporting in the general fund

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

D. Assets, liabilities, deferred inflows/outflows of resources, and net position/fund balance:
(Continued)

12. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, and the Special Revenue Funds. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2-Stewardship, Compliance, and Accountability: (Continued)

B. Excess of expenditures over appropriations

For fiscal year 2014, certain departments within the general fund expenditures exceeded their appropriations as demonstrated in Schedule 2 of this report.

C. Deficit fund equity

At June 30, 2014, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component unit has an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2014 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3-Deposits and Investments: (Continued)

Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2014 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
First American Prime Obligation Fund	\$ 1,334,655
Wells Fargo Advantage MM Fund	1,132,986
SNAP	12,934

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Concentration of Credit Risk

At June 30, 2014, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

There are no interest rate risk disclosures required for the year ended June 30, 2014.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4-Due from Other Governmental Units:

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

	Primary Government		Component Unit
	Governmental	Business-type	School Board
	Activities	Activities	
<u>Local Government:</u>			
New River Valley Regional Water Authority	\$ -	\$ 2,329,163	\$ -
Town of Wytheville	-	2,128,075	-
<u>Commonwealth of Virginia:</u>			
Local sales tax	618,306	-	-
Local communication tax	129,266	-	-
State sales tax	-	-	739,016
Categorical aid	221,683	-	-
Non-categorical aid	71,523	-	-
Virginia public assistance funds	101,342	-	-
Community services act	200,034	-	-
<u>Federal Government:</u>			
Virginia public assistance funds	152,406	-	-
Categorical aid	23,801	-	-
School grants	-	-	626,453
Totals	<u>\$ 1,518,361</u>	<u>\$ 4,457,238</u>	<u>\$ 1,365,469</u>

Note 5-Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Primary Government:</u>		
General Fund	\$ 597,982	\$ 3,897,273
County Capital Projects Fund	3,258,701	255,495
Water Fund	644,304	325,559
Sewer Fund	-	22,660
Total	<u>\$ 4,500,987</u>	<u>\$ 4,500,987</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2014:

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bonds	\$ 36,895,038	\$ 16,950,000	\$ (11,325,738)	\$ 42,519,300
GO bond premium	369,375	-	(33,480)	335,895
Landfill postclosure liability	69,624	975	-	70,599
Compensated absences	273,811	222,639	(205,358)	291,092
VRS net pension obligation	-	382,985	-	382,985
Net OPEB obligation	257,100	69,100	(19,900)	306,300
Total	\$ 37,864,948	\$ 17,625,699	\$ (11,584,476)	\$ 43,906,171

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 2,163,325	\$ 1,310,719
2016	9,511,650	1,227,199
2017	2,195,213	1,058,212
2018	2,249,246	972,222
2019	9,868,515	812,353
2020-2024	9,299,782	2,427,035
2025-2029	4,955,521	936,491
2030-2034	2,276,048	108,114
Totals	\$ 42,519,300	\$ 8,852,345

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds						
GO bond	5.29%	1/29/01	2016	\$ 700,000	\$ 126,639	\$ 62,240
GO bond	3.1-5.35%	11/6/03	2024	7,435,478	4,010,100	370,140
VPSA GO bond	2.35-5.1%	11/7/02	2023	9,209,707	4,414,098	457,093
VPSA GO bond	4.255%-5.1%	10/24/06	2027	3,593,557	2,447,583	174,021
GO bond	2%-4%	3/15/10	2018	1,600,000	850,000	200,000
GO bond	2.75%	3/18/12	2033	10,000,000	9,261,492	400,932
GO bond*	4.10%	3/15/10	2030	3,440,000	3,440,000	-
Rural Development GO bond	3.75%	12/29/10	2023	1,351,280	1,019,388	98,899
GO refunding bond	1.93%	7/10/13	2019	9,650,000	9,650,000	400,000
Public Improvement Note	variable	7/12/13	2016	8,025,000	7,300,000	-
Total General Obligation Bonds					\$ 42,519,300	\$ 2,163,325
Add: Unamortized premium on						
\$7,435,478 GO bond	n/a	11/6/03	2024	476,903	\$ 226,529	\$ -
\$3,593,557 GO bond	n/a	10/24/06	2027	102,414	66,569	-
\$1,600,000 GO bond	n/a	3/15/10	2018	57,063	42,797	-
Total Unamortized premiums					\$ 335,895	\$ -
Total General Obligation Bonds and unamortized premiums					\$ 42,855,195	\$ 2,163,325
* Build America Bonds - effective yield						
Other Obligations:						
Landfill Postclosure Liability	n/a	n/a	n/a	n/a	\$ 70,599	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	291,092	218,319
VRS Pension Obligation	n/a	n/a	n/a	n/a	382,985	-
Net OPEB Obligation	n/a	n/a	n/a	n/a	306,300	-
Total Other Obligations					\$ 1,050,976	\$ 218,319
Total Long-term obligations					\$ 43,906,171	\$ 2,381,644

The County's 2013 refunding bond requires that the County maintains liquidity such that on June 30 of each year, the balance of cash and cash equivalents held in the general fund shall be at least equal to forty percent (40%) of the amount of the County's general obligation debt outstanding on such date. As of June 30th, the County was in compliance with this bond covenant.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Increase/ Issuances</u>	<u>Decrease/ Retirements</u>	<u>Balance June 30, 2014</u>
General obligation and revenue bonds	\$ 21,269,596	\$ 109,600	\$ (783,165)	\$ 20,596,031
General obligation bond discount	(11,895)	-	915	(10,980)
Compensated absences	<u>8,852</u>	<u>11,114</u>	<u>(6,639)</u>	<u>13,327</u>
Total	<u>\$ 21,266,553</u>	<u>\$ 120,714</u>	<u>\$ (788,889)</u>	<u>\$ 20,598,378</u>

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

<u>Year Ending June 30,</u>	<u>General Obligation and Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 832,151	\$ 694,268
2016	860,433	664,386
2017	895,389	632,330
2018	925,728	599,072
2019	961,918	564,042
2020-2024	2,363,169	1,639,343
2025-2029	2,608,294	1,372,974
2030-2034	2,784,160	1,056,306
2035-2039	2,522,928	707,952
2040-2044	2,156,117	446,706
2045-2049	2,205,775	227,643
2050-2054	<u>1,479,969</u>	<u>47,004</u>
Totals	<u>\$ 20,596,031</u>	<u>\$ 8,652,026</u>

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
General Obligation and Revenue Bonds						
VRA revenue bond	0.00%	2/1/14	2025	\$ 110,100	\$ 57,634	\$ 5,239
VRA revenue bond	0.00%	5/15/12	2015	1,369,871	1,235,461	68,493
Rural Development Bond	4.50%	7/24/97	2037	2,521,100	1,948,354	52,617
Rural Development Bond	4.50%	10/31/02	2042	497,100	430,025	8,267
Rural Development Bond	4.50%	10/31/02	2042	547,700	473,840	9,103
Rural Development Bond	4.125%	6/23/10	2040	1,511,260	1,476,518	18,108
Rural Development Bond*	2.375%	3/31/10	2040	1,100,000	383,756	6,948
Rural Development Bond	2.375%	6/29/11	2051	640,000	628,792	10,861
Rural Development Bond	2.375%	6/14/11	2051	3,316,000	3,261,120	56,181
Rural Development Bond	2.375%	8/11/10	2040	1,065,000	835,760	23,601
Rural Development Bond	2.125%	11/16/12	2052	1,374,000	1,373,920	23,799
GO Bond	3.5-4.5%	1/5/06	2026	6,180,000	4,330,000	285,000
GO Bond	4.36%	12/15/05	2026	5,900,000	4,160,851	263,934
Less: Unamortized GO Bond discount					(10,980)	-
Total General Obligation and Revenue Bonds					<u>\$20,585,051</u>	<u>\$ 832,151</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	<u>\$ 13,327</u>	<u>\$ 9,995</u>
Total Other Obligations					<u>\$ 13,327</u>	<u>\$ 9,995</u>
Total Long-term obligations					<u>\$20,598,378</u>	<u>\$ 842,146</u>

* Loan issued by Carroll County PSA in the amount of \$5,000,000 with an underlying agreement that Wythe County is responsible for 7.9733% of such loan.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 7-Long-Term Obligations - Component Unit:

Discretely Presented Component Unit - School Board Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2014.

	Balance July 1, 2013	Increase	Decrease	Balance June 30, 2014
Compensated absences	\$ 412,277	\$ 517,063	\$ (309,208)	\$ 620,132
Net OPEB Obligation	631,900	290,500	(188,300)	734,100
Total	<u>\$ 1,044,177</u>	<u>\$ 807,563</u>	<u>\$ (497,508)</u>	<u>\$ 1,354,232</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated Absence:	n/a	n/a	n/a	n/a	\$ 620,132	\$ 465,099
Net OPEB Obligation	n/a	n/a	n/a	n/a	<u>734,100</u>	<u>-</u>
Total Long-term obligations					<u>\$ 1,354,232</u>	<u>\$ 465,099</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-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.

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

VRS – PLAN 1

1. **Plan Overview** - 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.
2. **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.
3. **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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

4. **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.
5. **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.
6. **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.

Members are always 100% vested in the contributions that they make.

7. **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.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **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.
10. **Normal Retirement Age** - Age 65.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

- 11. 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.

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.

- 12. 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.

- 13. 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%.

- 14. 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.

- 15. 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:

- 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.
- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

- 16. 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. 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.

VRS – PLAN 2

- 1. Plan Overview** - 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.
- 2. 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.
- 3. 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

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.

- 4. Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

5. **Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1–Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **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.

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.
12. **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.
13. **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%.
14. **Eligibility** - Same as VRS Plan 1–Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.
16. **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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

17. **Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

1. **Plan Overview** - 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”)

- 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.

2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- 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

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers’ Retirement System (SPORS)
- Members of the Virginia Law Officers’ Retirement System (VaLORS)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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.

4. **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.

5. **Creditable Service**

Defined Benefit Component - 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.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - 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.

Defined Contribution Component - 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

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.

- 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.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1–Refer to Section 7.

Defined Contribution Component - 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.

- 8. Average Final Compensation** - Same as VRS Plan 2–Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

- 9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

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.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - 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.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2-Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 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.

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.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 17.

Defined Contribution Component - Not Applicable.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund 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 and School Board's contribution rates for the fiscal year ended 2014 were 7.34% and 10.77% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$2,137,688, \$2,372,402 and \$1,215,732, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013 and 2012, respectively and these contributions represented 11.66%, 11.66% and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the County's annual pension cost of \$655,464 was not equal to the required and actual pension contribution of \$459,075. The School Board's annual pension cost of \$133,877 was equal to the School Board's required and actual contributions for the School Board Non-Professionals, respectively.

	Three-Year Trend Information			
	Fiscal Year Ending	Annual Pension Cost (APC) ⁽¹⁾	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2014	\$ 655,464	70.04%	\$ 196,389
	6/30/2013	622,778	70.04%	186,596
	6/30/2012	392,063	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2014	\$ 133,877	100.00%	\$ -
	6/30/2013	125,585	100.00%	-
	6/30/2012	138,525	100.00%	-

⁽¹⁾ Employer portion only

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

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

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 80.57% funded. The actuarial accrued liability for benefits was \$29,451,853, and the actuarial value of assets was \$23,730,720, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,721,133. The covered payroll (annual payroll of active employees covered by the plan) was \$6,018,809 and ratio of the UAAL to the covered payroll was 95.05%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 81.73% funded. The actuarial accrued liability for benefits was \$5,744,037, and the actuarial value of assets was \$4,694,869, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,049,168. The covered payroll (annual payroll of active employees covered by the plan) was \$1,137,746 and ratio of the UAAL to the covered payroll was 92.21%.

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

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,742,336	\$ -	\$ -	\$ 2,742,336
Construction in progress	14,052,235	7,984,136	-	22,036,371
Total capital assets not being depreciated	<u>\$ 16,794,571</u>	<u>\$ 7,984,136</u>	<u>\$ -</u>	<u>\$ 24,778,707</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 43,666,424	\$ 41,589	\$ (195,250)	\$ 43,512,763
Infrastructure	3,322,389	-	-	3,322,389
Machinery and equipment	5,787,937	241,373	(129,768)	5,899,542
Total capital assets being depreciated	<u>\$ 52,776,750</u>	<u>\$ 282,962</u>	<u>\$ (325,018)</u>	<u>\$ 52,734,694</u>
Accumulated depreciation:				
Buildings and improvements	\$ (8,834,839)	\$ (1,144,996)	\$ 44,778	\$ (9,935,057)
Infrastructure	(1,160,892)	(166,656)	-	(1,327,548)
Machinery and equipment	(3,078,585)	(518,979)	102,565	(3,494,999)
Total accumulated depreciation	<u>\$ (13,074,316)</u>	<u>\$ (1,830,631)</u>	<u>\$ 147,343</u>	<u>\$ (14,757,604)</u>
Total capital assets being depreciated, net	<u>\$ 39,702,434</u>	<u>\$ (1,547,669)</u>	<u>\$ (177,675)</u>	<u>\$ 37,977,090</u>
Governmental activities capital assets, net	<u>\$ 56,497,005</u>	<u>\$ 6,436,467</u>	<u>\$ (177,675)</u>	<u>\$ 62,755,797</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 218,005	\$ -	\$ -	\$ 218,005
Construction in progress	4,301,921	2,227,628	(6,110,350)	419,199
Total capital assets not being depreciated	<u>\$ 4,519,926</u>	<u>\$ 2,227,628</u>	<u>\$ (6,110,350)</u>	<u>\$ 637,204</u>
Capital assets, being depreciated:				
Utility plant in service	\$ 46,785,111	\$ 6,110,350	\$ -	\$ 52,895,461
Machinery and equipment	130,652	-	-	130,652
Total capital assets being depreciated	<u>\$ 46,915,763</u>	<u>\$ 6,110,350</u>	<u>\$ -</u>	<u>\$ 53,026,113</u>
Accumulated depreciation:				
Utility plant in service	\$ (11,170,333)	\$ (1,158,697)	\$ -	\$ (12,329,030)
Machinery and equipment	(115,215)	(4,231)	-	(119,446)
Total accumulated depreciation	<u>\$ (11,285,548)</u>	<u>\$ (1,162,928)</u>	<u>\$ -</u>	<u>\$ (12,448,476)</u>
Total capital assets being depreciated, net	<u>\$ 35,630,215</u>	<u>\$ 4,947,422</u>	<u>\$ -</u>	<u>\$ 40,577,637</u>
Business-type activities capital assets, net	<u>\$ 40,150,141</u>	<u>\$ 7,175,050</u>	<u>\$ (6,110,350)</u>	<u>\$ 41,214,841</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9-Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 18,529
Public safety	369,112
Public works	365,457
Health and welfare	4,851
Education	773,469
Parks, recreation, and culture	20,761
Community development	<u>278,452</u>
Total depreciation expense-governmental activities	<u>\$ 1,830,631</u>
Business type activities:	
Water and sewer	<u>\$ 1,162,928</u>
Total depreciation expense-Primary Government	<u>\$ 2,993,559</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 708,696	\$ -	\$ -	\$ 708,696
Total capital assets not being depreciated	<u>\$ 708,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,696</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,682,928	\$ -	\$ -	\$ 23,682,928
Machinery and equipment	7,724,619	198,744	(217,709)	7,705,654
Total capital assets being depreciated	<u>\$ 31,407,547</u>	<u>\$ 198,744</u>	<u>\$ (217,709)</u>	<u>\$ 31,388,582</u>
Accumulated depreciation:				
Buildings and improvements	\$ (11,707,457)	\$ (487,527)	\$ -	\$ (12,194,984)
Machinery and equipment	(4,817,394)	(512,197)	217,709	(5,111,882)
Total accumulated depreciation	<u>\$ (16,524,851)</u>	<u>\$ (999,724)</u>	<u>\$ 217,709</u>	<u>\$ (17,306,866)</u>
Total capital assets being depreciated, net	<u>\$ 14,882,696</u>	<u>\$ (800,980)</u>	<u>\$ -</u>	<u>\$ 14,081,716</u>
Governmental activities capital assets, net	<u>\$ 15,591,392</u>	<u>\$ (800,980)</u>	<u>\$ -</u>	<u>\$ 14,790,412</u>

Note 10-Risk Management:

The County and component unit - School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County and component unit - School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League Pool and public officials liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and component unit-School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 11-Commitments and Contingent Liabilities:

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

The County had the following construction commitments at June 30, 2014:

Project	Original Contract Amount	Outstanding at June 30, 2014
County		
Speedwell Phases I and II	4,625,388	243,940
School Board		
School Renovations	8,909,881	2,115,671
Totals	<u>\$ 13,535,269</u>	<u>\$ 2,359,611</u>

Note 12-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Hayden H. Horney, Clerk of the Circuit Court	\$ 1,500,000
Walter S. Crockett, Treasurer	400,000
Faye Barker, Commissioner of the Revenue	3,000
Doug King, Sheriff	30,000
<u>Aetna Casualty and Surety - Surety:</u>	
All social services employees: blanket bond	\$ 100,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
R. Cellell Dalton, County Administrator	\$ 2,000
Martha Collins, Administrative Secretary	2,000
Chip Dunford, Building Inspector	2,000
Stephen Bear, Assistant County Administrator	2,000

Component Unit - School Board:

<u>United States Fire Insurance Company - Surety:</u>	
Sara Dickens, Clerk of the School Board	\$ 25,000
All school board employees: blanket bond	10,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 13-Landfill Postclosure Care Costs:

State and federal laws and regulations require the County to clean up its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$70,599. This amount is based on what it would cost to perform all postclosure care in 2014. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County has demonstrated financial assurance requirements for closure and postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 14-Restricted, Committed, and Assigned Fund Balance:

Primary Government:	
Restricted for law library expenditures	\$ 35,452
Restricted for construction	12,934
Restricted for courtroom security	359,729
Restricted for Clerk's records grant	23,653
Restricted for forfeited asset expenditures	67,016
Committed for construction projects	6,246,662
Assigned for police activities	<u>933,504</u>
 Total Restricted, Committed, and Assigned Fund Balance	 <u>\$ 7,678,950</u>

Note 15-Due from other Governments:

The County constructed certain debt financed assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water Fund of \$4,457,238 for repayment of shared construction costs. The County bills these entities as debt service payments are due.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 16-Deferred Inflows of Resources:

Deferred inflows of resources represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

	<u>Governmental Funds</u>
Primary Government:	
Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ 1,052,286
Prepaid property taxes due in June 30, 2014, but paid in advance by the taxpayers	<u>118,888</u>
Total deferred inflows of resources	<u>\$ 1,171,174</u>

Note 17-Other Postemployment Benefits - Health Insurance:

From an accrual accounting perspective, the cost of post employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45, the County and the School Board recognize the cost of post employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's and the School Board's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Primary Government

A. Plan Description

The County of Wythe, Virginia administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the County and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

Primary Government (Continued)

B. Funding Policy

The County of Wythe, Virginia currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County of Wythe, Virginia currently has 156 employees that are eligible for the program. In addition, for retirees of the County of Wythe, Virginia, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

Participants	Premiums		
	Key Advantage 200	Key Advantage 500	Dental
Employee	\$ 549.00	\$ 483.00	\$ 25.00
Employee / Spouse	1,016.00	894.00	40.42
Employee / Child	1,016.00	894.00	39.16
Family	1,482.00	1,304.00	76.92

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2014, the County's annual OPEB cost (expense) of \$69,100 did not equal the ARC of \$69,500. The obligation calculation is as follows:

Annual required contribution	\$ 69,500
Interest on net OPEB obligation	10,300
Adjustment to annual required contribution	(10,700)
Annual OPEB cost (expense)	69,100
Contributions made	(19,900)
Increase in net OPEB obligation	49,200
Net OPEB obligation - beginning of year	257,100
Net OPEB obligation - ending of year	\$ 306,300

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 69,100	28.80%	\$ 306,300
6/30/2013	65,300	16.69%	257,100
6/30/2012	68,800	18.17%	202,700

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

Primary Government (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2012 (the most recent actuarial valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 716,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 716,500
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,537,675
UAAL as a percentage of covered payroll	12.94%

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

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

E. Actuarial Methods and Assumptions

As of July 1, 2012, the most recent actuarial valuation date, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 7.0%, and a health care trend rate of 9% graded to 5% over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2012, was 26 years.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

Component Unit: School Board

A. Plan Description

The Component Unit - Wythe County School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 year of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 625 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

School Board

Participants	Premiums		
	Anthem PPO	Anthem HMO	Dental
Employee	\$ 402.60	\$ 382.95	\$ 33.16
Employee / Spouse	885.65	842.49	60.70
Employee / Child	644.13	612.70	60.70
Family	1,149.36	1,091.37	104.43

C. Annual OPEB Cost and Net OPEB Obligation

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)Component Unit: School Board (Continued)**C. Annual OPEB Cost and Net OPEB Obligation (Continued)**

For 2014, the Board's annual OPEB cost (expense) of \$290,500 did not equal the ARC of \$291,500. The obligation calculation is as follows:

Annual required contribution	\$ 291,500
Interest on net OPEB obligation	25,300
Adjustment to annual required contribution	(26,300)
Annual OPEB cost (expense)	<u>290,500</u>
Contributions made	<u>(188,300)</u>
Increase in net OPEB obligation	102,200
Net OPEB obligation - beginning of year	<u>631,900</u>
Net OPEB obligation - ending of year	\$ 734,100

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 290,500	64.82%	\$ 734,100
6/30/2013	280,800	63.18%	631,900
6/30/2012	303,500	80.89%	528,500

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2012, the most recent valuation, was as follows:

Actuarial accrued liability (AAL)	\$	3,398,200
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	3,398,200
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	20,216,325
UAAL as a percentage of covered payroll		16.81%

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

E. Actuarial methods and Assumptions

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

As of July 1, 2012, the most recent actuarial valuation date, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.0%, and a health care trend rate of 9% graded to 5% over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2012, was 26 years.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 18-Future Accounting Standards:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 will require governments with defined benefit pension plans to disclose a “net pension liability” on their balance sheets. That liability equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. The statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability, plus the effect of changes in benefit terms on the net pension liability. This standard will be implemented during the 2014/2015 fiscal year. The County believes the implementation of Statement No. 68 will significantly impact the County and Component Unit School Board’s net position; however, no formal study or estimate of the impact of this standard has been performed.

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

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

Required Supplementary Information

County of Wythe, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 16,661,200	\$ 16,661,200	\$ 17,172,749	\$ 511,549
Other local taxes	5,245,000	5,245,000	5,448,614	203,614
Permits, privilege fees, and regulatory licenses	64,800	64,800	101,343	36,543
Fines and forfeitures	1,780,000	1,780,000	1,403,682	(376,318)
Revenue from the use of money and property	933,000	933,000	1,153,118	220,118
Charges for services	328,500	328,750	308,617	(20,133)
Miscellaneous	1,000	211,171	641,577	430,406
Recovered costs	647,322	672,355	858,372	186,017
Intergovernmental:				
Commonwealth	8,627,739	9,097,969	7,756,018	(1,341,951)
Federal	1,852,971	1,854,189	2,347,719	493,530
Total revenues	36,141,532	36,848,434	37,191,809	343,375
EXPENDITURES				
Current:				
General government administration	1,904,341	1,913,872	1,678,577	235,295
Judicial administration	1,201,522	1,208,232	1,136,912	71,320
Public safety	6,847,558	7,296,529	6,326,660	969,869
Public works	3,338,196	3,499,251	1,978,276	1,520,975
Health and welfare	7,644,640	8,202,897	6,252,476	1,950,421
Education	20,288,034	20,304,079	19,122,678	1,181,401
Parks, recreation, and cultural	620,298	620,660	517,575	103,085
Community development	712,722	807,947	377,251	430,696
Nondepartmental	16,000	56,638	-	56,638
Capital projects	5,952,482	5,982,790	269,678	5,713,112
Debt service:				
Principal retirement	1,725,738	1,725,738	1,725,738	-
Interest and other fiscal charges	1,280,154	1,280,154	1,242,930	37,224
Total expenditures	51,531,685	52,898,787	40,628,751	12,270,036
Excess (deficiency) of revenues over (under) expenditures	(15,390,153)	(16,050,353)	(3,436,942)	12,613,411
OTHER FINANCING SOURCES (USES)				
Transfers in	416,729	431,729	597,982	166,253
Transfers out	(6,789,081)	(6,921,381)	(3,897,273)	3,024,108
Debt service principal (current refunding)	-	-	(9,600,000)	(9,600,000)
Issuance of general obligation bonds	8,000,000	8,000,000	16,950,000	8,950,000
Sale of capital assets	2,000	24,162	22,272	(1,890)
Total other financing sources (uses)	1,629,648	1,534,510	4,072,981	2,538,471
Net change in fund balances	(13,760,505)	(14,515,843)	636,039	15,151,882
Fund balances - beginning	13,760,505	14,515,843	33,828,994	19,313,151
Fund balances - ending	\$ -	\$ -	\$ 34,465,033	\$ 34,465,033

County of Wythe, Virginia
Schedule of Pension and OPEB Funding Progress
As of June 30, 2014

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 23,730,720	\$ 29,451,853	\$ 5,721,133	80.57%	\$ 6,018,809	95.05%
6/30/2012	23,336,602	28,886,697	5,550,095	80.79%	5,537,675	100.22%
6/30/2011	23,407,940	27,336,580	3,928,640	85.63%	5,369,797	73.16%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 4,694,869	\$ 5,744,037	\$ 1,049,168	81.73%	\$ 1,137,746	92.21%
6/30/2012	4,643,306	6,324,338	1,681,032	73.42%	1,539,453	109.20%
6/30/2011	4,689,641	6,140,651	1,451,010	76.37%	1,513,218	95.89%

County Healthcare Plan

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012	\$ -	\$ 716,500	\$ 716,500	0.00%	\$ 5,537,675	12.94%
6/30/2009	-	901,200	901,200	0.00%	5,503,641	16.37%

School Board Healthcare Plan

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012	\$ -	\$ 3,398,200	\$ 3,398,200	0.00%	\$ 20,216,325	16.81%
6/30/2009	-	3,604,800	\$ 3,604,800	0.00%	20,434,400	17.64%

* OPEB actuarial valuations are performed every three years and the valuation at June 30, 2009 was the initial valuation.

OTHER SUPPLEMENTARY INFORMATION

County of Wythe, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 7,500	\$ 7,500	\$ 89,659	\$ 82,159
Charges for services	42,000	42,000	44,934	2,934
Miscellaneous	-	-	1,384	1,384
Recovered costs	175,000	175,000	-	(175,000)
Total revenues	224,500	224,500	135,977	(88,523)
EXPENDITURES				
Capital projects	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	224,500	224,500	135,977	(88,523)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,258,701	3,258,701
Transfers out	(224,500)	(224,500)	(255,495)	(30,995)
Sale of capital assets	-	-	475,530	475,530
Total other financing sources (uses)	(224,500)	(224,500)	3,478,736	3,703,236
Net change in fund balances	-	-	3,614,713	3,614,713
Fund balances - beginning	-	-	2,644,883	2,644,883
Fund balances - ending	\$ -	\$ -	\$ 6,259,596	\$ 6,259,596

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

-58-

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

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

County of Wythe, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

School
Operating
Fund

ASSETS

Cash and cash equivalents	\$ 3,014,079
Receivables (net of allowance for uncollectibles):	
Accounts receivable	11,761
Due from other governmental units	1,365,469
Inventories	56,549
Prepaid items	327,239
Total assets	<u>4,775,097</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	1,065,506
Salaries payable	2,602,156
Total liabilities	<u>3,667,662</u>

Fund balances:

Nonspendable	383,788
Restricted:	
School cafeterias	295,747
Unassigned	427,900
Total fund balances	<u>1,107,435</u>
Total liabilities and fund balances	<u>\$ 4,775,097</u>

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

Total fund balances per above	\$ 1,107,435
-------------------------------	--------------

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

Land	\$ 708,696	
Buildings and improvements	11,487,944	
Machinery and equipment	<u>2,593,772</u>	14,790,412

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

Compensated absences	\$ (620,132)	
Net OPEB obligation	<u>(734,100)</u>	(1,354,232)

Net position of governmental activities	<u>\$ 14,543,615</u>
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County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 13,399
Charges for services	1,070,919
Miscellaneous	52,521
Recovered costs	720,107
Intergovernmental:	
Local government	19,084,645
Commonwealth	23,381,609
Federal	3,523,504
Total revenues	<u>47,846,704</u>
EXPENDITURES	
Current:	
Education	40,825,539
Capital projects	7,777,238
Total expenditures	<u>48,602,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(756,073)</u>
Net change in fund balances	(756,073)
Fund balances - beginning	1,863,508
Fund balances - ending	<u>\$ 1,107,435</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (756,073)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.	
Capital outlays	\$ 198,744
Depreciation expenses	<u>(999,724)</u> (800,980)
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.	
Decrease (increase) in compensated absences	\$ (207,855)
(Increase) decrease in net OPEB obligation	<u>(102,200)</u> (310,055)
Change in net position of governmental activities	<u>\$ (1,867,108)</u>

County of Wythe, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 13,399	\$ 13,399
Charges for services	1,035,000	1,035,000	1,070,919	35,919
Miscellaneous	33,499	33,499	52,521	19,022
Recovered costs	483,440	483,440	720,107	236,667
Intergovernmental:				
Local government	20,250,000	20,266,045	19,084,645	(1,181,400)
Commonwealth	23,675,747	23,675,747	23,381,609	(294,138)
Federal	3,548,478	3,548,478	3,523,504	(24,974)
Total revenues	49,026,164	49,042,209	47,846,704	(1,195,505)
EXPENDITURES				
Current:				
Education	41,116,730	41,132,775	40,825,539	307,236
Capital projects	8,000,000	8,000,000	7,777,238	222,762
Total expenditures	49,116,730	49,132,775	48,602,777	529,998
Excess (deficiency) of revenues over (under) expenditures	(90,566)	(90,566)	(756,073)	(665,507)
Net change in fund balances	(90,566)	(90,566)	(756,073)	(665,507)
Fund balances - beginning	90,566	90,566	1,863,508	1,772,942
Fund balances - ending	\$ -	\$ -	\$ 1,107,435	\$ 1,107,435

Supporting Schedules

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,460,100	\$ 9,460,100	\$ 9,881,267	\$ 421,167
Real and personal public service corporation taxes	826,000	826,000	878,577	52,577
Personal property taxes	3,660,000	3,660,000	3,800,387	140,387
Mobile home taxes	84,000	84,000	84,617	617
Machinery and tools taxes	2,201,000	2,201,000	1,900,457	(300,543)
Merchant's capital taxes	330,100	330,100	364,010	33,910
Penalties	50,000	50,000	101,956	51,956
Interest	50,000	50,000	161,478	111,478
Total general property taxes	\$ 16,661,200	\$ 16,661,200	\$ 17,172,749	\$ 511,549
Other local taxes:				
Local sales and use taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,293,354	\$ 293,354
Consumers' utility taxes	730,000	730,000	614,117	(115,883)
Consumption tax (Utility license tax)	-	-	95,314	95,314
Motor vehicle licenses	400,000	400,000	373,074	(26,926)
Bank stock taxes	15,000	15,000	29,786	14,786
Taxes on recordation and wills	200,000	200,000	155,590	(44,410)
Hotel and motel room taxes	180,000	180,000	166,328	(13,672)
Restaurant food taxes	720,000	720,000	721,051	1,051
Total other local taxes	\$ 5,245,000	\$ 5,245,000	\$ 5,448,614	\$ 203,614
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 7,681	\$ (2,319)
Land use application fees	100	100	2,275	2,175
Transfer fees	100	100	837	737
Building permits	48,000	48,000	47,826	(174)
Other permits and licenses	6,600	6,600	42,724	36,124
Total permits, privilege fees, and regulatory licenses	\$ 64,800	\$ 64,800	\$ 101,343	\$ 36,543
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,780,000	\$ 1,780,000	\$ 1,403,682	\$ (376,318)
Total fines and forfeitures	\$ 1,780,000	\$ 1,780,000	\$ 1,403,682	\$ (376,318)
Revenue from use of money and property:				
Revenue from use of money	\$ 750,000	\$ 750,000	\$ 934,467	\$ 184,467
Revenue from use of property	183,000	183,000	218,651	35,651
Total revenue from use of money and property	\$ 933,000	\$ 933,000	\$ 1,153,118	\$ 220,118
Charges for services:				
Charges for sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,557	\$ 57
Charges for courthouse maintenance	-	-	727	727
Charges for animal control	5,000	5,000	5,914	914
Charges for Commonwealth's Attorney	1,000	1,000	5,654	4,654
Charges for courthouse security	225,000	225,000	225,676	676
Charges for law library	6,000	6,000	5,749	(251)
Charges for parks and recreation	90,000	90,250	63,340	(26,910)
Total charges for services	\$ 328,500	\$ 328,750	\$ 308,617	\$ (20,133)

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,847	\$ 847
Revenue sharing payment	-	-	190,000	190,000
Lead mine recovery	-	171,403	171,403	-
Local grants and contributions	-	38,768	278,327	239,559
Total miscellaneous revenue	\$ 1,000	\$ 211,171	\$ 641,577	\$ 430,406
Recovered costs:				
Social services	\$ 100,000	\$ 100,000	\$ 53,189	\$ (46,811)
Police activity funds	1,000	4,750	71,981	67,231
Amcor	-	-	9,645	9,645
Joint public service authority	-	-	320,000	320,000
Joint industrial development authority	-	-	153,024	153,024
Other recovered costs	546,322	567,605	250,533	(317,072)
Total recovered costs	\$ 647,322	\$ 672,355	\$ 858,372	\$ 186,017
Total revenue from local sources	\$ 25,660,822	\$ 25,896,276	\$ 27,088,072	\$ 1,191,796
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 46,000	\$ 46,000	\$ 50,675	\$ 4,675
Communication sales and use tax	750,000	750,000	767,123	17,123
Mobile home titling tax	38,000	38,000	21,440	(16,560)
Grantor's tax	30,000	30,000	40,318	10,318
State recordation tax	22,000	22,000	64,494	42,494
Personal property tax relief funds	1,500,000	1,500,000	1,500,814	814
Total noncategorical aid	\$ 2,386,000	\$ 2,386,000	\$ 2,444,864	\$ 58,864
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 487,701	\$ 487,701	\$ 484,264	\$ (3,437)
Sheriff	1,372,755	1,372,755	1,369,773	(2,982)
Commissioner of revenue	110,108	110,108	110,677	569
Treasurer	118,313	118,313	117,807	(506)
Registrar/electoral board	39,590	39,590	41,324	1,734
Clerk of the Circuit Court	311,636	311,636	326,416	14,780
Total shared expenses	\$ 2,440,103	\$ 2,440,103	\$ 2,450,261	\$ 10,158
Other categorical aid:				
Public assistance and welfare administration	\$ 3,590,969	\$ 4,019,226	\$ 1,309,442	\$ (2,709,784)
Comprehensive Services Act program	-	-	1,211,267	1,211,267
Emergency medical services	25,000	26,146	28,345	2,199
Litter control grant	7,800	7,800	9,745	1,945
Fire program grant	53,000	58,127	58,688	561
Wireless E-911 grant	30,000	30,000	41,988	11,988
Conservation and recreation grants	-	-	21,491	21,491
Arts grant	5,000	5,000	5,000	-
Asset forfeiture collections	-	-	6,361	6,361

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
VJCCA	\$ 31,148	\$ 31,148	\$ 14,730	\$ (16,418)
VDOT Fund	-	-	14,951	14,951
Victim witness grant	33,800	33,800	22,533	(11,267)
Local law enforcement block grant	24,919	60,619	6,830	(53,789)
Tobacco Indemnification Funds	-	-	65,000	65,000
Local law enforcement block grant	-	-	31,500	31,500
Emergency management grant	-	-	5	5
Other State grants	-	-	13,017	13,017
Total other categorical aid	<u>\$ 3,801,636</u>	<u>\$ 4,271,866</u>	<u>\$ 2,860,893</u>	<u>\$ (1,410,973)</u>
Total categorical aid	<u>\$ 6,241,739</u>	<u>\$ 6,711,969</u>	<u>\$ 5,311,154</u>	<u>\$ (1,400,815)</u>
Total revenue from the Commonwealth	<u>\$ 8,627,739</u>	<u>\$ 9,097,969</u>	<u>\$ 7,756,018</u>	<u>\$ (1,341,951)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 60,000	\$ 60,000	\$ 80,465	\$ 20,465
Total noncategorical aid	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 80,465</u>	<u>\$ 20,465</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,792,971	\$ 1,792,971	\$ 2,011,317	\$ 218,346
Victim witness grant	-	-	22,533	22,533
Justice assistance grant	-	1,218	-	(1,218)
Violence against women formula grant	-	-	49,838	49,838
State and community highway safety grants	-	-	53,334	53,334
Rural Development grant	-	-	19,700	19,700
Asset forfeiture funds	-	-	97,000	97,000
Equitable sharing program	-	-	13,532	13,532
Total categorical aid	<u>\$ 1,792,971</u>	<u>\$ 1,794,189</u>	<u>\$ 2,267,254</u>	<u>\$ 473,065</u>
Total revenue from the federal government	<u>\$ 1,852,971</u>	<u>\$ 1,854,189</u>	<u>\$ 2,347,719</u>	<u>\$ 493,530</u>
Total General Fund	<u>\$ 36,141,532</u>	<u>\$ 36,848,434</u>	<u>\$ 37,191,809</u>	<u>\$ 343,375</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 82,159	\$ 82,159
Revenue from the use of property	7,500	7,500	7,500	-
Total revenue from use of money and property	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 89,659</u>	<u>\$ 82,159</u>
Charges for services:				
Charges for courthouse maintenance	\$ 42,000	\$ 42,000	\$ 41,428	\$ (572)
Charges for jail processing	-	-	3,506	3,506
Total charges for services	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 44,934</u>	<u>\$ 2,934</u>

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Miscellaneous revenue:				
Atmos Energy Contribution	\$ -	\$ -	\$ 1,384	\$ 1,384
Total miscellaneous revenue	\$ -	\$ -	\$ 1,384	\$ 1,384
Recovered costs:				
Miscellaneous	\$ 175,000	\$ 175,000	\$ -	\$ (175,000)
Total recovered costs	\$ 175,000	\$ 175,000	\$ -	\$ (175,000)
Total revenue from local sources	\$ 224,500	\$ 224,500	\$ 135,977	\$ (88,523)
Total County Capital Improvements Fund	\$ 224,500	\$ 224,500	\$ 135,977	\$ (88,523)
Total Primary Government	\$ 36,366,032	\$ 37,072,934	\$ 37,327,786	\$ 254,852
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 13,399	\$ 13,399
Total revenue from use of money and property	\$ -	\$ -	\$ 13,399	\$ 13,399
Charges for services:				
Cafeteria sales	\$ 729,000	\$ 729,000	\$ 548,837	\$ (180,163)
Payments from other divisions	70,000	70,000	152,632	82,632
Transportation of pupils	36,000	36,000	36,326	326
Dual course credits	200,000	200,000	331,511	131,511
Charges for textbooks	-	-	1,613	1,613
Total charges for services	\$ 1,035,000	\$ 1,035,000	\$ 1,070,919	\$ 35,919
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 12,392	\$ 12,392
Foundation for excellence	33,499	33,499	40,129	6,630
Total miscellaneous revenue	\$ 33,499	\$ 33,499	\$ 52,521	\$ 19,022
Recovered costs:				
JROTC	\$ 54,440	\$ 54,440	\$ 54,665	\$ 225
E-rate	154,000	154,000	161,406	7,406
Medicaid reimbursements	200,000	200,000	399,180	199,180
CCEC reimbursements	50,000	50,000	60,635	10,635
Sale of supplies	5,000	5,000	940	(4,060)
Insurance recoveries	-	-	14,586	14,586
Other recovered costs	20,000	20,000	28,695	8,695
Total recovered costs	\$ 483,440	\$ 483,440	\$ 720,107	\$ 236,667
Total revenue from local sources	\$ 1,551,939	\$ 1,551,939	\$ 1,856,946	\$ 305,007

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Wythe, Virginia	\$ 20,250,000	\$ 20,266,045	\$ 19,084,645	\$ (1,181,400)
Total revenues from local governments	\$ 20,250,000	\$ 20,266,045	\$ 19,084,645	\$ (1,181,400)
Revenue from the Commonwealth:				
Categorical aid:				
Adult secondary education	\$ 15,717	\$ 15,717	\$ 15,717	\$ -
Alternative education	116,048	116,048	116,048	-
At risk four-year olds	342,518	342,518	342,518	-
At risk payments	391,011	391,011	388,413	(2,598)
Basic school aid	11,955,461	11,955,461	11,934,513	(20,948)
Early reading intervention	63,653	63,653	70,019	6,366
English as second language	8,104	8,104	6,078	(2,026)
Gifted and talented	131,403	131,403	130,467	(936)
Governor's school	26,572	26,572	26,572	-
Group life insurance instructional	45,706	45,706	45,380	(326)
Homebound education	70,864	70,864	68,597	(2,267)
Other state funds	364,508	364,508	306,112	(58,396)
Mentor teacher program	3,189	3,189	2,726	(463)
Reading recovery	52,000	52,000	22,136	(29,864)
Regional program tuition	88,756	88,756	87,337	(1,419)
Primary class size	498,248	498,248	484,444	(13,804)
Regular foster care	28,000	28,000	22,170	(5,830)
Remedial education	431,346	431,346	428,271	(3,075)
Compensation supplement	284,398	284,398	282,333	(2,065)
Remedial summer education	31,502	31,502	32,467	965
Retirement	1,458,984	1,458,984	1,450,144	(8,840)
School food	35,374	35,374	32,243	(3,131)
Share of state sales tax	4,257,105	4,257,105	4,129,390	(127,715)
Social security fringe benefits	742,715	742,715	737,420	(5,295)
Special education	905,541	905,541	899,085	(6,456)
Special education - foster children	40,236	40,236	30,752	(9,484)
Standards of Learning algebra readiness	58,600	58,600	60,822	2,222
National board certification	12,500	12,500	12,500	-
Technology resource	388,000	388,000	388,000	-
Textbook payment	256,322	256,322	254,495	(1,827)
Vocational education - adult	2,819	2,819	2,959	140
Vocational occupational preparedness	42,933	42,933	49,615	6,682
Vocational standards of quality payments	525,614	525,614	521,866	(3,748)
Total categorical aid	\$ 23,675,747	\$ 23,675,747	\$ 23,381,609	\$ (294,138)
Total revenue from the Commonwealth	\$ 23,675,747	\$ 23,675,747	\$ 23,381,609	\$ (294,138)

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 68,000	\$ 68,000	\$ 83,002	\$ 15,002
Title I	1,066,492	1,066,492	951,144	(115,348)
Title VI-B, special education flow-through	848,336	848,336	863,056	14,720
Vocational education	77,244	77,244	72,950	(4,294)
National school food program	900,000	900,000	983,312	83,312
School breakfast program	270,000	270,000	270,828	828
Improving teacher quality	193,606	193,606	200,985	7,379
Rural and low income schools	81,800	81,800	66,050	(15,750)
Summer food	43,000	43,000	32,177	(10,823)
Total categorical aid	<u>\$ 3,548,478</u>	<u>\$ 3,548,478</u>	<u>\$ 3,523,504</u>	<u>\$ (24,974)</u>
Total revenue from the federal government	<u>\$ 3,548,478</u>	<u>\$ 3,548,478</u>	<u>\$ 3,523,504</u>	<u>\$ (24,974)</u>
Total School Operating Fund	<u>\$ 49,026,164</u>	<u>\$ 49,042,209</u>	<u>\$ 47,846,704</u>	<u>\$ (1,195,505)</u>

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 198,229	\$ 199,866	\$ 192,420	\$ 7,446
Total legislative	\$ 198,229	\$ 199,866	\$ 192,420	\$ 7,446
General and financial administration:				
County administrator	\$ 462,086	\$ 462,161	\$ 403,338	\$ 58,823
Reserve funds - insurance	10,000	10,000	-	10,000
Commissioner of revenue	259,404	259,943	243,536	16,407
Treasurer	323,605	328,338	326,612	1,726
Financial administration	236,247	238,794	232,483	6,311
Assessors	100,000	100,000	-	100,000
Mapping	25,000	25,000	24,771	229
Public information office	51,753	51,753	46,026	5,727
Technology	103,318	103,318	101,457	1,861
Total general and financial administration	\$ 1,571,413	\$ 1,579,307	\$ 1,378,223	\$ 201,084
Board of elections:				
Electoral board and officials	\$ 49,269	\$ 49,269	\$ 27,251	\$ 22,018
Registrar	85,430	85,430	80,683	4,747
Total board of elections	\$ 134,699	\$ 134,699	\$ 107,934	\$ 26,765
Total general government administration	\$ 1,904,341	\$ 1,913,872	\$ 1,678,577	\$ 235,295
Judicial administration:				
Courts:				
Circuit court	\$ 57,371	\$ 57,371	\$ 55,450	\$ 1,921
General district court	8,380	8,381	7,592	789
Juvenile & domestic relations court	7,730	7,730	6,116	1,614
Magistrates	1,830	1,830	1,292	538
Clerk of the circuit court	467,832	467,832	447,852	19,980
Commissioner of accounts	5,000	5,000	5,000	-
Law library	10,100	10,100	9,670	430
Total courts	\$ 558,243	\$ 558,244	\$ 532,972	\$ 25,272
Commonwealth's attorney:				
Commonwealth's attorney	\$ 643,279	\$ 649,988	\$ 603,940	\$ 46,048
Total commonwealth's attorney	\$ 643,279	\$ 649,988	\$ 603,940	\$ 46,048
Total judicial administration	\$ 1,201,522	\$ 1,208,232	\$ 1,136,912	\$ 71,320
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,010,744	\$ 4,186,425	\$ 3,693,753	\$ 492,672
Total law enforcement and traffic control	\$ 4,010,744	\$ 4,186,425	\$ 3,693,753	\$ 492,672

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 312,764	\$ 395,389	\$ 264,880	\$ 130,509
Fort Chiswell emergency services	-	9,973	8,582	1,391
Consolidated dispatch	465,931	392,629	349,181	43,448
Ambulance and rescue services	118,098	300,647	277,976	22,671
Total fire and rescue services	<u>\$ 896,793</u>	<u>\$ 1,098,638</u>	<u>\$ 900,619</u>	<u>\$ 198,019</u>
Correction and detention:				
Jail	\$ 1,600,000	\$ 1,600,000	\$ 1,380,838	\$ 219,162
Probation office	3,075	3,332	3,372	(40)
Total correction and detention	<u>\$ 1,603,075</u>	<u>\$ 1,603,332</u>	<u>\$ 1,384,210</u>	<u>\$ 219,122</u>
Inspections:				
Building	\$ 87,179	\$ 88,878	\$ 84,006	\$ 4,872
Total inspections	<u>\$ 87,179</u>	<u>\$ 88,878</u>	<u>\$ 84,006</u>	<u>\$ 4,872</u>
Other protection:				
Animal control	\$ 147,629	\$ 147,629	\$ 122,715	\$ 24,914
Medical examiner	500	500	400	100
Wireless E-911 grant	32,409	106,102	82,509	23,593
Emergency services	69,229	65,025	58,448	6,577
Total other protection	<u>\$ 249,767</u>	<u>\$ 319,256</u>	<u>\$ 264,072</u>	<u>\$ 55,184</u>
Total public safety	<u>\$ 6,847,558</u>	<u>\$ 7,296,529</u>	<u>\$ 6,326,660</u>	<u>\$ 969,869</u>
Public works:				
Engineering				
Engineering	\$ 81,732	\$ 81,732	\$ 73,961	\$ 7,771
Total engineering	<u>\$ 81,732</u>	<u>\$ 81,732</u>	<u>\$ 73,961</u>	<u>\$ 7,771</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,289,162	\$ 1,435,893	\$ 1,367,137	\$ 68,756
Stormwater management	82,566	82,566	45,978	36,588
Total sanitation and waste removal	<u>\$ 1,371,728</u>	<u>\$ 1,518,459</u>	<u>\$ 1,413,115</u>	<u>\$ 105,344</u>
Maintenance of general buildings and grounds:				
Courthouse building	\$ 322,414	\$ 332,811	\$ 288,413	\$ 44,398
Health center	504	504	503	1
County administrative building	1,469,728	1,464,428	125,267	1,339,161
Sixth Street building	2,345	2,345	992	1,353
Building and grounds maintenance	85,016	92,470	70,517	21,953
Library building	3,276	5,049	5,001	48
Spiller annex building	676	676	175	501
Other properties	777	777	332	445
Total maintenance of general buildings and grounds	<u>\$ 1,884,736</u>	<u>\$ 1,899,060</u>	<u>\$ 491,200</u>	<u>\$ 1,407,860</u>
Total public works	<u>\$ 3,338,196</u>	<u>\$ 3,499,251</u>	<u>\$ 1,978,276</u>	<u>\$ 1,520,975</u>

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 341,000	\$ 341,000	\$ 341,000	\$ -
Total health	\$ 341,000	\$ 341,000	\$ 341,000	\$ -
Mental health and mental retardation:				
Community services board	\$ 133,900	\$ 133,900	\$ 133,900	\$ -
Total mental health and mental retardation	\$ 133,900	\$ 133,900	\$ 133,900	\$ -
Welfare:				
Public assistance	\$ 7,139,476	\$ 7,697,733	\$ 5,651,550	\$ 2,046,183
Tax relief for the elderly	-	-	95,762	(95,762)
Family resource center	3,750	3,750	3,750	-
District III coop	26,514	26,514	26,514	-
Total welfare	\$ 7,169,740	\$ 7,727,997	\$ 5,777,576	\$ 1,950,421
Total health and welfare	\$ 7,644,640	\$ 8,202,897	\$ 6,252,476	\$ 1,950,421
Education:				
Other instructional costs:				
Contributions to Community College	\$ 38,034	\$ 38,034	\$ 38,033	\$ 1
Contribution to County School Board	20,250,000	20,266,045	19,084,645	1,181,400
Total education	\$ 20,288,034	\$ 20,304,079	\$ 19,122,678	\$ 1,181,401
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation Commission	\$ 154,087	\$ 154,449	\$ 110,865	\$ 43,584
Rural Retreat Lake campground	105,745	105,745	72,910	32,835
Rural Retreat Lake swimming pool	48,249	48,249	37,260	10,989
Ager Park	22,633	22,633	6,956	15,677
Total parks and recreation	\$ 330,714	\$ 331,076	\$ 227,991	\$ 103,085
Library:				
Contribution to regional library	\$ 289,584	\$ 289,584	\$ 289,584	\$ -
Total library	\$ 289,584	\$ 289,584	\$ 289,584	\$ -
Total parks, recreation, and cultural	\$ 620,298	\$ 620,660	\$ 517,575	\$ 103,085
Community development:				
Planning and community development:				
Planning commission	\$ 107,467	\$ 107,467	\$ 81,845	\$ 25,622
Regional water	225,484	234,709	-	234,709
Wythe county joint IDA	153,024	239,024	121,458	117,566
Small business incubator	10,000	10,000	10,000	-
Regional tourism	95,147	95,147	39,637	55,510
Smyth/Wythe airport commission	62,000	62,000	62,000	-
New River/Highlands RC&D	1,000	1,000	1,000	-
Total planning and community development	\$ 654,122	\$ 749,347	\$ 315,940	\$ 433,407

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Total environmental management	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Cooperative extension program:				
Extension office	\$ 52,600	\$ 52,600	\$ 55,311	\$ (2,711)
Total cooperative extension program	\$ 52,600	\$ 52,600	\$ 55,311	\$ (2,711)
Total community development	\$ 712,722	\$ 807,947	\$ 377,251	\$ 430,696
Nondepartmental:				
Revenue refunds	\$ 16,000	\$ 56,638	\$ -	\$ 56,638
Total nondepartmental	\$ 16,000	\$ 56,638	\$ -	\$ 56,638
Capital projects: (1)				
Fort Chiswell emergency services building	\$ -	\$ -	\$ 285	\$ (285)
Consolidated dispatch center	-	30,308	15,112	15,196
Progress park improvements	4,190,482	4,190,482	254,281	3,936,201
Other capital projects	1,762,000	1,762,000	-	1,762,000
Total capital projects	\$ 5,952,482	\$ 5,982,790	\$ 269,678	\$ 5,713,112
Debt service:				
Principal retirement	\$ 1,725,738	\$ 1,725,738	\$ 1,725,738	\$ -
Interest and other fiscal charges	1,280,154	1,280,154	1,242,930	37,224
Total debt service	\$ 3,005,892	\$ 3,005,892	\$ 2,968,668	\$ 37,224
Total General Fund	\$ 51,531,685	\$ 52,898,787	\$ 40,628,751	\$ 12,270,036
Total Primary Government	\$ 51,531,685	\$ 52,898,787	\$ 40,628,751	\$ 12,270,036
(1) Budgeted within departmental budgets				
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,169,108	\$ 1,169,108	\$ 1,105,814	\$ 63,294
Total administration of schools	\$ 1,169,108	\$ 1,169,108	\$ 1,105,814	\$ 63,294
Instruction costs:				
Instruction	\$ 30,250,179	\$ 30,266,224	\$ 29,659,373	\$ 606,851
Technology instruction	1,261,406	1,261,406	1,459,344	(197,938)
Total instruction costs	\$ 31,511,585	\$ 31,527,630	\$ 31,118,717	\$ 408,913

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Education: (Continued)				
Operating costs:				
Pupil transportation	\$ 2,578,273	\$ 2,578,273	\$ 2,288,267	\$ 290,006
Operation and maintenance of school plant	3,789,824	3,789,824	4,319,157	(529,333)
Total operating costs	<u>\$ 6,368,097</u>	<u>\$ 6,368,097</u>	<u>\$ 6,607,424</u>	<u>\$ (239,327)</u>
School food services:				
Administration of school food program	\$ 2,067,940	\$ 2,067,940	\$ 1,993,584	\$ 74,356
Total school food services	<u>\$ 2,067,940</u>	<u>\$ 2,067,940</u>	<u>\$ 1,993,584</u>	<u>\$ 74,356</u>
Total education	<u>\$ 41,116,730</u>	<u>\$ 41,132,775</u>	<u>\$ 40,825,539</u>	<u>\$ 307,236</u>
Capital projects:				
School capital projects	\$ 8,000,000	\$ 8,000,000	\$ 7,777,238	\$ 222,762
Total capital projects	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 7,777,238</u>	<u>\$ 222,762</u>
Total School Operating Fund	<u><u>\$ 49,116,730</u></u>	<u><u>\$ 49,132,775</u></u>	<u><u>\$ 48,602,777</u></u>	<u><u>\$ 529,998</u></u>

STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water/Sewer Department	Total
2013-14	\$ 1,557,004	\$ 1,136,607	\$ 6,416,496	\$ 1,960,842	\$ 6,223,639	\$ 12,134,257	\$ 533,197	\$ 533,516	\$ 1,256,115	\$ 3,403,181	\$ 35,154,854
2012-13	1,187,678	1,119,156	6,372,381	2,419,128	6,468,123	14,422,799	610,551	787,448	1,284,699	3,519,922	38,191,885
2011-12	1,512,480	1,086,359	6,180,621	2,289,730	7,058,798	12,836,648	626,033	492,238	1,425,958	3,295,194	36,804,059
2010-11	1,114,168	1,113,061	6,044,161	2,260,019	6,792,651	13,486,880	501,448	340,134	1,491,857	3,039,478	36,183,856
2009-10	1,430,893	1,121,160	5,730,414	2,256,629	6,611,511	9,430,330	525,341	1,005,579	1,402,162	2,570,803	32,084,822
2008-09	1,638,876	1,037,073	5,364,813	2,457,234	6,391,877	10,236,820	585,718	538,549	1,308,787	2,595,395	32,155,142
2007-08	1,102,068	1,130,051	5,241,651	2,212,679	5,936,838	11,084,184	583,244	1,139,697	1,398,504	2,326,133	32,155,049
2006-07	1,173,193	992,656	4,980,926	4,663,802	5,908,253	11,026,573	583,031	3,016,335	1,391,274	1,979,890	35,715,933
2005-06	1,360,376	813,383	4,522,067	2,560,585	5,091,607	9,807,061	570,524	4,407,878	1,185,422	1,853,986	32,172,889
2004-05	1,266,445	500,504	4,091,425	2,125,423	4,438,493	9,408,235	534,905	2,423,396	1,275,969	1,787,290	27,852,085

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions		
								Not Restricted to Specific Programs	Total	
2013-14	\$ 4,568,488	\$ 7,498,457	\$ 1,909,241	\$ 17,303,112	\$ 5,448,614	\$ 1,393,622	\$ 642,961	\$ 2,525,329	\$ 41,289,824	
2012-13	4,743,836	7,955,016	2,282,618	16,817,889	5,483,817	1,342,421	437,423	2,568,029	41,631,049	
2011-12	4,244,008	7,596,199	1,289,131	16,761,296	6,101,266	1,439,970	569,158	1,721,897	39,722,925	
2010-11	4,740,137	8,417,319	4,017,436	16,413,526	5,875,452	1,165,451	211,242	1,715,976	42,556,539	
2009-10	4,238,317	7,546,764	1,470,916	16,239,400	5,784,144	1,001,236	368,416	1,747,887	38,397,080	
2008-09	4,670,134	7,341,206	18,525	16,095,756	5,992,791	1,423,635	-	1,805,916	37,347,963	
2007-08	5,422,562	8,501,323	56,287	15,190,799	6,455,989	1,542,199	477,152	1,759,298	39,405,609	
2006-07	4,336,231	9,338,190	214,941	12,958,011	6,432,895	2,100,588	82,238	1,875,583	37,338,677	
2005-06	3,040,194	8,475,098	1,483,543	12,882,908	6,190,995	1,876,830	6,427	1,924,510	35,880,505	
2004-05	3,173,548	5,501,294	1,877,284	12,881,627	5,907,406	410,629	282,181	1,621,395	31,655,364	

Table 3

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non- Departmental	Debt Service	Capital Projects	Totals
2013-14	\$ 1,678,577	\$ 1,136,912	\$ 6,326,660	\$ 1,978,276	\$ 6,252,476	\$ 40,863,572	\$ 517,575	\$ 377,251	\$ -	\$ 2,968,668	\$ 8,046,916	\$ 70,146,883
2012-13	1,681,639	1,118,560	6,711,245	2,127,453	6,542,255	40,333,239	628,288	588,539	-	6,582,063	5,731,661	72,044,942
2011-12	1,636,064	1,085,673	6,077,487	2,050,075	7,210,950	40,136,400	634,687	3,144,429	-	13,408,608	3,094,561	78,478,934
2010-11	1,703,178	1,113,471	7,821,789	1,998,963	6,905,096	37,673,890	490,075	321,127	-	3,540,547	7,407,413	68,975,549
2009-10	1,504,404	1,120,632	5,683,068	2,055,263	6,714,792	41,660,550	541,329	809,283	162,427	3,307,881	1,565,615	65,125,244
2008-09	1,539,578	1,035,285	5,276,627	2,307,558	6,538,139	40,489,013	580,323	972,300	-	3,284,554	5,615,252	67,638,629
2007-08	1,417,942	1,128,376	5,307,665	2,025,909	6,073,447	39,972,881	575,398	973,616	-	6,898,299	277,555	64,651,088
2006-07	1,512,851	991,921	5,094,918	4,616,524	5,903,223	38,670,937	582,594	2,246,726	82	7,278,191	1,447,785	68,345,752
2005-06	1,381,442	818,211	4,967,687	2,705,898	5,080,497	36,059,821	562,903	4,407,734	-	3,187,705	4,645,650	63,817,548
2004-05	1,256,423	500,504	4,831,747	2,478,911	4,454,674	33,635,234	529,734	2,422,935	-	4,018,460	972,280	55,100,902

(1) Includes General and Capital Projects Funds of the Primary Government and Discretely Presented Component Unit School Board.

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2013-14	\$ 17,172,749	\$ 5,448,614	\$ 101,343	\$ 1,403,682	\$ 1,256,176	\$ 1,424,470	\$ 695,482	\$ 1,578,479	\$ 37,008,850	\$ 66,089,845
2012-13	17,063,127	5,483,817	76,747	1,486,658	1,192,266	1,387,282	495,944	1,183,146	37,331,804	65,700,791
2011-12	16,486,825	6,101,266	115,217	1,379,334	1,264,808	1,427,734	620,535	1,019,784	35,874,279	64,289,782
2010-11	16,464,384	5,875,452	81,452	1,347,286	1,032,789	1,368,655	270,860	1,592,502	40,077,460	68,110,840
2009-10	16,207,800	5,784,144	96,092	1,299,841	907,156	1,429,685	410,546	898,874	40,008,871	67,043,009
2008-09	15,725,637	5,992,791	87,501	1,203,414	1,334,434	1,418,220	2,675	1,152,933	40,335,213	67,252,818
2007-08	15,330,577	6,455,989	112,693	1,483,167	1,470,255	1,453,423	479,077	1,062,904	39,295,486	67,143,571
2006-07	13,318,383	6,432,895	185,507	1,329,058	1,451,377	1,389,051	348,783	1,163,702	39,356,996	64,975,752
2005-06	12,947,597	6,190,995	148,733	1,086,467	1,525,668	1,203,806	370,215	348,218	37,295,408	61,117,107
2004-05	12,662,170	5,907,406	116,878	1,109,379	425,078	1,004,725	803,882	347,332	33,460,859	55,837,709
2003-04	11,722,580	5,613,402	112,148	898,631	246,714	850,728	1,737,464	233,301	31,081,509	52,496,477

(1) Includes General and Capital Projects Funds of the Primary Government and includes discretely presented Component Unit School Board.

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes to Tax Levy
2013-14	\$ 17,066,280	\$ 16,429,324	96.27%	\$ 479,991	\$ 16,909,315	99.08%	\$ 1,434,679	8.41%
2012-13	16,630,536	16,264,884	97.80%	514,040	16,778,924	100.89%	1,324,184	7.96%
2011-12	16,469,488	15,896,576	96.52%	380,655	16,277,231	98.83%	1,499,609	9.11%
2010-11	16,445,210	15,900,211	96.69%	312,712	16,212,923	98.59%	1,373,871	8.35%
2009-10	16,032,364	15,492,730	96.63%	513,352	16,006,082	99.84%	1,460,821	9.11%
2008-09	15,632,362	15,152,408	96.93%	363,918	15,516,326	99.26%	1,465,066	9.37%
2007-08	15,389,398	14,878,139	96.68%	269,190	15,147,329	98.43%	1,336,406	8.68%
2006-07	15,261,404	14,444,360	94.65%	298,517	14,742,877	96.60%	1,297,569	8.50%
2005-06	14,288,119	14,034,766	98.23%	304,216	14,338,982	100.36%	1,200,460	8.40%
2004-05	14,059,147	13,259,515	94.31%	615,516	13,875,031	98.69%	1,255,928	8.93%

(1) Exclusive of penalties and interest. Reduced by tax sharing payments.

(2) Delinquent balances include penalties.

Table 6

County of Wythe, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service Companies	Total
2013-14	\$ 2,269,183,693	\$ 480,753,909	\$ 198,369,106	2,948,306,708
2012-13	2,259,165,524	478,834,582	187,095,907	2,925,096,013
2011-12	2,260,390,881	471,509,420	159,110,024	2,891,010,325
2010-11	2,249,458,695	471,521,559	156,715,339	2,877,695,593
2009-10	2,210,517,580	500,123,110	162,428,985	2,873,069,675
2008-09	2,181,140,120	503,080,112	143,965,550	2,828,185,782
2007-08	2,137,176,630	440,104,314	179,339,116	2,756,620,060
2006-07	1,478,984,752	422,437,107	120,231,024	2,021,652,883
2005-06	1,403,938,970	387,025,032	138,305,024	1,929,269,026
2004-05	1,372,932,485	382,561,623	131,674,744	1,887,168,852

(1) Assessed at 100% of fair market value.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2013-14	\$ 0.44	\$ 2.27	\$ 1.50	\$ 0.56
2012-13	0.44	2.08	1.50	0.56
2011-12	0.44	2.08	1.50	0.56
2010-11	0.44	2.08	1.50	0.56
2009-10	0.43	2.08	1.50	0.56
2008-09	0.43	2.08	1.50	0.56
2007-08	0.43	2.08	1.50	0.56
2006-07	0.54	2.08	1.50	0.56
2005-06	0.54	2.08	1.50	0.56
2004-05	0.54	2.08	1.50	0.56

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2013-14	29,235	\$ 2,948,306,708	\$ 61,811,256	2.10%	\$ 2,114
2012-13	29,235	2,925,096,013	55,704,496	1.90%	1,905
2011-12	29,235	2,891,010,325	57,445,157	1.99%	1,965
2010-11	29,235	2,877,695,593	51,005,571	1.77%	1,745
2009-10	29,235	2,873,069,675	45,521,384	1.58%	1,557
2008-09	27,599	2,828,185,782	42,750,112	1.51%	1,549
2007-08	27,599	2,756,620,060	40,072,092	1.45%	1,452
2006-07	27,599	2,021,652,883	40,928,550	2.02%	1,483
2005-06	27,599	1,929,269,026	43,599,986	2.26%	1,580
2004-05	27,599	1,887,168,852	29,773,651	1.58%	1,079

(1) United States Bureau of the Census

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/postclosure care liability, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2013-14	\$ 1,725,738	\$ 1,242,930	2,968,668	\$ 70,146,883	4.232%
2012-13 (4)	5,165,301	1,416,762	6,582,063	72,044,942	9.136%
2011-12 (4)	11,944,430	1,464,178	13,408,608	78,478,934	17.086%
2010-11	1,990,809	1,549,738	3,540,547	68,975,549	5.133%
2009-10	1,822,011	1,485,870	3,307,881	65,125,244	5.079%
2008-09	1,889,349	1,395,205	3,284,554	67,638,629	4.856%
2007-08(4)	5,443,269	1,455,030	6,898,299	64,651,088	10.670%
2006-07(3)	1,854,614	1,323,577	3,178,191	68,345,752	4.650%
2005-06	1,777,483	1,410,222	3,187,705	63,817,548	4.995%
2004-05	2,425,698	1,592,762	4,018,460	55,100,902	7.293%

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

(2) Includes capital project expenditures.

(3) Excludes temporary loans.

(4) Includes early redemption of the County's bonds.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Wythe, Virginia's basic financial statements and have issued our report thereon dated November 25, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (2014-001)

Compliance and Other Matters

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

The County of Wythe, Virginia's Response to Findings

The County of Wythe, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Wythe, Virginia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia
November 25, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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 of the
County of Wythe, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Wythe, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Wythe, Virginia's major federal programs for the year ended June 30, 2014. The County of Wythe, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia
November 25, 2014

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

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 1,793,040
Community Facilities Loans and Grants	10.766	N/A	19,700
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
<i>State Department of Agriculture:</i>			
Food Distribution-Summer Food Service Program for Children (Note C)	10.559	Not available	32,177
Food Distribution (Note C)	10.555	Not available	\$ 130,197
<i>Department of Education:</i>			
National School Lunch Program	10.555	40623	853,115
School Breakfast Program	10.553	40591	270,828
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	376,109
<i>Department of Education:</i>			
Schools and Roads - Grants to States	10.665	43841	83,002
Total Department of Agriculture			<u>\$ 3,558,168</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950110/0950111	\$ 14,463
Temporary Assistance for Needy Families	93.558	0400111	324,833
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111	2,220
Low-Income Home Energy Assistance	93.568	0600410/0600411	37,257
Chafee Education and Training Vouchers Program	93.599	9160110	5,730
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900110/0900111	2,408
Social Services Block Grant	93.667	1000110/1000111	283,802
Chafee Foster Care Independence Program	93.674	9150110/9150111	13,480
Children's Health Insurance Program	93.767	0540110/0540111	10,783
Medical Assistance Program	93.778	1200110/1200111	327,313
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	50,614
Foster Care - Title IV-E	93.658	1100110/1100111	331,878
Adoption Assistance	93.659	1120110/1120111	230,427
Total Department of Health and Human Services			<u>\$ 1,635,208</u>
DEPARTMENT OF THE TREASURY:			
Pass Through Payments:			
<i>Office of the Virginia Attorney General:</i>			
Equitable Sharing Program - Abbott Labs	21.000	Not available	\$ 97,000
Total Department of Treasury			<u>\$ 97,000</u>
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
Alcohol Impaired Driving countermeasures Incentive Grants I	20.601	59131	\$ 6,354
State and Community Highway Safety	20.600	50326	43,549
Child Safety and Child Booster Seat Incentive Grants	21.613	53186	3,431
Total Department of Transportation			<u>\$ 53,334</u>

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

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Equitable Sharing Program	16.922	Not available	\$ 13,532
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Women - Formula Grants	16.588	09WFAX0037	49,838
Crime Victim Assistance	16.575	05VAGX0031	22,533
Total Department of Justice			<u>\$ 85,903</u>
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
<i>Department of Education:</i>			
Career and Technical Education-Basic Grants to States	84.048	61095	\$ 72,950
Improving Teacher Quality State Grants	84.367	61480	200,985
Rural Education	84.358	43481	66,050
Title I Grants to Local Educational Agencies	84.010	42901	951,144
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States	84.027	73071	834,598
Special Education-Preschool Grants	84.173	62521	28,458
Total Department of Education			<u>\$ 2,154,185</u>
Total Expenditure of Federal Awards			<u><u>\$ 7,583,798</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WYTHE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Wythe, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the County of Wythe, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Wythe, Virginia.

Note B -- Summary of Significant Accounting Policies

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

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

Note C -- Food Donation

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

Note D -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund (excludes payment in lieu of tax)	\$ 2,267,254
Water and Sewer Fund Loans/Grants	1,793,040

Component Unit School Board:

School Operating Fund	\$ 3,523,504
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 7,583,798</u>
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County of Wythe, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.027/84.173	Special Education (Cluster)
93.558	Temporary Assistance for Needy Families
93.658	Foster Care_Title IV-E
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

County of Wythe, Virginia

Schedule of Findings and Questioned Costs Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001

Criteria: Per Statement on Auditing Standards 115, identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.

Condition: The County's financial statements required material adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles. It is noted that the number of entries required has decreased significantly from prior fiscal years.

Cause of Condition: The County failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards.

Effect of Condition: There is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation: The County's closing process improved significantly over prior years as current staff continues to gain an understanding of the year-end closing process and related reconciliations and adjustments that are necessary. Staff should review the current year adjusting entries and consider same during the next fiscal year close.

Management's Response: The County has reduced its reliance on external consultants and current staff have a good understanding of the County's books and accounting processes. It is anticipated that the number of audit adjustments will continue to decrease in future periods.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no federal findings reported in the prior fiscal year.