

**COUNTY OF BLAND, VIRGINIA**

**FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2013**

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COUNTY OF BLAND, VIRGINIA  
 FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2013

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COUNTY OF BLAND, VIRGINIA  
 FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2013

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## INTRODUCTORY SECTION

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# COUNTY OF BLAND, VIRGINIA

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## BOARD OF SUPERVISORS

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Randy Johnson, Vice-Chair	Henry Blessing, Chair	Nick Asbury
	Karen Hodock	

## COUNTY SCHOOL BOARD

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Roger L. Morehead, Vice-Chair	Anthony T. Kennedy, Chair	Melinda Litton
	Rob Brizendine	

## SOCIAL SERVICES BOARD

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Karen Hodock	Margaret Harless, Chair	Stephen Kelly
Lanny Lindamood		Cathy Stroock

## OTHER OFFICIALS

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Clerk of the Circuit Court .....	Rebecca I. Johnson
Commonwealth's Attorney .....	Erin DeHart
Commissioner of the Revenue .....	Cindy U. Wright
Treasurer .....	John F. Goins
Sheriff .....	Jerry Thompson
Superintendent of Schools .....	Kyle Rhodes
Director of Social Services .....	Kim Sobey
County Administrator .....	Eric Workman
County Attorney .....	Paul Cassell

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

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

### *Emphasis of Matter*

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedule of pension and OPEB funding progress and budgetary comparison information 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 basis financial statements taken as a whole.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Bland, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules, and other 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.



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

The introductory section and other 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 December 27, 2013, on our consideration of the County of Bland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Bland, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Co. Associates*

Blacksburg, Virginia  
December 27, 2013

## Basic Financial Statements

County of Bland, Virginia  
Statement of Net Position  
June 30, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,204,964	\$ -	\$ 3,204,964	\$ 3,097,802	\$ 432,469	\$ -
Cash in custody of others	-	-	-	131,862	22,587	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	5,320,258	-	5,320,258	-	-	-
Accounts receivable	113,310	60,865	174,175	-	-	-
Grants receivable	107,530	-	107,530	-	-	-
Notes receivable	-	-	-	-	1,267,644	-
Interest receivable	-	-	-	-	3,195	-
Due from other governmental units	903,965	-	903,965	207,352	-	-
Due from component unit	144,435	-	144,435	-	-	-
Prepaid items	32,093	9,932	42,025	-	-	-
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	212,279	212,279	-	-	-
Capital assets, net of accumulated depreciation:						
Land	259,103	255,156	514,259	603,897	390,159	-
Buildings and utility plant	3,138,847	11,679,428	14,818,275	1,538,982	259,948	-
Improvements other than buildings	-	-	-	-	1,165,895	-
Machinery and equipment	406,467	13,255	419,722	395,811	2,272	-
Infrastructure	-	-	-	-	-	362,728
Construction in progress	-	471,986	471,986	-	51,673	-
Total Assets	\$ 13,630,972	\$ 12,702,901	\$ 26,333,873	\$ 5,975,706	\$ 3,595,842	\$ 362,728
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	\$ 106,542	\$ 99,681	\$ 206,223	\$ 62,917	\$ 49,334	\$ -
Accrued payroll	-	-	-	716,473	-	-
Customers' deposits	-	8,209	8,209	-	-	-
Accrued interest payable	27,602	15,000	42,602	-	3,195	-
Due to primary government	-	-	-	144,435	-	-
Noncurrent liabilities:						
Due within one year	230,440	91,920	322,360	125,869	33,546	-
Due in more than one year	3,344,079	2,563,048	5,907,127	126,230	1,233,739	-
Total Liabilities	\$ 3,708,663	\$ 2,777,858	\$ 6,486,521	\$ 1,175,924	\$ 1,319,814	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	\$ 4,651,370	\$ -	\$ 4,651,370	\$ -	\$ -	\$ -
<b>NET POSITION</b>						
Net investment in capital assets	\$ 692,077	\$ 9,774,545	\$ 10,466,622	\$ 2,538,690	\$ 1,869,947	\$ 362,728
Restricted for:						
Asset forfeiture funds	10,700	-	10,700	-	-	-
Restricted for debt service and bond covenants	-	212,279	212,279	-	-	-
School cafeteria	-	-	-	131,862	-	-
Unrestricted (deficit)	4,568,162	(61,781)	4,506,381	2,129,230	406,081	-
Total Net Position	\$ 5,270,939	\$ 9,925,043	\$ 15,195,982	\$ 4,799,782	\$ 2,276,028	\$ 362,728

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

County of Bland, Virginia  
Statement of Activities  
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	School Board	EDA	Wireless Authority
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 766,053	\$ -	\$ 162,372	\$ -	\$ (603,681)	\$ -	\$ (603,681)			
Judicial administration	380,935	3,944	226,962	-	(150,029)	-	(150,029)			
Public safety	1,529,359	233,948	601,048	-	(694,363)	-	(694,363)			
Public works	913,032	352,029	7,216	-	(553,787)	-	(553,787)			
Health and welfare	1,542,730	-	1,185,604	-	(357,126)	-	(357,126)			
Education	2,190,433	-	-	-	(2,190,433)	-	(2,190,433)			
Parks, recreation, and cultural	330,798	4,796	-	-	(326,002)	-	(326,002)			
Community development	216,174	929	-	45,609	(169,636)	-	(169,636)			
Interest on long-term debt	188,081	-	-	-	(188,081)	-	(188,081)			
Total governmental activities	\$ 8,057,595	\$ 595,646	\$ 2,183,202	\$ 45,609	\$ (5,233,138)	\$ -	\$ (5,233,138)			
Business-type activities:										
Service Authority	\$ 933,851	\$ 380,670	\$ -	\$ 751,234	\$ -	\$ 198,053	\$ 198,053			
Total primary government	\$ 8,991,446	\$ 976,316	\$ 2,183,202	\$ 796,843	\$ (5,233,138)	\$ 198,053	\$ (5,035,085)			
<b>COMPONENT UNITS:</b>										
School Board	\$ 8,811,102	\$ 153,524	\$ 5,977,647	\$ -	\$ -	\$ -	\$ (2,679,931)	\$ -	\$ -	\$ -
Economic Development Authority (EDA)	824,578	-	-	532,478	-	-	-	(292,100)	-	-
Wireless Authority	65,042	-	-	-	-	-	-	-	-	(65,042)
Total component units	\$ 9,700,722	\$ 153,524	\$ 5,977,647	\$ 532,478	\$ -	\$ -	\$ (2,679,931)	\$ (292,100)	\$ (65,042)	\$ (65,042)
General revenues:										
General property taxes	\$ 4,193,169	\$ -	\$ -	\$ -	\$ -	\$ 4,193,169	\$ -	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes	191,882	-	-	-	-	191,882	-	-	-	-
Consumers' utility taxes	163,857	-	-	-	-	163,857	-	-	-	-
Restaurant food taxes	93,017	-	-	-	-	93,017	-	-	-	-
Motor vehicle licenses	100,296	-	-	-	-	100,296	-	-	-	-
Other local taxes	78,462	-	-	-	-	78,462	-	-	-	-
Unrestricted revenues from use of money and property	9,018	9,936	-	-	9,936	18,954	4,308	129,525	-	-
Miscellaneous	150,791	19,126	-	-	19,126	169,917	124,957	416	24,762	-
Contributions from Bland County	-	-	-	-	-	-	2,198,311	179,425	13,904	-
Grants and contributions not restricted to specific programs	557,649	-	-	-	557,649	-	-	-	-	-
Transfers	(159,911)	-	-	-	(159,911)	-	-	-	-	-
Total general revenues and transfers	\$ 5,378,230	\$ 188,973	\$ 5,567,203	\$ 2,327,576	\$ 5,567,203	\$ 309,366	\$ 38,666	\$ 38,666	\$ 38,666	\$ 38,666
Change in net position	\$ 145,092	\$ 387,026	\$ 532,118	\$ (352,355)	\$ 17,266	\$ (26,376)	\$ (26,376)	\$ (26,376)	\$ (26,376)	\$ (26,376)
Net position - beginning, as restated	5,125,847	9,538,017	14,663,864	5,152,137	2,258,762	389,104	389,104	389,104	389,104	389,104
Net position - ending	\$ 5,270,939	\$ 9,925,043	\$ 15,195,982	\$ 4,799,782	\$ 2,276,028	\$ 362,728	\$ 362,728	\$ 362,728	\$ 362,728	\$ 362,728

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

County of Bland, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2013

---

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,204,964
Receivables (net of allowance for uncollectibles):	
Taxes receivable	5,320,258
Accounts receivable	113,310
Grants receivable	107,530
Due from component unit	144,435
Due from other governmental units	903,965
Prepaid items	32,093
Total assets	\$ 9,826,555
 <b>LIABILITIES</b>	
Accounts payable	\$ 106,542
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	\$ 5,298,683
 <b>FUND BALANCES</b>	
<b>Nonspendable:</b>	
Prepaid items	\$ 32,093
<b>Restricted:</b>	
Asset forfeiture funds	10,700
<b>Committed:</b>	
Law library	1,905
Courthouse maintenance	79,489
Courtroom security	154,563
<b>Assigned:</b>	
Patrol fund	10,200
Recreation reserves	6,154
General reserves	1,865,034
<b>Unassigned</b>	2,261,192
Total fund balances	\$ 4,421,330
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,826,555

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

County of Bland, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 4,421,330
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 259,103	
Buildings and system	3,138,847	
Machinery, equipment, and vehicles	<u>406,467</u>	3,804,417

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable revenue - property taxes	647,313
--------------------------------------	---------

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

Lease revenue bonds	\$ (2,645,000)	
General obligation bonds	(130,000)	
Unamortized bond premium	(337,340)	
Landfill accrued post-closure costs	(139,551)	
Net OPEB obligation	(245,407)	
Compensated absences	(77,221)	
Accrued interest payable	<u>(27,602)</u>	<u>(3,602,121)</u>

Net position of governmental activities	<u>\$ 5,270,939</u>
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The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

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	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 4,105,564
Other local taxes	627,514
Permits, privilege fees, and regulatory licenses	20,412
Fines and forfeitures	203,469
Revenue from the use of money and property	9,018
Charges for services	371,765
Miscellaneous	150,791
Recovered costs	457,715
Intergovernmental revenues:	
Commonwealth	2,119,616
Federal	666,844
Total revenues	<u>\$ 8,732,708</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 1,010,885
Judicial administration	368,217
Public safety	1,391,861
Public works	899,867
Health and welfare	1,548,060
Education	2,206,428
Parks, recreation, and cultural	295,215
Community development	363,820
Capital projects	14,247
Debt service:	
Principal retirement	3,003,564
Interest and other fiscal charges	180,482
Total expenditures	<u>\$ 11,282,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,549,938)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	\$ (159,911)
Issuance of revenue bonds	2,645,000
Bond premium	350,483
Total other financing sources (uses)	<u>\$ 2,835,572</u>
Net change in fund balances	\$ 285,634
Fund balances - beginning, as restated	<u>4,135,696</u>
Fund balances - ending	<u>\$ 4,421,330</u>

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

County of Bland, Virginia  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$	285,634
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	210,752	
Depreciation expense		(326,363)	(115,611)

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

(Increase) decrease in unavailable revenue-property taxes			87,605
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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.

Issuance of revenue bonds	\$	(2,645,000)	
Plus: Issuance Premium (to be amortized against interest expense)		(350,483)	
Payments of principal:			
Revenue bonds		60,000	
General obligation bonds		2,943,564	
Decrease in landfill accrued closure and post-closure monitoring costs		21,537	29,618

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.

(Increase) decrease in compensated absences	\$	(15,646)	
(Increase) decrease in net OPEB obligation		(118,909)	
(Increase) decrease in accrued interest payable		(20,742)	
Amortization of bond premium		13,143	(142,154)

Change in net position of governmental activities	\$		145,092
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The notes to the financial statements are an integral part of this statement.



County of Bland, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 432,469	\$ -
Cash in custody of others	-	22,587	-
Note receivable	-	1,267,644	-
Interest receivable	-	3,195	-
Accounts receivable, net of allowance for uncollectibles	60,865	-	-
Prepaid items	9,932	-	-
Total current assets	<u>\$ 70,797</u>	<u>\$ 1,725,895</u>	<u>\$ -</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents (in custody of others)	\$ 212,279	\$ -	\$ -
Capital assets, net of accumulated depreciation:			
Land	\$ 255,156	\$ 390,159	\$ -
Buildings and utility plant in service	11,679,428	259,948	-
Improvements other than buildings	-	1,165,895	-
Machinery and equipment	13,255	2,272	-
Infrastructure	-	-	362,728
Construction in progress	471,986	51,673	-
Total capital assets	<u>\$ 12,419,825</u>	<u>\$ 1,869,947</u>	<u>\$ 362,728</u>
Total noncurrent assets	<u>\$ 12,632,104</u>	<u>\$ 1,869,947</u>	<u>\$ 362,728</u>
Total assets	<u>\$ 12,702,901</u>	<u>\$ 3,595,842</u>	<u>\$ 362,728</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 99,681	\$ 49,334	\$ -
Customers' deposits	8,209	-	-
Accrued interest payable	15,000	3,195	-
Compensated absences - current portion	7,266	-	-
Bonds payable - current portion	84,654	-	-
Note payable - current portion	-	33,546	-
Total current liabilities	<u>\$ 214,810</u>	<u>\$ 86,075</u>	<u>\$ -</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 2,560,626	\$ -	\$ -
Compensated absences - net of current portion	2,422	-	-
Note payable - net of current portion	-	1,233,739	-
Total noncurrent liabilities	<u>\$ 2,563,048</u>	<u>\$ 1,233,739</u>	<u>\$ -</u>
Total liabilities	<u>\$ 2,777,858</u>	<u>\$ 1,319,814</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 9,774,545	\$ 1,869,947	\$ 362,728
Restricted for debt service and bond covenants	212,279	-	-
Unrestricted	(61,781)	406,081	-
Total net position	<u>\$ 9,925,043</u>	<u>\$ 2,276,028</u>	<u>\$ 362,728</u>

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

County of Bland, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 268,145	\$ -	\$ -
Sewer revenues	104,670	-	-
Connection fees	7,855	-	-
Rental income	-	75,795	1,575
Other revenues	9,600	-	-
Miscellaneous	19,126	416	23,187
Total operating revenues	<u>\$ 409,396</u>	<u>\$ 76,211</u>	<u>\$ 24,762</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 161,987	\$ 3,693	\$ 25
Utilities	41,640	-	24,040
Rent of Equipment	-	-	2,400
Purchase of water	111,595	-	-
Maintenance and repairs	67,627	-	22,591
Equipment and repairs	-	-	5,988
Office expense	6,880	5,823	-
Insurance	4,404	-	-
Permits	5,356	-	-
Professional services	7,955	-	-
Indian Village	-	180,378	-
Miscellaneous	5,609	5,327	73
Depreciation	428,686	42,297	9,925
Total operating expenses	<u>\$ 841,739</u>	<u>\$ 237,518</u>	<u>\$ 65,042</u>
Operating income (loss)	<u>\$ (432,343)</u>	<u>\$ (161,307)</u>	<u>\$ (40,280)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 336	\$ 53,730	\$ -
Interest expense	(92,112)	(53,407)	-
Total nonoperating revenues (expenses)	<u>\$ (91,776)</u>	<u>\$ 323</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (524,119)</u>	<u>\$ (160,984)</u>	<u>\$ (40,280)</u>
Capital contributions and construction grants	\$ 751,234	\$ 532,478	\$ -
Capital contributions and construction grant payments	-	(533,653)	-
Transfers in (Contributions from primary government)	159,911	179,425	13,904
Change in net position	<u>\$ 387,026</u>	<u>\$ 17,266</u>	<u>\$ (26,376)</u>
Net position - beginning	9,538,017	2,258,762	389,104
Net position - ending	<u>\$ 9,925,043</u>	<u>\$ 2,276,028</u>	<u>\$ 362,728</u>

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

County of Bland, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2013

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 414,921	\$ 108,577	\$ 24,762
Payments to suppliers	(258,625)	(218,582)	(55,092)
Payments to and for employees	(161,987)	(3,693)	(25)
Net cash provided by (used for) operating activities	<u>\$ (5,691)</u>	<u>\$ (113,698)</u>	<u>\$ (30,355)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	\$ 159,911	\$ -	\$ -
Contributions from primary government	-	179,425	13,904
Net cash provided by (used for) noncapital financing activities	<u>\$ 159,911</u>	<u>\$ 179,425</u>	<u>\$ 13,904</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (1,338,641)	\$ (76,345)	\$ -
Proceeds from indebtedness	577,619	-	-
Principal payments on bonds	(74,295)	(91,334)	-
Capital contributions received	751,234	532,478	-
Capital contributions disbursed	-	(533,653)	-
Interest payments	(73,505)	(51,637)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (157,588)</u>	<u>\$ (220,491)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 336	\$ 51,960	\$ -
Net cash provided by (used for) investing activities	<u>\$ 336</u>	<u>\$ 51,960</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ (3,032)	\$ (102,804)	\$ (16,451)
Cash and cash equivalents - beginning	215,311	557,860	16,451
Cash and cash equivalents - ending	<u>\$ 212,279</u>	<u>\$ 455,056</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ (432,343)</u>	<u>\$ (161,307)</u>	<u>\$ (40,280)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 428,686	\$ 42,297	\$ 9,925
(Increase) decrease in accounts receivable	5,525	-	-
(Increase) decrease in prepaid items	(9,932)	-	-
Increase (decrease) in accounts payable	2,373	(27,054)	-
Total adjustments	<u>\$ 426,652</u>	<u>\$ 47,609</u>	<u>\$ 9,925</u>
Net cash provided by (used for) operating activities	<u>\$ (5,691)</u>	<u>\$ (113,698)</u>	<u>\$ (30,355)</u>

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

County of Bland, Virginia  
 Statement of Net Position  
 Fiduciary Fund  
 June 30, 2013

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	Agency Fund <hr style="width: 100%;"/> Special Welfare
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,247
Total assets	<hr style="width: 100%;"/> \$ 20,247
 <b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 20,247
Total liabilities	<hr style="width: 100%;"/> \$ 20,247

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

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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**Note 1-Summary of Significant Accounting Policies:**

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

A. Financial Reporting Entity

The County of Bland, Virginia (government) is a municipal corporation governed by an elected four-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 Bland County Service Authority provides water and sewer service to the County. The Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Service Authority's Board.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Bland 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.

The Bland County Economic Development Authority encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type.

The Bland County Wireless Authority provides wireless internet services in the County. The Wireless Authority board members are appointed by the Board of Supervisors. The Wireless Authority is fiscally dependent upon the County. The Wireless Authority is presented as an enterprise fund type.

Related Organizations - The County has no related organizations.

Jointly Governed Organizations - The County of Bland and the County of Smyth participate in supporting the Smyth/Bland Regional Library. The respective governing bodies of the participating jurisdictions appoint the governing body of this organization. For the year ended June 30, 2013, the County contributed \$127,024 to the Regional Library.

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued) - The County of Bland and the County of Wythe participate in supporting the Wythe-Bland Service Authority. The respective governing bodies of the jurisdictions appoint the governing body of this organization. The Service Authority generates revenue through service charges for refuse disposal.

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 units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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 units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for 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, the E-911 Fund, the Road Improvements Fund, Asset Forfeiture Funds, the Social Services Fund, the CSA Fund, the Selective Enforcement Fund, the Recreation Fund, Courthouse Maintenance Fund, Domestic Violence Task Force Fund, Litter Control Fund, Patrol Fund, Terrorism Fund, Courthouse Renovation Fund, and the Courtroom Security Fund.

The government reports the following major proprietary funds:

The Bland County Service Authority provides water service to the County and is presented as a blended component unit.

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. The Agency fund consists of the special welfare fund.

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 non-operating revenues and expenses.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, 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.

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").

Investments for the government, as well as for its component units, 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."



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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance  
(Continued)

2. Receivables and Payables (Continued)

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. 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 \$121,198 at June 30, 2013. The allowance consists of delinquent taxes in the amount of \$109,742, delinquent garbage bills of \$7,600, and delinquent water and sewer bills of \$3,856.

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 governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

6. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Structures, lines, and accessories	20-40
Infrastructure	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 Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets  
(Continued)

9. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

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

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 (expense) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets  
(Continued)

10. Deferred Outflows/Inflows of Resources (Continued)

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<sup>th</sup>, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources.

11. 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.

12. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the 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.

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

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets  
(Continued)

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

**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.
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. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.

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

A. Budgetary Information (Continued)

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, no funds had expenditures in excess of appropriations.

C. Deficit Fund Equity

At June 30, 2013, 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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The County had no investments as of June 30, 2013.

*The remainder of this page is left blank intentionally.*

**Note 4-Due from Other Governmental Units:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	\$ 37,170	\$ -
State sales tax	-	146,203
Shared expenses	95,749	-
Categorical aid	598,215	324
Non-categorical aid	20,811	-
Virginia public assistance funds	27,470	-
Community services act	62,228	-
<b><u>Federal Government:</u></b>		
Categorical aid	24,049	-
Virginia public assistance funds	38,273	-
School grants	-	60,825
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 903,965</u>	<u>\$ 207,352</u>

**Note 5-Interfund Transfers and Balances:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 159,911
Water and Sewer Fund	159,911	-
Total	<u>\$ 159,911</u>	<u>\$ 159,911</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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 5-Interfund Transfers and Balances: (Continued)**

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 144,435
Component Unit:		
School Board	\$ 144,435	\$ -

**Note 6-Long-Term Obligations:**

Primary Government - Governmental Activity Indebtedness:

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

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
General obligation bonds	\$ 190,000	\$ -	\$ (60,000)	\$ 130,000
Lease revenue bonds	2,943,564	2,645,000	(2,943,564)	2,645,000
Deferred Amounts:				
Bond premium	-	350,483	(13,143)	337,340
Landfill post-closure monitoring liability	161,088	-	(21,537)	139,551
Net OPEB obligation	126,498	130,806	(11,897)	245,407
Compensated absences	61,575	61,827	(46,181)	77,221
<b>Total</b>	<b>\$ 3,482,725</b>	<b>\$ 3,188,116</b>	<b>\$ (3,096,322)</b>	<b>\$ 3,574,519</b>

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**Note 6-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activity Indebtedness: (Continued)**

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 65,000	\$ 5,363	\$ 90,000	\$ 101,794
2015	65,000	1,788	95,000	99,228
2016	-	-	95,000	96,284
2017	-	-	100,000	92,413
2018	-	-	105,000	87,809
2019-2023	-	-	610,000	358,719
2024-2028	-	-	750,000	217,903
2029-2033	-	-	800,000	68,313
Totals	\$ 130,000	\$ 7,151	\$ 2,645,000	\$ 1,122,463

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b>General Obligation Bonds:</b>		
\$710,000 general obligation bonds issued September 15, 1999 with principal payments due annually on September 15th varying from \$35,000 to \$65,000. Interest is payable semi-annually on September 15th and March 15th at rates varying from 5.0% to 5.5%.	\$ 130,000	\$ 65,000
<b>Lease Revenue Bonds:</b>		
\$2,645,000 revenue bond issued December 6, 2012 with principal payments due annually on October 1st varying from \$90,000 to \$185,000. Interest is payable semi-annually on April 1st and October 1st at rates varying from 2.163% to 4.821%.	\$ 2,645,000	\$ 90,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 6-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activity Indebtedness: (Continued)**

Details of long-term indebtedness: (Continued)

	<u>Amount</u>	<u>Within One Year</u>
<b><u>Deferred Amounts:</u></b>		
Unamortized premium	\$ 337,340	\$ 17,524
<b><u>Other Obligations:</u></b>		
Landfill post-closure monitoring liability	\$ 139,551	\$ -
Net OPEB obligation	245,407	-
Compensated absences	77,221	57,916
Total Other Obligations	<u>\$ 462,179</u>	<u>\$ 57,916</u>
<b>Total Long-Term Obligations</b>	<u><u>\$ 3,574,519</u></u>	<u><u>\$ 230,440</u></u>

**Primary Government - Enterprise Fund Indebtedness:**

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Revenue Bonds	\$ 2,141,956	\$ 577,619	\$ (74,295)	\$ 2,645,280
Compensated Absences	<u>9,688</u>	<u>7,266</u>	<u>(7,266)</u>	<u>9,688</u>
Total	<u><u>\$ 2,151,644</u></u>	<u><u>\$ 584,885</u></u>	<u><u>\$ (81,561)</u></u>	<u><u>\$ 2,654,968</u></u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 6-Long-Term Obligations: (Continued)**

Primary Government - Enterprise Fund Indebtedness: (Continued)

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

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 84,654	\$ 104,733
2015	95,473	98,143
2016	98,539	95,078
2017	101,742	91,875
2018	105,088	88,528
2019-2023	556,152	386,929
2024-2028	497,805	281,647
2029-2033	516,082	175,613
2034-2038	479,411	72,865
2039-2043	110,334	6,645
<b>Totals</b>	<b>\$ 2,645,280</b>	<b>\$ 1,402,056</b>

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Revenue Bonds:</b>		
\$222,165 Rural Development revenue bond, issued July 17, 1986, with interest accruing at 5.0%, due in monthly principal and interest installments of \$1,074 through August 17, 2025	\$ 117,737	\$ 7,164
\$200,700 Rural Development revenue bond, issued July 17, 1986, with interest accruing at 4.5%, due in monthly principal and interest installments of \$904 through November 17, 2025	103,114	6,338
\$54,600 Rural Development revenue bond, issued February 10, 1992, with interest accruing at 5.0%, due in monthly principal and interest installments of \$269 through July 10, 2031	38,410	1,339
\$293,000 Rural Development revenue bond, issued February 10, 1992, with interest accruing at 5.0%, due in monthly principal and interest installments of \$1,439 through November 10, 2031	207,883	7,034

**Note 6-Long-Term Obligations: (Continued)**

**Primary Government - Enterprise Activity Indebtedness: (Continued)**

**Details of long-term indebtedness: (Continued)**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Revenue Bonds: (Continued)</b>		
\$475,000 Rural Development revenue bond, issued January 15, 1996, with interest accruing at 4.5%, due in monthly principal and interest installments of \$2,181 through July 14, 2035	\$ 366,678	\$ 9,874
\$344,600 Rural Development revenue bond, issued August 13, 1998, with interest accruing at 4.5%, due in monthly principal and interest installments of \$1,582 through May 13, 2038.	284,319	6,319
\$832,650 rural Development revenue bond, issued May 22, 2001, with interest accruing at 4.5%, due in monthly principal and interest installments of \$3,822 through December 28, 2040	723,520	13,583
\$500,000 Revolving Loan, issued February 1, 2001, through the Virginia Resource Authority with semi-annual payments of \$12,500 beginning August 1, 2002 and continuing through February 1, 2022, with the loan bearing no interest	225,000	25,000
\$650,000 loan, issued June 26, 2012, through the Virginia Resource Authority bearing interest at 2.50%. As of June 30, 2013, the loan was still in the draw-down phase with a balance of \$578,619.	<u>578,619</u>	<u>8,003</u>
Total Revenue Bonds	<u>\$ 2,645,280</u>	<u>\$ 84,654</u>
<b>Other Obligations:</b>		
Compensated absences	<u>\$ 9,688</u>	<u>\$ 7,266</u>
Total Long-Term Obligations	<u>\$ 2,654,968</u>	<u>\$ 91,920</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 7-Long-Term Obligations-Component Units:**

Discretely Presented Component Unit - Economic Development Authority (EDA):

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
SBA Note Payable	\$ 1,300,009	\$ -	\$ (32,724)	\$ 1,267,285
Promissory Note	58,610	-	(58,610)	-
<b>Total</b>	<u>\$ 1,358,619</u>	<u>\$ -</u>	<u>\$ (91,334)</u>	<u>\$ 1,267,285</u>

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

<u>Year Ending</u> <u>June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 33,546	\$ 50,105
2015	34,913	48,738
2016	36,336	47,315
2017	37,816	45,835
2018	1,124,674	17,986
<b>Totals</b>	<u>\$ 1,267,285</u>	<u>\$ 209,979</u>

Details of long-term indebtedness:

	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
<b>Notes Payable:</b>		
\$1,450,000 Small Business Administration Loan, issued July 1, 2008, through the SBA with interest accruing at 4.074%, due in monthly principal and interest installments of \$6,971 beginning August 7, 2008 and continuing through November 1, 2017.	<u>\$ 1,267,285</u>	<u>\$ 33,546</u>
<b>Total Long-Term Obligations</b>	<u>\$ 1,267,285</u>	<u>\$ 33,546</u>

**Note 7-Long-Term Obligations-Component Units: (Continued)**

Discretely Presented Component Unit - School Board Indebtedness:

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

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
Compensated absences	\$ 181,325	\$ 122,494	\$ (135,994)	\$ 167,825
Net OPEB obligation	60,293	64,681	(40,700)	84,274
<b>Total</b>	<b>\$ 241,618</b>	<b>\$ 187,175</b>	<b>\$ (176,694)</b>	<b>\$ 252,099</b>

Details of long-term indebtedness:

<u>Other Obligations:</u>	Total Amount	Amount Due Within One Year
Compensated absences	\$ 167,825	\$ 125,869
Net OPEB obligation	84,274	-
<b>Total Long-Term Obligations</b>	<b>\$ 252,099</b>	<b>\$ 125,869</b>

**Note 8-Employee Retirement System and Defined Benefit Pension Plan:**

A. Plan Description

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

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

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**Note 8-Employee Retirement System and Defined Benefit Pension Plan: (Continued)**

A. Plan Description: (Continued)

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

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced benefit retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 8-Employee Retirement System and Defined Benefit Pension Plan: (Continued)**

B. Funding Policy:

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to being 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 of Bland, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Bland, Virginia's contribution rate for the fiscal year ended June 30, 2013 was 17.17% (excluding the 5% member contribution) of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 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 being 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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2013 was 10.50% (excluding the 5% member contribution) of annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2013, the County of Bland, Virginia's annual pension cost of \$382,691 and \$69,734 was equal to the County of Bland, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
<b>Primary Government:</b>				
County	6/30/2013	\$ 382,691	100.00%	\$ -
	6/30/2012	291,959	100.00%	-
	6/30/2011	286,221	100.00%	-
<b>Discretely Presented-Component Unit:</b>				
School Board Non-Professional	6/30/2013	\$ 69,734	100.00%	\$ -
	6/30/2012	37,116	100.00%	-
<sup>1</sup> Employer portion only	6/30/2011	38,759	100.00%	-



**Note 8-Employee Retirement System and Defined Benefit Pension Plan: (Continued)**

C. Annual Pension Cost: (Continued)

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 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 assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll 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:

Primary Government:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 61.94% funded. The actuarial accrued liability for benefits was \$8,301,874 and the actuarial value of assets was \$5,141,834, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,160,040. The covered payroll (annual payroll of active employees covered by the plan) was \$1,811,419, and ratio of the UAAL to the covered payroll was 174.45%.

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

As of June 30, 2012, the most recent actuarial valuation date, the plan was 82.86% funded. The actuarial accrued liability for benefits was \$1,460,067, and the actuarial value of assets was \$1,209,873, resulting in an unfunded actuarial accrued liability (UAAL) of \$250,194. The covered payroll (annual payroll of active employees covered by the plan) was \$435,010 and ratio of the UAAL to the covered payroll was 57.51%.

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

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

Plan Description:

The Bland County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

**Note 8-Employee Retirement System and Defined Benefit Pension Plan: (Continued)**

**E. Discretely Presented Component Unit School Board (Professional Employees): (Continued)**

Plan Description: (Continued)

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/2012-annual-report.pdf> or obtained by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to being 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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board’s contribution to the statewide cost sharing pool for professional employees was \$613,480, \$251,494, and \$164,732 for the fiscal years ended 2013, 2012, and 2011, respectively. Employer contributions represented 11.66%, 6.33%, and 3.93% of covered payroll for the fiscal years ended 2013, 2012, and 2011, respectively.

**Note 9-Deferred Inflows of Resources:**

Governmental funds report *unavailable revenue* in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable	\$ 5,257,502
Prepaid taxes	41,181
Total unavailable revenue for governmental funds	<u>\$ 5,298,683</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 10-Capital Assets:**

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 259,103	\$ -	\$ -	\$ 259,103
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,833,060	\$ 118,048	\$ -	\$ 4,951,108
Machinery and equipment	2,591,019	92,704	(58,908)	2,624,815
Total capital assets being depreciated	<u>\$ 7,424,079</u>	<u>\$ 210,752</u>	<u>\$ (58,908)</u>	<u>\$ 7,575,923</u>
Accumulated depreciation:				
Buildings and improvements	\$ (1,655,937)	\$ (156,324)	\$ -	\$ (1,812,261)
Machinery and equipment	(2,107,217)	(170,039)	58,908	(2,218,348)
Total accumulated depreciation	<u>\$ (3,763,154)</u>	<u>\$ (326,363)</u>	<u>\$ 58,908</u>	<u>\$ (4,030,609)</u>
Total capital assets being depreciated, net	<u>\$ 3,660,925</u>	<u>\$ (115,611)</u>	<u>\$ -</u>	<u>\$ 3,545,314</u>
Governmental activities capital assets, net	<u>\$ 3,920,028</u>	<u>\$ (115,611)</u>	<u>\$ -</u>	<u>\$ 3,804,417</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 10-Capital Assets: (Continued)**

Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	359,538	1,529,180	(1,416,732)	471,986
Total capital assets not being depreciated	<u>\$ 614,694</u>	<u>\$ 1,529,180</u>	<u>\$ (1,416,732)</u>	<u>\$ 727,142</u>
Capital assets, being depreciated:				
Utility plant	\$ 15,555,036	\$ 1,472,846	\$ (204,821)	\$ 16,823,061
Machinery and equipment	126,793	16,569	-	143,362
Total capital assets being depreciated	<u>\$ 15,681,829</u>	<u>\$ 1,489,415</u>	<u>\$ (204,821)</u>	<u>\$ 16,966,423</u>
Accumulated depreciation:				
Utility plant	\$ (4,718,261)	\$ (425,372)	\$ -	\$ (5,143,633)
Machinery and equipment	(126,793)	(3,314)	-	(130,107)
Total accumulated depreciation	<u>\$ (4,845,054)</u>	<u>\$ (428,686)</u>	<u>\$ -</u>	<u>\$ (5,273,740)</u>
Total capital assets being depreciated, net	<u>\$ 10,836,775</u>	<u>\$ 1,060,729</u>	<u>\$ (204,821)</u>	<u>\$ 11,692,683</u>
Business-Type activities capital assets, net	<u>\$ 11,451,469</u>	<u>\$ 2,589,909</u>	<u>\$ (1,621,553)</u>	<u>\$ 12,419,825</u>

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

**Governmental activities:**

General government administration	\$ 116,645
Public safety	152,049
Public works	19,260
Health and welfare	2,826
Parks, recreation, and cultural	35,583

Total depreciation expense-governmental activities \$ 326,363

**Business type activities:**

Service authority	<u>\$ 428,686</u>
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**Note 10-Capital Assets: (Continued)**

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 603,897	\$ -	\$ -	\$ 603,897
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,694,388	\$ 14,677	\$ -	\$ 3,709,065
Machinery and equipment	1,670,576	88,892	(17,200)	1,742,268
Total capital assets being depreciated	<u>\$ 5,364,964</u>	<u>\$ 103,569</u>	<u>\$ (17,200)</u>	<u>\$ 5,451,333</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,063,420)	\$ (106,663)	\$ -	\$ (2,170,083)
Machinery and equipment	(1,219,124)	(144,533)	17,200	(1,346,457)
Total accumulated depreciation	<u>\$ (3,282,544)</u>	<u>\$ (251,196)</u>	<u>\$ 17,200</u>	<u>\$ (3,516,540)</u>
Total capital assets being depreciated, net	<u>\$ 2,082,420</u>	<u>\$ (147,627)</u>	<u>\$ -</u>	<u>\$ 1,934,793</u>
Governmental activities capital assets, net	<u>\$ 2,686,317</u>	<u>\$ (147,627)</u>	<u>\$ -</u>	<u>\$ 2,538,690</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 10-Capital Assets: (Continued)**

Discretely Presented Component Unit-Economic Development Authority:

Capital asset activity for the Economic Development Authority for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 390,159	\$ -	\$ -	\$ 390,159
Construction in progress	1,183,482	64,345	(1,196,154)	51,673
Total capital assets not being depreciated	<u>\$ 1,573,641</u>	<u>\$ 64,345</u>	<u>\$ (1,196,154)</u>	<u>\$ 441,832</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 299,636	\$ -	\$ -	\$ 299,636
Land improvements	-	1,196,154	-	1,196,154
Machinery and equipment	4,546	-	-	4,546
Total capital assets being depreciated	<u>\$ 304,182</u>	<u>\$ 1,196,154</u>	<u>\$ -</u>	<u>\$ 1,500,336</u>
Accumulated depreciation:				
Buildings and improvements	\$ (28,105)	\$ (11,583)	\$ -	\$ (39,688)
Land improvements	-	(30,259)	-	(30,259)
Machinery and equipment	(1,819)	(455)	-	(2,274)
Total accumulated depreciation	<u>\$ (29,924)</u>	<u>\$ (42,297)</u>	<u>\$ -</u>	<u>\$ (72,221)</u>
Total capital assets being depreciated, net	<u>\$ 274,258</u>	<u>\$ 1,153,857</u>	<u>\$ -</u>	<u>\$ 1,428,115</u>
Business-Type activities capital assets, net	<u>\$ 1,847,899</u>	<u>\$ 1,218,202</u>	<u>\$ (1,196,154)</u>	<u>\$ 1,869,947</u>

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**Note 10-Capital Assets: (Continued)**

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 397,018	\$ -	\$ -	\$ 397,018
Accumulated depreciation:				
Infrastructure	\$ (24,365)	\$ (9,925)		\$ (34,290)
Business-Type activities capital assets, net	\$ 372,653	\$ (9,925)	\$ -	\$ 362,728

**Note 11-Risk Management:**

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

**Note 12-Contingent Liabilities:**

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

**Note 13-Surety Bonds:**

Primary Government:

<b><u>Fidelity &amp; Deposit Company of Maryland-Surety:</u></b>	
Rebecca I. Johnson, Clerk of the Circuit Court	\$ 105,000
John F. Goins, Treasurer	300,000
Cindy Wright, Commissioner of the Revenue	3,000
Jerry Thompson, Sheriff	30,000

**Note 14-Landfill Closure and Post-closure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$139,551. These amounts are based on what it would cost to perform all post-closure care in 2013. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia’s financial assurance mechanism to meet the Department of Environmental Quality’s assurance requirements for landfill post-closure costs.

**Note 15 - School Board Early Retirement Incentive Program:**

The Component Unit - School Board offered a one-time retirement plan in an attempt to balance the 2010-2011 budget. This policy expired on July 1, 2010 and was deleted for future retirees after the deadline. Early retirement was available to those employees with a minimum of thirty years of service in public education covered by the Virginia Retirement System (VRS). To participate, the employee must be a vested member of the VRS, not presently receiving VRS benefits. The retiree must work fourteen days per year prior to June 1<sup>st</sup> in order to receive payment. In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 16% of an employee’s final contracted salary, earned before the effective date of retirement, for a period of 7 years or until death or acceptance of disability retirement. At June 30, 2013, the remaining commitment amounted to \$217,088.

**Note 16-Other Postemployment Benefits - Health Insurance:**

From an accrual accounting perspective, the cost of postemployment 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. The County recognizes the cost of postemployment 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 future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the fiscal year 2010 liability.

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**Note 16-Other Postemployment Benefits - Health Insurance: (Continued)**

A. Plan Description

The County of Bland, Virginia and Bland County’s Component Unit - School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County and School Board. Any eligible retiree and spouse may receive this benefit until he/she has reached the earlier of sixty five years of age or death. Coverage for the spouse ends at the earliest of the retiree’s death, the retiree’s attainment of age 65, the spouse’s death, or the spouse’s attainment of age 65.

To be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 5 years of service. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 53 and 138 employees that are eligible, respectively, for the program. County retirees must pay the full premium. Any additional premium to cover a spouse and dependents is also paid by the retiree. In addition, the School Board pays for retirees under age 65 who have at least 15 years of service with the System, the System contributes \$1.50 per year of VRS service per month up to \$45.00. Retirees with less than 15 years of service are responsible for 100% of their premiums. All retirees are responsible for providing the difference between the premium and the amount contributed by the System.

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the County. The rates are as follows:

	Premiums
Employee Only	\$ 475.00
Employee & Spouse	879.00
Employee & Family	1,283.00

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the School Board. The rates are as follows:

	Anthem Key Care 15	Anthem Key Care 20
Employee Only	\$ 563.21	\$ 541.07
Employee & Spouse	1,260.04	1,210.44
Employee & Child	765.52	735.40
Employee & Family	1,666.34	1,600.73
Family	1,437.84	1,308.44

**Note 16-Other Postemployment Benefits - Health Insurance: (Continued)**

B. Funding Policy (Continued)

The County and School Board are 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.

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 130,616
Interest on net OPEB obligation	190
Annual OPEB cost (expense)	<u>130,806</u>
Contributions made	<u>(11,897)</u>
Increase in net OPEB obligation	118,909
Net OPEB obligation - beginning of year	<u>126,498</u>
Net OPEB obligation - end of year	\$ 245,407

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 130,806	9.10%	\$ 245,407
6/30/2012	53,047	20.37%	126,498
6/30/2011	52,972	20.40%	84,257

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**Note 16-Other Postemployment Benefits - Health Insurance: (Continued)**

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

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

Annual required contribution	\$ 64,800
Interest on net OPEB obligation	2,110
Adjustment to annual required contribution	<u>(2,229)</u>
Annual OPEB cost (expense)	64,681
Contributions made	<u>(40,700)</u>
Increase in net OPEB obligation	23,981
Net OPEB obligation - beginning of year	60,293
Net OPEB obligation - end of year	\$ 84,274

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2013	\$ 64,681	62.92%	\$ 84,274
6/30/2012	60,893	58.63%	60,293
6/30/2011	63,200	73.26%	35,100

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 756,056
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 756,056
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 1,811,419
UAAL as a percentage of covered payroll	41.74%

**Note 16-Other Postemployment Benefits - Health Insurance: (Continued)**

D. Funded Status and Funding Progress: (Continued)

The funded status of the Plan for the School Board as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	700,700
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	700,700
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	4,338,800
UAAL as a percentage of covered payroll		16.15%

Actuarial valuation of an ongoing plan involves 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 June 30, 2013, the most recent actuarial valuation date of the County, 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 1.80 percent, plus productivity component of 1.25 percent, investment rate of return at 1.62 percent, and a health care trend rate of 7.20 percent graded to 7.00 percent over 9 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2013 was 30 years.

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**Note 16-Other Postemployment Benefits - Health Insurance: (Continued)**

E. Actuarial Methods and Assumptions: (Continued)

As of June 30, 2013, the most recent actuarial valuation date of the Schools, 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 2.50 percent, plus productivity component of 1.25 percent, investment rate of return at 3.50 percent, and a health care trend rate of 7.00 percent graded to 4.80 percent over 70 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2013 was 30 years.

**Note 17-Other Postemployment Benefits - VRS Health Insurance Credit:**

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was 0.47% of annual covered payroll.

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

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

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

For 2013, the County's contribution of \$1,101 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
County	6/30/2013	\$ 1,101	100.00%	\$ -
	6/30/2012	2,048	100.00%	-
	6/30/2011	2,008	100.00%	-

**D. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$ 34,043
Actuarial value of plan assets	\$ 6,270
Unfunded actuarial accrued liability (UAAL)	\$ 27,773
Funded ratio (actuarial value of plan assets/AAL)	18.42%
Covered payroll (active plan members)	\$ 542,162
UAAL as a percentage of covered payroll	5.12%

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

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

**Note 17-Other Post-Employment Benefits - VRS Health Insurance Credit: (Continued)**

**E. Actuarial Methods and Assumptions**

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 29 years.

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

**F. Professional Employees - Discretely Presented Component Unit School Board**

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2013, 2012, and 2011 were \$45,109, 23,838, and \$25,150 respectively and equaled the required contributions.

**Note 18-Litigation:**

As of June 30, 2013, there were no matters of litigation involving the County which would materially affect the County's financial position should an court decisions on pending matters not be favorable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 19-Commitments and Contingencies:**

The County has obligated funds for the project described below as of June 30, 2013:

	Original Contract	Amount Paid As of 6/30/2013	Remaining Contract Amount	Retainage Payable
East River Mountain Tunnel	\$ 1,063,204	\$ 1,019,544	\$ 43,660	\$ 43,660

**Note 20-Restatement of Net Position:**

The beginning equity was restated by the amount due to CSA payables that were not recorded in the prior year. The restatement is demonstrated below.

	Net Position	Fund Balance
As previously reported 6/30/12	\$ 5,160,937	\$ 4,170,786
Less adjustment for CSA payables	(35,090)	(35,090)
As restated 6/30/12	\$ 5,125,847	\$ 4,135,696

**Note 21-Upcoming Pronouncements**

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



## Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 4,150,026	\$ 4,150,026	\$ 4,105,564	\$ (44,462)
Other local taxes	595,022	595,022	627,514	32,492
Permits, privilege fees, and regulatory licenses	30,325	30,325	20,412	(9,913)
Fines and forfeitures	339,464	339,537	203,469	(136,068)
Revenue from the use of money and property	11,765	11,765	9,018	(2,747)
Charges for services	345,994	345,994	371,765	25,771
Miscellaneous	72,806	116,404	150,791	34,387
Recovered costs	606,436	760,757	457,715	(303,042)
Intergovernmental revenues:				
Commonwealth	2,519,086	2,659,481	2,119,616	(539,865)
Federal	624,642	678,398	666,844	(11,554)
Total revenues	<u>\$ 9,295,566</u>	<u>\$ 9,687,709</u>	<u>\$ 8,732,708</u>	<u>\$ (955,001)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,073,098	\$ 1,080,133	\$ 1,010,885	\$ 69,248
Judicial administration	362,819	370,095	368,217	1,878
Public safety	1,477,538	1,488,708	1,391,861	96,847
Public works	923,895	998,496	899,867	98,629
Health and welfare	1,770,387	2,006,160	1,548,060	458,100
Education	1,989,526	1,989,526	2,206,428	(216,902)
Parks, recreation, and cultural	334,893	344,546	295,215	49,331
Community development	324,308	340,703	363,820	(23,117)
Capital projects	510,000	1,020,013	14,247	1,005,766
Debt service:				
Principal retirement	324,600	324,600	3,003,564	(2,678,964)
Interest and other fiscal charges	19,440	19,440	180,482	(161,042)
Total expenditures	<u>\$ 9,110,504</u>	<u>\$ 9,982,420</u>	<u>\$ 11,282,646</u>	<u>\$ (1,300,226)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 185,062</u>	<u>\$ (294,711)</u>	<u>\$ (2,549,938)</u>	<u>\$ (2,255,227)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 760	\$ -	\$ (760)
Transfers out	(222,359)	(256,654)	(159,911)	96,743
Issuance of revenue bonds	-	-	2,645,000	2,645,000
Bond premium	-	-	350,483	350,483
Total other financing sources (uses)	<u>\$ (222,359)</u>	<u>\$ (255,894)</u>	<u>\$ 2,835,572</u>	<u>\$ 3,091,466</u>
Net change in fund balances	<u>\$ (37,297)</u>	<u>\$ (550,605)</u>	<u>\$ 285,634</u>	<u>\$ 836,239</u>
Fund balances - beginning, as restated	(31,803)	481,505	4,135,696	3,654,191
Fund balances - ending	<u>\$ (69,100)</u>	<u>\$ (69,100)</u>	<u>\$ 4,421,330</u>	<u>\$ 4,490,430</u>

County of Bland, Virginia  
Schedule of Pension and OPEB Funding Progress

## 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)
6/30/2012	\$ 5,141,834	\$ 8,301,874	\$ 3,160,040	61.94%	\$ 1,811,419	174.45%
6/30/2011	5,070,572	7,902,264	2,831,692	64.17%	1,830,097	154.73%
6/30/2010	4,902,430	7,509,666	2,607,236	65.28%	1,753,390	148.70%

## 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)
6/30/2012	\$ 1,209,873	\$ 1,460,067	\$ 250,194	82.86%	\$ 435,010	57.51%
6/30/2011	1,176,989	1,404,541	227,552	83.80%	495,852	45.89%
6/30/2010	1,115,218	1,334,142	218,924	83.59%	553,376	39.56%

## Primary Government: Other Postemployment Benefit-Health Insurance (1)

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	\$ -	\$ 756,056	\$ 756,056	0.00%	\$ 1,811,419	41.74%
6/30/2010	-	271,296	271,296	0.00%	1,668,675	16.26%

## Discretely Presented Component Unit: School Board Other Postemployment Benefit-Health Insurance (1)

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	\$ -	\$ 700,700	\$ 700,700	0.00%	\$ 4,338,800	16.15%
6/30/2010	-	570,800	570,800	0.00%	4,842,800	11.79%

(1) Valuations are required every three years with the initial one performed on 6/30/2010.

## Primary Government: Other Postemployment Benefit-VRS Health Insurance Credit

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)
6/30/2012	\$ 6,270	\$ 34,043	\$ 27,773	18.42%	\$ 542,162	5.12%
6/30/2011	7,357	30,519	23,162	24.11%	511,159	4.53%
6/30/2010	6,959	24,387	17,428	28.54%	1,753,390	0.99%

## Other Supplementary Information

#### **FIDUCIARY FUND**

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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.

County of Bland, Virginia  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2013

	<u>Agency Fund - Special Welfare</u>			
	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	<u>\$ 16,689</u>	<u>\$ 25,838</u>	<u>\$ (22,280)</u>	<u>\$ 20,247</u>
<b>Liabilities</b>				
Amounts held for social services clients	<u>\$ 16,689</u>	<u>\$ 25,838</u>	<u>\$ (22,280)</u>	<u>\$ 20,247</u>

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
MAJOR GOVERNMENTAL FUNDS**

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School Operating Fund - The School Operating Fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general 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 Bland, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2013

		<u>School Operating Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	3,097,802
Cash in custody of others		131,862
Due from other governmental units		207,352
Total assets	\$	<u>3,437,016</u>
<b>LIABILITIES</b>		
Accounts payable	\$	62,917
Accrued payroll		716,473
Due to primary government		144,435
Total liabilities	\$	<u>923,825</u>
<b>FUND BALANCES</b>		
Restricted:		
School cafeteria	\$	131,862
Assigned:		
Textbook payments		91,880
Future school construction		2,210,749
Unassigned		
Total fund balances	\$	<u>2,513,191</u>
Total liabilities and fund balances	\$	<u>3,437,016</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	2,513,191
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	603,897
Buildings and system		1,538,982
Machinery and equipment		395,811
		<u>2,538,690</u>
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB obligation	\$	(84,274)
Compensated absences		(167,825)
		<u>(252,099)</u>
Net position of governmental activities	\$	<u>4,799,782</u>



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

		<u>School Operating Fund</u>
<b>REVENUES</b>		
Revenue from the use of money and property	\$	4,308
Charges for services		153,524
Miscellaneous		124,957
Recovered costs		56,027
Intergovernmental revenues:		
Local government		2,198,311
Commonwealth		5,271,072
Federal		706,575
Total revenues	\$	<u>8,514,774</u>
<b>EXPENDITURES</b>		
Current:		
Education	\$	<u>8,709,021</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(194,247)</u>
Net change in fund balances	\$	(194,247)
Fund balances - beginning		<u>2,707,438</u>
Fund balances - ending	\$	<u><u>2,513,191</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Net change in fund balances - total governmental funds - per above	\$	(194,247)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital asset additions	\$	103,569
Depreciation expense		<u>(251,196)</u>
		(147,627)
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.		
(Increase) decrease in compensated absences	\$	13,500
(Increase) decrease in net OPEB obligation		<u>(23,981)</u>
		(10,481)
Change in net position of governmental activities	\$	<u><u>(352,355)</u></u>

County of Bland, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2013

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,308	\$ 4,308
Charges for services	-	-	153,524	153,524
Miscellaneous	36,642	36,642	124,957	88,315
Recovered costs	43,279	43,279	56,027	12,748
Intergovernmental revenues:				
Local government	1,981,409	1,981,409	2,198,311	216,902
Commonwealth	5,843,061	5,843,061	5,271,072	(571,989)
Federal	933,259	933,259	706,575	(226,684)
Total revenues	<u>\$ 8,837,650</u>	<u>\$ 8,837,650</u>	<u>\$ 8,514,774</u>	<u>\$ (322,876)</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>\$ 8,837,650</u>	<u>\$ 8,837,650</u>	<u>\$ 8,709,021</u>	<u>\$ 128,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (194,247)</u>	<u>\$ (194,247)</u>
Net change in fund balances	\$ -	\$ -	\$ (194,247)	\$ (194,247)
Fund balances - beginning	-	-	2,707,438	2,707,438
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,513,191</u>	<u>\$ 2,513,191</u>

## **Supporting Schedules**

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,608,935	\$ 2,608,935	\$ 2,511,963	\$ (96,972)
Real and personal public service corporation taxes	357,344	357,344	365,426	8,082
Personal property taxes	885,868	885,868	893,203	7,335
Mobile home taxes	28,855	28,855	23,699	(5,156)
Machinery and tools taxes	167,924	167,924	154,629	(13,295)
Merchant's capital taxes	84,100	84,100	106,666	22,566
Penalties	15,000	15,000	18,275	3,275
Interest	2,000	2,000	31,703	29,703
Total general property taxes	<u>\$ 4,150,026</u>	<u>\$ 4,150,026</u>	<u>\$ 4,105,564</u>	<u>\$ (44,462)</u>
Other local taxes:				
Local sales and use taxes	\$ 200,000	\$ 200,000	\$ 191,882	\$ (8,118)
Consumers' utility taxes	160,000	160,000	163,857	3,857
Consumption taxes	20,000	20,000	21,957	1,957
Gross receipts taxes	2,700	2,700	2,692	(8)
Franchise license tax	-	-	14,751	14,751
Motor vehicle licenses	102,000	102,000	100,296	(1,704)
Taxes on recordation and wills	27,222	27,222	35,762	8,540
Hotel and motel room taxes	3,100	3,100	3,300	200
Restaurant food taxes	80,000	80,000	93,017	13,017
Total other local taxes	<u>\$ 595,022</u>	<u>\$ 595,022</u>	<u>\$ 627,514</u>	<u>\$ 32,492</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,200	\$ 4,200	\$ 4,035	\$ (165)
Land use application fees	1,000	1,000	329	(671)
Transfer fees	225	225	248	23
Building permits	24,500	24,500	15,200	(9,300)
Permits and other licenses	400	400	600	200
Total permits, privilege fees, and regulatory licenses	<u>\$ 30,325</u>	<u>\$ 30,325</u>	<u>\$ 20,412</u>	<u>\$ (9,913)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 339,439	\$ 339,512	\$ 203,460	\$ (136,052)
Dog violation fines	25	25	9	(16)
Total fines and forfeitures	<u>\$ 339,464</u>	<u>\$ 339,537</u>	<u>\$ 203,469</u>	<u>\$ (136,068)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 8,165	\$ 8,165	\$ 6,293	\$ (1,872)
Revenue from use of property	3,600	3,600	2,725	(875)
Total revenue from use of money and property	<u>\$ 11,765</u>	<u>\$ 11,765</u>	<u>\$ 9,018</u>	<u>\$ (2,747)</u>
Charges for services:				
Charges for sheriff's fees	\$ 325	\$ 325	\$ 143	\$ (182)
Charges for courthouse maintenance	16,430	16,430	11,559	(4,871)
Charges for law library	1,000	1,000	3,038	2,038
Charges for Commonwealth's Attorney	250	250	658	408
Charges for sanitation and waste removal	317,600	317,600	340,470	22,870
Charges for cannery	5,114	5,114	4,796	(318)
Charges for forest service coop law enforcement	3,000	3,000	2,684	(316)
Other charges for services	2,275	2,275	8,417	6,142
Total charges for services	<u>\$ 345,994</u>	<u>\$ 345,994</u>	<u>\$ 371,765</u>	<u>\$ 25,771</u>
Miscellaneous revenue:				
Miscellaneous	\$ 72,806	\$ 116,404	\$ 150,791	\$ 34,387

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (continued)				
Recovered costs:				
Insurance reimbursement	\$ 30,000	\$ 124,500	\$ 26,081	\$ (98,419)
Social services	120,363	167,684	24,085	(143,599)
Utilities	676	676	2,096	1,420
Schools	15,995	15,995	15,995	-
Crossroads Industrial Facilities Authority	112,500	125,000	165,000	40,000
Other recovered costs	326,902	326,902	224,458	(102,444)
Total recovered costs	<u>\$ 606,436</u>	<u>\$ 760,757</u>	<u>\$ 457,715</u>	<u>\$ (303,042)</u>
Total revenue from local sources	<u>\$ 6,151,838</u>	<u>\$ 6,349,830</u>	<u>\$ 5,946,248</u>	<u>\$ (403,582)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ 566	\$ 66
Mobile home titling tax	27,500	27,500	12,011	(15,489)
Motor vehicle rental tax	-	-	64	64
State recordation tax	6,000	6,000	5,094	(906)
Communications taxes	105,000	105,000	106,939	1,939
Personal property tax relief funds	353,035	353,035	354,561	1,526
Total noncategorical aid	<u>\$ 492,035</u>	<u>\$ 492,035</u>	<u>\$ 479,235</u>	<u>\$ (12,800)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 79,085	\$ 79,085	\$ 79,239	\$ 154
Sheriff	462,649	462,649	458,031	(4,618)
Commissioner of revenue	74,902	74,902	76,740	1,838
Treasurer	57,801	57,801	57,945	144
Registrar/electoral board	28,068	28,068	25,280	(2,788)
Clerk of the Circuit Court	131,360	137,436	147,723	10,287
Total shared expenses	<u>\$ 833,865</u>	<u>\$ 839,941</u>	<u>\$ 844,958</u>	<u>\$ 5,017</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 355,788	\$ 378,920	\$ 333,887	\$ (45,033)
Comprehensive Services Act program	365,068	459,560	320,010	(139,550)
Litter control grant	5,000	5,000	7,216	2,216
Two-for-life	6,530	6,530	6,264	(266)
Virginia Tobacco Commission	-	-	29,484	29,484
DMV grant	1,500	1,500	1,350	(150)
VDOT grant	380,000	380,000	-	(380,000)
E-911 state revenue	40,000	40,000	42,420	2,420
Victim-witness grant	5,572	5,572	22,012	16,440
Fire program	17,405	17,405	19,463	2,058
Juvenile justice grant	6,585	6,585	261	(6,324)
Mining royalties	5,000	5,000	2,407	(2,593)
Department of justice grants	4,738	21,433	10,649	(10,784)
Total other categorical aid	<u>\$ 1,193,186</u>	<u>\$ 1,327,505</u>	<u>\$ 795,423</u>	<u>\$ (532,082)</u>
Total categorical aid	<u>\$ 2,027,051</u>	<u>\$ 2,167,446</u>	<u>\$ 1,640,381</u>	<u>\$ (527,065)</u>
Total revenue from the Commonwealth	<u>\$ 2,519,086</u>	<u>\$ 2,659,481</u>	<u>\$ 2,119,616</u>	<u>\$ (539,865)</u>

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

<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>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 32,250	\$ 32,250	\$ 78,414	\$ 46,164
Categorical aid:				
Victim-witness grant	\$ 16,716	\$ 16,716	\$ -	\$ (16,716)
State and community highway safety funds	-	17,888	16,777	(1,111)
Public assistance and welfare administration	551,676	587,544	517,716	(69,828)
Comprehensive Services Act program	-	-	13,991	13,991
Commerce park grant	24,000	24,000	16,125	(7,875)
State homeland security grant	-	-	16,040	16,040
Other federal categorical aid	-	-	7,781	7,781
Total categorical aid	<u>\$ 592,392</u>	<u>\$ 646,148</u>	<u>\$ 588,430</u>	<u>\$ (57,718)</u>
Total revenue from the federal government	<u>\$ 624,642</u>	<u>\$ 678,398</u>	<u>\$ 666,844</u>	<u>\$ (11,554)</u>
Total General Fund	<u>\$ 9,295,566</u>	<u>\$ 9,687,709</u>	<u>\$ 8,732,708</u>	<u>\$ (955,001)</u>
Total Primary Government	<u>\$ 9,295,566</u>	<u>\$ 9,687,709</u>	<u>\$ 8,732,708</u>	<u>\$ (955,001)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,308	\$ 4,308
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 147,162	\$ 147,162
Textbook rental	-	-	6,362	6,362
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,524</u>	<u>\$ 153,524</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 36,642	\$ 36,642	\$ 124,957	\$ 88,315
Recovered costs:				
Miscellaneous recovered costs	\$ 43,279	\$ 43,279	\$ 56,027	\$ 12,748
Total revenue from local sources	<u>\$ 79,921</u>	<u>\$ 79,921</u>	<u>\$ 338,816</u>	<u>\$ 258,895</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	\$ 1,981,409	\$ 1,981,409	\$ 2,198,311	\$ 216,902
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 839,139	\$ 839,139	\$ 842,039	\$ 2,900
Basic school aid	3,012,295	3,012,295	2,972,696	(39,599)
Regular foster care	2,765	2,765	12,294	9,529
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	28,219	28,219	28,359	140
Remedial education	67,479	67,479	67,816	337
Special education	350,892	350,892	352,643	1,751
Textbook payment	57,241	57,241	55,319	(1,922)
Vocational SOQ payments	74,227	74,227	74,598	371
Kindergarten camp grant	-	-	2,649	2,649
EPI pen grant	-	-	394	394

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
VA workplace readiness skills	\$ -	\$ -	\$ 293	\$ 293
Vocational adult education	4,710	4,710	-	(4,710)
School food	7,808	7,808	8,135	327
Social security fringe benefits	175,446	175,446	176,321	875
Retirement fringe benefits	260,715	260,715	294,691	33,976
Group life insurance benefits	11,042	11,042	11,097	55
Early reading intervention	15,235	15,235	13,058	(2,177)
School construction grant	629,337	629,337	-	(629,337)
Dropout prevention	-	-	2,238	2,238
Homebound education	4,829	4,829	2,477	(2,352)
Vocation education - equipment	3,000	3,000	3,188	188
Vocational occupational preparedness	-	-	887	887
Local history grant	-	-	6,014	6,014
At risk payments	54,915	54,915	54,595	(320)
Primary class size	-	-	75,579	75,579
Technology	-	-	2,700	2,700
Standards of Learning algebra readiness	8,912	8,912	8,912	-
Mentor teacher program	1,077	1,077	1,962	885
Virginia tobacco settlement	-	-	8,668	8,668
At risk four year olds	-	-	20,913	20,913
Technology initiative	154,000	154,000	154,000	-
Other state funds	71,919	71,919	3,073	(68,846)
<b>Total categorical aid</b>	<b>\$ 5,843,061</b>	<b>\$ 5,843,061</b>	<b>\$ 5,271,072</b>	<b>\$ (571,989)</b>
<b>Total revenue from the Commonwealth</b>	<b>\$ 5,843,061</b>	<b>\$ 5,843,061</b>	<b>\$ 5,271,072</b>	<b>\$ (571,989)</b>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 179,883	\$ 179,883	\$ 151,960	\$ (27,923)
Title VI-B, flow-through	237,805	237,805	216,656	(21,149)
Title VI-B, preschool	-	-	5,157	5,157
Title II Part A	-	-	17,934	17,934
School food program	180,000	180,000	224,915	44,915
Schools and roads	100,000	100,000	85,648	(14,352)
Career and technical education	-	-	4,305	4,305
Other federal categorical	235,571	235,571	-	(235,571)
<b>Total categorical aid</b>	<b>\$ 933,259</b>	<b>\$ 933,259</b>	<b>\$ 706,575</b>	<b>\$ (226,684)</b>
<b>Total revenue from the federal government</b>	<b>\$ 933,259</b>	<b>\$ 933,259</b>	<b>\$ 706,575</b>	<b>\$ (226,684)</b>
<b>Total School Operating Fund</b>	<b>\$ 8,837,650</b>	<b>\$ 8,837,650</b>	<b>\$ 8,514,774</b>	<b>\$ (322,876)</b>
<b>Total Discretely Presented Component Unit - School Board</b>	<b>\$ 8,837,650</b>	<b>\$ 8,837,650</b>	<b>\$ 8,514,774</b>	<b>\$ (322,876)</b>

County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 126,137	\$ 112,875	\$ 104,222	\$ 8,653
General and financial administration:				
County administrator	\$ 356,895	\$ 369,587	\$ 367,138	\$ 2,449
Commissioner of revenue	193,690	177,729	178,762	(1,033)
Treasurer	143,824	159,785	152,060	7,725
Legal services	33,025	33,231	33,230	1
Information technology	39,474	46,874	33,191	13,683
Auditors	74,100	74,100	51,387	22,713
Employee added benefit pool	5,000	5,000	926	4,074
Local government dues	13,065	13,065	6,790	6,275
Total general and financial administration	<u>\$ 859,073</u>	<u>\$ 879,371</u>	<u>\$ 823,484</u>	<u>\$ 55,887</u>
Board of elections:				
Electoral board and officials	\$ 27,329	\$ 27,329	\$ 22,071	\$ 5,258
Registrar	60,559	60,558	61,108	(550)
Total board of elections	<u>\$ 87,888</u>	<u>\$ 87,887</u>	<u>\$ 83,179</u>	<u>\$ 4,708</u>
Total general government administration	<u>\$ 1,073,098</u>	<u>\$ 1,080,133</u>	<u>\$ 1,010,885</u>	<u>\$ 69,248</u>
Judicial administration:				
Courts:				
Circuit court	\$ 4,392	\$ 4,392	\$ 2,597	\$ 1,795
General district court	1,982	1,982	1,571	411
Magistrates	275	275	200	75
Juvenile and domestic relations court	6,706	6,706	2,256	4,450
Victim and witness assistance	23,970	23,970	24,717	(747)
Clerk of the circuit court	206,431	212,507	215,456	(2,949)
Law Library	1,500	1,500	1,365	135
Total courts	<u>\$ 245,256</u>	<u>\$ 251,332</u>	<u>\$ 248,162</u>	<u>\$ 3,170</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 117,563	\$ 118,763	\$ 120,055	\$ (1,292)
Total judicial administration	<u>\$ 362,819</u>	<u>\$ 370,095</u>	<u>\$ 368,217</u>	<u>\$ 1,878</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 819,562	\$ 805,931	\$ 760,621	\$ 45,310
Ticket enforcement	57,040	62,778	62,778	-
Transportation safety	-	17,888	17,224	664
School resource officer	59,911	85,332	85,884	(552)
Total law enforcement and traffic control	<u>\$ 936,513</u>	<u>\$ 971,929</u>	<u>\$ 926,507</u>	<u>\$ 45,422</u>
Fire and rescue services:				
Fire department	\$ 96,401	\$ 96,938	\$ 81,229	\$ 15,709
Ambulance and rescue services	11,784	11,784	11,223	561
Other fire and rescue services	16,349	16,349	14,123	2,226
Total fire and rescue services	<u>\$ 124,534</u>	<u>\$ 125,071</u>	<u>\$ 106,575</u>	<u>\$ 18,496</u>
Correction and detention:				
Regional jail	\$ 205,000	\$ 146,619	\$ 145,358	\$ 1,261
Inspections:				
Building	\$ 69,268	\$ 91,091	\$ 90,888	\$ 203
Other protection:				
Animal control	\$ 55,186	\$ 55,186	\$ 50,834	\$ 4,352
Medical examiner	100	100	100	-



County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (continued)				
Other protection: (continued)				
E-911	\$ 69,326	\$ 81,101	\$ 71,099	\$ 10,002
Total other protection	\$ 142,223	\$ 153,998	\$ 122,533	\$ 31,465
Total public safety	\$ 1,477,538	\$ 1,488,708	\$ 1,391,861	\$ 96,847
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 2,750	\$ 2,750	\$ 2,614	\$ 136
Sanitation and waste removal:				
Refuse collection and disposal	\$ 345,325	\$ 353,025	\$ 324,657	\$ 28,368
Landfill closure	33,400	40,400	28,559	11,841
Total sanitation and waste removal	\$ 378,725	\$ 393,425	\$ 353,216	\$ 40,209
Maintenance of general buildings and grounds:				
General properties	\$ 347,356	\$ 427,216	\$ 397,986	\$ 29,230
Canneries	80,219	67,219	39,580	27,639
Public works administration	114,845	107,886	106,471	1,415
Total maintenance of general buildings and grounds	\$ 542,420	\$ 602,321	\$ 544,037	\$ 58,284
Total public works	\$ 923,895	\$ 998,496	\$ 899,867	\$ 98,629
Health and welfare:				
Health:				
Supplement of local health department	\$ 76,628	\$ 76,628	\$ 76,628	\$ -
Mental health and mental retardation:				
Community services board	\$ 13,250	\$ 13,250	\$ 13,250	\$ -
Welfare:				
Welfare administration	\$ 736,332	\$ 825,296	\$ 598,521	\$ 226,775
Public assistance	500,518	528,825	399,399	129,426
Elderly and handicapped services	9,096	9,096	9,096	-
Comprehensive services	422,438	540,940	445,666	95,274
Other welfare	12,125	12,125	5,500	6,625
Total welfare	\$ 1,680,509	\$ 1,916,282	\$ 1,458,182	\$ 458,100
Total health and welfare	\$ 1,770,387	\$ 2,006,160	\$ 1,548,060	\$ 458,100
Education:				
Other instructional costs:				
Contributions to Community College	\$ 8,117	\$ 8,117	\$ 8,117	\$ -
Contribution to County School Board	1,981,409	1,981,409	2,198,311	(216,902)
Total education	\$ 1,989,526	\$ 1,989,526	\$ 2,206,428	\$ (216,902)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	\$ 7,799	\$ 7,799	\$ 4,372	\$ 3,427
Cultural enrichment:				
Indian Village	\$ 201,448	\$ 201,448	\$ 155,566	\$ 45,882
Youth enrichment program	-	4,553	4,553	-
Other cultural enrichment	1,000	1,000	3,700	(2,700)
Total cultural enrichment	\$ 202,448	\$ 207,001	\$ 163,819	\$ 43,182
Library:				
Contribution to regional library	\$ 124,646	\$ 129,746	\$ 127,024	\$ 2,722
Total parks, recreation, and cultural	\$ 334,893	\$ 344,546	\$ 295,215	\$ 49,331

County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2013

<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>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Community development	\$ 6,128	\$ 6,878	\$ 4,652	\$ 2,226
Planning	68,519	108,117	66,344	41,773
Contribution to EDA	115,000	115,000	179,425	(64,425)
Economic development	79,632	55,622	58,457	(2,835)
Total planning and community development	<u>\$ 269,279</u>	<u>\$ 285,617</u>	<u>\$ 308,878</u>	<u>\$ (23,261)</u>
Environmental management:				
Contribution to soil and water district	\$ 10,750	\$ 10,750	\$ 10,750	\$ -
Cooperative extension program:				
Extension office	\$ 44,279	\$ 44,336	\$ 44,192	\$ 144
Total community development	<u>\$ 324,308</u>	<u>\$ 340,703</u>	<u>\$ 363,820</u>	<u>\$ (23,117)</u>
Capital projects:				
Other capital projects	\$ 510,000	\$ 1,020,013	\$ 14,247	\$ 1,005,766
Debt service:				
Principal retirement	\$ 324,600	\$ 324,600	\$ 3,003,564	\$ (2,678,964)
Interest and other fiscal charges	19,440	19,440	180,482	(161,042)
Total debt service	<u>\$ 344,040</u>	<u>\$ 344,040</u>	<u>\$ 3,184,046</u>	<u>\$ (2,840,006)</u>
Total General Fund	<u>\$ 9,110,504</u>	<u>\$ 9,982,420</u>	<u>\$ 11,282,646</u>	<u>\$ (1,300,226)</u>
Total Primary Government	<u>\$ 9,110,504</u>	<u>\$ 9,982,420</u>	<u>\$ 11,282,646</u>	<u>\$ (1,300,226)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 6,633,204	\$ 6,633,204	\$ 6,458,908	\$ 174,296
Operating costs:				
Administration and health services	\$ 530,815	\$ 530,815	\$ 511,765	\$ 19,050
Pupil transportation	724,311	724,311	645,348	78,963
Operation and maintenance of school plant	733,111	733,111	659,119	73,992
Facilities	3,122	3,122	3,777	(655)
Total operating costs	<u>\$ 1,991,359</u>	<u>\$ 1,991,359</u>	<u>\$ 1,820,009</u>	<u>\$ 171,350</u>
School food services:				
Administration of school food program	\$ 213,087	\$ 213,087	\$ 430,104	\$ (217,017)
Total Discretely Presented Component Unit - School Board	<u>\$ 8,837,650</u>	<u>\$ 8,837,650</u>	<u>\$ 8,709,021</u>	<u>\$ 128,629</u>

(1) School Board appropriations are approved at the fund level, therefore appropriations should be compared against expenditures at the fund level only for legal compliance requirements. School expenditures above include disbursements at decentralized cafeteria operations in the amount of \$251,061. These amounts are not subject to appropriation and accordingly are not budgeted.

## Other Statistical Information

Table 1

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

Fiscal Year	General										Interest on Long-Term Debt	Service Authority	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development					
2012-13	\$ 766,053	\$ 380,935	\$ 1,529,359	\$ 913,032	\$ 1,542,730	\$ 2,190,433	\$ 330,798	\$ 216,174	\$ 188,081	\$ 933,851	\$ 8,991,446		
2011-12	801,053	370,921	1,743,094	774,316	1,364,061	2,568,469	377,449	1,190,443	151,503	874,131	10,215,440		
2010-11	809,520	351,881	1,706,549	797,124	1,472,938	2,089,162	427,167	117,950	154,670	848,184	8,775,145		
2009-10	899,026	339,747	1,634,918	793,257	1,349,766	2,073,276	374,658	127,203	178,482	836,366	8,606,699		
2008-09	874,209	341,475	1,698,669	762,499	989,548	1,741,599	277,656	240,035	182,319	846,734	7,954,743		
2007-08	949,279	328,350	1,535,649	765,844	994,735	2,184,946	162,006	392,417	193,525	879,490	8,386,241		
2006-07	840,399	297,365	1,481,054	728,774	1,544,378	2,084,371	142,065	291,841	201,620	826,285	8,438,152		
2005-06	778,866	309,714	1,404,672	638,453	815,065	1,885,195	154,734	136,704	219,003	839,822	7,182,228		
2004-05	610,090	308,198	1,585,787	452,403	849,638	1,813,666	132,256	149,572	205,861	825,247	6,932,718		
2003-04	610,700	157,670	1,142,285	604,667	857,946	1,833,075	105,440	150,620	160,525	783,401	6,406,329		

Table 2

County of Bland, 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	
2012-13	\$ 976,316	\$ 2,183,202	\$ 796,843	\$ 4,193,169	\$ 627,514	\$ 18,954	\$ 169,917	\$ 557,649	\$ 9,523,564		
2011-12	876,079	2,113,461	1,148,852	4,125,826	665,523	19,267	95,830	541,478	9,586,316		
2010-11	894,969	2,379,513	88,338	4,163,002	652,227	35,828	213,488	518,508	8,945,873		
2009-10	1,025,159	2,113,469	-	3,871,685	770,784	17,115	91,386	409,725	8,299,323		
2008-09	1,028,168	1,884,067	-	4,248,680	795,467	64,337	31,940	571,623	8,624,282		
2007-08	1,074,480	1,921,241	-	3,623,286	844,536	160,451	21,841	465,491	8,111,326		
2006-07	1,109,941	2,818,405	-	3,496,273	826,622	156,285	8,065	507,610	8,923,201		
2005-06	965,640	1,821,778	-	3,340,366	808,111	90,115	33,980	535,336	7,595,326		
2004-05	1,092,738	1,732,905	-	3,107,948	746,668	31,870	12,235	395,801	7,120,165		
2003-04	731,851	1,809,218	-	2,554,497	670,715	7,726	236,409	438,601	6,449,017		

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service (3)	Total
2012-13	\$ 1,010,885	\$ 368,217	\$ 1,391,861	\$ 899,867	\$ 1,548,060	\$ 8,717,138	\$ 295,215	\$ 363,820	\$ 258,655	\$ 14,853,718
2011-12	1,002,258	367,021	1,589,152	798,604	1,414,624	8,572,309	336,448	1,339,106	459,652	15,879,174
2010-11	977,100	348,294	1,515,813	837,104	1,566,107	8,507,058	387,194	397,984	350,197	14,886,851
2009-10	941,426	334,519	1,561,234	790,800	1,414,492	8,939,212	335,437	381,951	446,279	15,145,350
2008-09	919,303	340,198	1,613,833	750,964	1,075,093	9,224,652	356,527	661,825	433,329	15,375,724
2007-08	934,887	325,807	1,390,396	755,811	1,042,904	8,860,586	128,473	476,732	472,674	14,388,270
2006-07	817,094	299,335	1,335,075	736,940	946,016	8,201,233	126,888	351,578	586,148	13,400,307
2005-06	710,820	315,639	1,202,639	646,999	893,987	7,545,042	129,560	235,497	476,839	12,157,022
2004-05	657,733	306,197	1,527,395	596,176	912,423	8,441,212	138,078	199,116	464,170	13,242,500
2003-04	643,310	268,737	1,410,291	556,988	891,649	7,165,625	105,440	150,777	337,706	11,530,523

(1) Includes General Fund of the Primary Government and its Discretely Presented Component Units.  
 (2) Excludes contribution from Primary Government to Discretely Presented Component Unit and capital projects.  
 (3) The County refunded \$2,925,391 in fiscal year 2012-13.

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2012-13	\$ 4,105,564	\$ 627,514	\$ 20,412	\$ 203,469	\$ 13,326	\$ 525,289	\$ 275,748	\$ 513,742	\$ 8,764,107	\$ 15,049,171
2011-12	3,962,106	665,523	19,018	216,931	14,082	450,866	199,164	613,146	10,209,881	16,350,717
2010-11	4,083,994	652,227	20,868	232,830	18,871	459,679	282,896	601,186	8,756,229	15,108,780
2009-10	3,972,657	770,784	20,815	344,934	24,593	501,753	120,800	630,550	9,071,887	15,458,773
2008-09	4,157,760	795,467	31,301	362,801	109,069	480,020	90,797	719,694	9,734,423	16,481,332
2007-08	3,617,018	844,536	30,020	360,871	251,858	504,072	36,576	438,259	8,779,504	14,862,714
2006-07	3,351,678	826,622	28,040	296,394	258,917	578,721	69,426	269,480	9,363,593	15,042,871
2005-06	3,273,790	808,111	29,033	330,548	169,423	426,461	50,744	362,505	8,038,739	13,489,354
2004-05	3,138,006	746,668	30,202	344,252	74,899	500,266	55,308	351,753	7,908,701	13,150,055
2003-04	2,507,386	670,715	28,018	62,324	18,839	472,032	803,209	165,366	7,659,749	12,387,638

(1) Includes General and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

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

Table 5

County of Bland, 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		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2012-13	\$ 4,500,576	\$ 4,306,124	95.68%	\$ 104,023	\$ 4,410,147	97.99%	\$ 745,283	16.56%	
2011-12	4,387,975	4,263,643	97.17%	89,554	4,353,197	99.21%	685,219	15.62%	
2010-11	4,499,124	4,279,115	95.11%	103,780	4,382,895	97.42%	547,951	12.18%	
2009-10	4,393,072	4,174,315	95.02%	101,925	4,276,240	97.34%	453,569	10.32%	
2008-09	4,572,954	4,351,121	95.15%	107,837	4,458,958	97.51%	417,952	9.14%	
2007-08	3,933,705	3,830,011	97.36%	95,322	3,925,333	99.79%	392,206	9.97%	
2006-07	3,733,925	3,579,896	95.87%	88,682	3,668,578	98.25%	342,624	9.18%	
2005-06	3,663,193	3,562,454	97.25%	91,914	3,654,368	99.76%	266,586	7.28%	
2004-05	3,482,487	3,266,798	93.81%	95,997	3,362,795	96.56%	218,913	6.29%	
2003-04	2,809,664	2,718,454	96.75%	57,158	2,775,612	98.79%	194,327	6.92%	

(1) Exclusive of penalties and interest. Includes payments from the State under the PPTRA Program.



Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2012-13	\$ 470,653,400	\$ 60,989,159	\$ 18,487,011	\$ 14,460,538	\$ 66,422,045	\$ 631,012,153
2011-12	468,060,900	58,142,279	18,755,542	11,520,518	64,969,827	621,449,066
2010-11	464,944,700	59,715,654	19,441,218	19,501,019	67,478,296	631,080,887
2009-10	462,097,800	56,044,649	19,321,771	17,708,818	66,929,253	622,102,291
2008-09	460,617,400	63,124,074	20,572,309	16,411,741	68,693,487	629,419,011
2007-08	270,659,200	63,916,186	25,878,004	19,288,259	50,582,512	430,324,161
2006-07	265,110,100	61,738,795	25,452,487	15,108,640	35,833,223	403,243,245
2005-06	258,944,800	60,157,418	25,043,406	21,483,898	30,787,455	396,416,977
2004-05	253,943,800	56,014,094	23,222,618	27,616,238	22,036,848	382,833,598
2003-04	247,794,775	51,340,645	21,215,034	24,332,409	15,319,483	360,002,346

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2012-13	\$ 0.55	\$ 2.29	\$ 0.55	\$ 0.73	\$ 0.89
2011-12	0.55	2.29	0.55	0.73	0.89
2010-11	0.55	2.29	0.55	0.73	0.89
2009-10	0.55	2.29	0.55	0.73	0.89
2008-09	0.55	2.29	0.55	0.73	0.89
2007-08	0.69	2.29	0.69	0.73	0.89
2006-07	0.69	2.29	0.69	0.73	0.89
2005-06	0.69	2.29	0.69	0.73	0.89
2004-05	0.69	2.29	0.69	0.73	0.89
2003-04	0.65	1.60	0.65	0.73	0.73

(1) Per \$100 of assessed value.

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012-13	6,824	\$ 631,012	\$ 130,000	\$ 130,000	0.02%	\$ 19
2011-12	6,824	621,449	190,000	190,000	0.03%	28
2010-11	6,824	631,081	425,501	425,501	0.07%	62
2009-10	6,871	622,102	549,101	549,101	0.09%	80
2008-09	6,871	629,419	747,768	747,768	0.12%	109
2007-08	6,871	430,324	903,867	903,867	0.21%	132
2006-07	6,871	403,243	1,053,420	1,053,420	0.26%	153
2005-06	6,871	396,417	1,201,525	1,201,525	0.30%	175
2004-05	6,871	382,834	1,364,859	1,364,859	0.36%	199
2003-04	6,871	360,002	1,496,503	1,496,503	0.42%	218

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

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

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

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

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2012-13	\$ 78,173	\$ 180,482	\$ 258,655	\$ 14,853,718	1.74%
2011-12	188,664	161,533	350,197	15,879,174	2.21%
2010-11	188,664	161,533	350,197	14,886,851	2.35%
2009-10	263,449	182,830	446,279	15,145,350	2.95%
2008-09	248,722	184,607	433,329	15,375,724	2.82%
2007-08	276,561	196,113	472,674	14,388,270	3.29%
2006-07	379,126	207,022	586,148	13,400,307	4.37%
2005-06	261,416	215,423	476,839	12,157,022	3.92%
2004-05	206,152	258,018	464,170	13,242,500	3.51%
2003-04	221,071	116,635	337,706	11,530,523	2.93%

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

(2) The County refunded \$2,925,391 in fiscal year 2012-13.

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**COMPLIANCE SECTION**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit-School Board, each major fund, and the aggregate remaining fund information of County of Bland, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise County of Bland, Virginia's basic financial statements and have issued our report thereon dated December 27, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Bland, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Bland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Bland, 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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2013-1 and 2013-2].

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Bland, 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*.

## County of Bland, Virginia's Response to Findings

County of Bland, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Bland, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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, Farmer, Co. Associates*

Blacksburg, Virginia  
December 27, 2013

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Report on Compliance for Each Major Federal Program

We have audited County of Bland, 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 Bland, Virginia's major federal programs for the year ended June 30, 2013. County of Bland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

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

### *Opinion on Each Major Federal Program*

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

### Report on Internal Control Over Compliance

Management of County of Bland, 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 County of Bland, 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 County of Bland, 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, Faimer, & Associates*

Blacksburg, Virginia  
December 27, 2013

County of Bland, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950112, 950113	\$ 3,213
Temporary Assistance for Needy Families	93.558	0400112, 0400113	79,895
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112, 0500113	315
Low-Income Home Energy Assistance	93.568	0600412, 0600413	6,087
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	0770113	(300)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112, 0760113	14,861
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112, 0900113	407
Foster Care - Title IV-E	93.658	1100112, 1100113	83,494
Adoption Assistance	93.659	1120112, 1120113	90,633
Social Services Block Grant	93.667	1000112, 1000113	75,170
Chafee Foster Care Independence Program	93.674	9150112, 9150113	389
Children's Health Insurance Program	93.767	0540112, 0540113	2,386
Medical Assistance Program	93.778	1200112, 1200113	65,657
			<u>\$ 422,207</u>
Total Department of Health and Human Services			
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
National School Lunch Program - Food Distribution (3)	10.555	Not applicable	\$ 24,371
Department of Education:			
National School Lunch Program	10.555	40623	145,557 \$ 169,928
School Breakfast Program	10.553	40591	54,987
Schools and Roads - Grants to States	10.665	43841	85,648
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112, 0010113, 0040112, 0040113	\$ 109,500
			<u>\$ 420,063</u>
Total Department of Agriculture			
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Program	97.073	52700	\$ 16,040
Department of Commerce:			
Direct Payments:			
Economic Adjustment Assistance	11.307	Not applicable	\$ 16,125
Environmental Protection Agency:			
Pass Through Payments:			
Virginia Resources Authority:			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.468	Not applicable	\$ 912,638
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2012-52205-4583, 154AL-2012-52205-4583	\$ 16,777

County of Bland, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	n/a	\$ 7,781
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 151,960
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	216,656
Special Education - Preschool Grants	84.173	62521	5,157
Career and Technical Education - Basic Grants to States	84.048	61095	4,305
Improving Teacher Quality - State Grants	84.367	61480	17,934
Total Department of Education			\$ 396,012
Total Expenditures of Federal Awards			\$ 2,207,643

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bland County, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Bland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bland, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the Bland County School Board had food commodities totaling \$0 in inventory.

Note 4 -- Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund		\$ 666,844
Less: Payment in Lieu of Taxes		(78,414)
Total General Fund		\$ 588,430
Service Authority		912,638
Total primary government		\$ 1,501,068
Component Unit:		
School Board		\$ 706,575
Total Component Unit		\$ 706,575
Total federal expenditures per the basic financial statements		\$ 2,207,643
Federal expenditures per the Schedule of Expenditures of Federal Awards		\$ 2,207,643

County of Bland, Virginia

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

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
66.468 84.027/84.173	Capitalization Grants for Clean Water State Revolving Funds Special Education Cluster

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

County of Bland, Virginia

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

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Section II - Financial Statement Findings

2013-1

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Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The County (including Social Services) and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; Accounts Payable and Payroll at the School Board; and Payroll in the Department of Social Services.
Cause of Condition:	The County, Social Services, and School Board lack the funding to fully support a completely segregated finance department.
Effect of Condition:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help alleviate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal controls over the functions listed above lack proper segregation of duties, however to alleviate same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency. The Department of Social Services has been working with the State along with the auditors to mitigate segregation of duties issues.

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County of Bland, Virginia

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

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Section II - Financial Statement Findings (Continued)

2013-2

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Criteria:	Per Statement of Auditing Standards 115 (SAS 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 exists.
Condition:	The financial statements as presented for audit did not contain all necessary adjustments to comply with generally accepted principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause of Condition:	The County does not have proper controls in place to detect and correct errors in closing their year end financial statements.
Effect of Condition:	There is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal controls over financial reporting.
Recommendation:	The County should review the auditors' proposed audit adjustments for fiscal year 2013 and develop a plan to ensure that trial balances and related schedules are presented accurately for audit.
Management's Response:	The County will review the auditors' proposed audit adjustments for fiscal year 2013 and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings and Questioned Costs

Financial statement finding 2012-1 is recurring in the current year as 2013-1. Financial statement finding 2012-2 was resolved during the current year.