

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

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Howard F. Simpson, Vice—Chairman

Pattie Cooper-Jones
James R. Wilck
Howard M. Campbell

Robert M. Jones
Don C. Gantt, Jr.
Charles W. McKay

Board of Social Services

Howard F. Simpson, Chairman
Lanay S. Walker, Vice-Chairman

Zachary Jackson
Shirley Wallace
Pauly Hollingsworth

County School Board

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Darin E. Thomas
Dr. Osa S. Dowdy

Timothy W. Corbett Sr., M.D.
Linda Leatherwood
Susan S. Lawman
Dr. Lawrence C. Varner

Other Officials

Judge of Circuit Court
Clerk of Circuit Court
Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Leslie M. Osborn
Machelle J. Eppes
Robert G. Woodson, Jr.
Marvin H. Dunkum, Jr.
James R. Ennis
Beverly M. Booth
Donna B. Nunally
Wesley Reed
Dr. K. David Smith
Roma R. Morris
Wade Bartlett

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2013

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Honorable Members of
The Board of Supervisors
County of Prince Edward, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, 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 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 management's discussion and analysis on pages 3-8, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

Other Information (Continued)

The statistical information has 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 February 4, 2014 on our consideration of the County of Prince Edward, 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 Prince Edward, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia
February 4, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,815,384 (total net position). This was an increase of \$3,161,934 or 37% compared to the ending amount of \$8,653,452 on June 30, 2012. \$10,164,767 of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

The Governmental activities net position was \$11,923,882 of the County's total, an increase of \$3,415,124 or 40% in comparison with net position of \$8,508,760 at June 30, 2012. Cash and cash equivalents for the Governmental Activities increased from \$10,415,444 in FY12 to \$11,066,765 at the end of FY13. This is an increase of \$651,322 or 6%.

- The School Board's assets exceeded its liabilities by \$9,692,052 a decrease of \$502,457 when compared to the amount on June 30, 2012. However, \$9,385,808 of this amount reflects the School Board's net investment in capital assets leaving \$306,244 in unrestricted assets available to meet ongoing obligations. This is a decrease of \$61,062 or 17% in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. Business-Type Activities net position was (\$108,498) which was a decrease of \$253,190. Unrestricted net position of Business-Type Activities decreased \$435,323 during the year ending with a positive balance of \$319,991 on June 30, 2013 as compared to \$755,314 on June 30, 2012.
- The combining long-term governmental obligations decreased \$800,330 during the current fiscal year. Details of this decrease can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report. This decrease includes premiums received on the bond issue that are not repaid but will be amortized.
- In 2013, the County adopted Statement 63 and Statement 65 of the Governmental Accounting Standards Board. More information on the adopted statement can be found in Note 1.
- The Piedmont Court Service Fund had been previously reported as an agency fund. In 2013, the fund was reclassified as a nonmajor special revenue fund. The effect of this reclassification can be found in Note 16.

Financial Highlights: (Continued)

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues exceeded expenditures by \$1,095,893 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$7,886,977 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$13,344,568 which is an increase of \$1,095,893 or 9% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$10,720,302 or 49% of total general fund expenditures excluding capital projects.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

The Statement of Net Position (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

Overview of the Financial Statements: (Continued)

The Statement of Net Position and The Statement of Activities are both divided into two types of activities:

1. Governmental Activities - Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
2. Business-Type Activities - The County has two business-type activities: Water and Sewer. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
3. Component Unit - The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund*, *Landfill Construction Fund*, and *School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

Proprietary funds - *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

Overview of the Financial Statements: (Continued)

Fiduciary funds - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

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

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

Government-wide Financial Analysis

As stated earlier in this discussion, net position may serve as a useful indicator of a County's financial position over time. For the County in FY2013, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,815,389 at the close of the fiscal year as presented in the Table below. This was an increase of \$3,161,934 or 37% over the FY2012 ending amount of \$8,653,452, as adjusted.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position For the Years Ended June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 28,558,885	\$ 14,641,575	\$ 368,100	\$ 899,197	\$ 28,926,985	\$ 15,540,772
Capital assets	13,719,676	12,270,397	4,075,051	4,162,016	17,794,727	16,432,413
Total assets	\$ 42,278,561	\$ 26,911,972	\$ 4,443,151	\$ 5,061,213	\$ 46,721,712	\$ 31,973,185
Long-term liabilities outstanding	\$ 17,517,673	\$ 18,318,004	\$ 4,503,540	\$ 4,661,803	\$ 22,021,213	\$ 22,979,807
Current liabilities	412,357	322,328	48,109	143,883	460,466	466,211
Total liabilities	\$ 17,930,030	\$ 18,640,332	\$ 4,551,649	\$ 4,805,686	\$ 22,481,679	\$ 23,446,018
Deferred inflows of resources:						
Unavailable revenue-property taxes	\$ 12,424,649	\$ -	\$ -	\$ -	\$ 12,424,649	\$ -
Net position:						
Net investment in capital assets	\$ 2,079,106	\$ 1,520,646	\$ (428,489)	\$ (499,787)	\$ 1,650,617	\$ 1,020,859
Unrestricted	9,844,776	6,750,994	319,991	755,314	10,164,767	7,506,308
Total net position	\$ 11,923,882	\$ 8,271,640	\$ (108,498)	\$ 255,527	\$ 11,815,384	\$ 8,527,167

At the end of FY2013, the County's net investment in capital assets is \$1,650,617. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Restricted net position represents resources subject to external restrictions on how they may be used. The County had no restricted net position at the end of the fiscal year. The remaining balance of net position in the amount of \$10,164,767 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is approximately \$10.1 million Prince Edward County has more than \$11 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

Governmental Activities - Governmental activities increased Prince Edward County's net position by \$3,415,124. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$3,075,461 and expenses increased \$861,272. The net effect was an increase in net position of \$3,415,124.

County of Prince Edward, Virginia

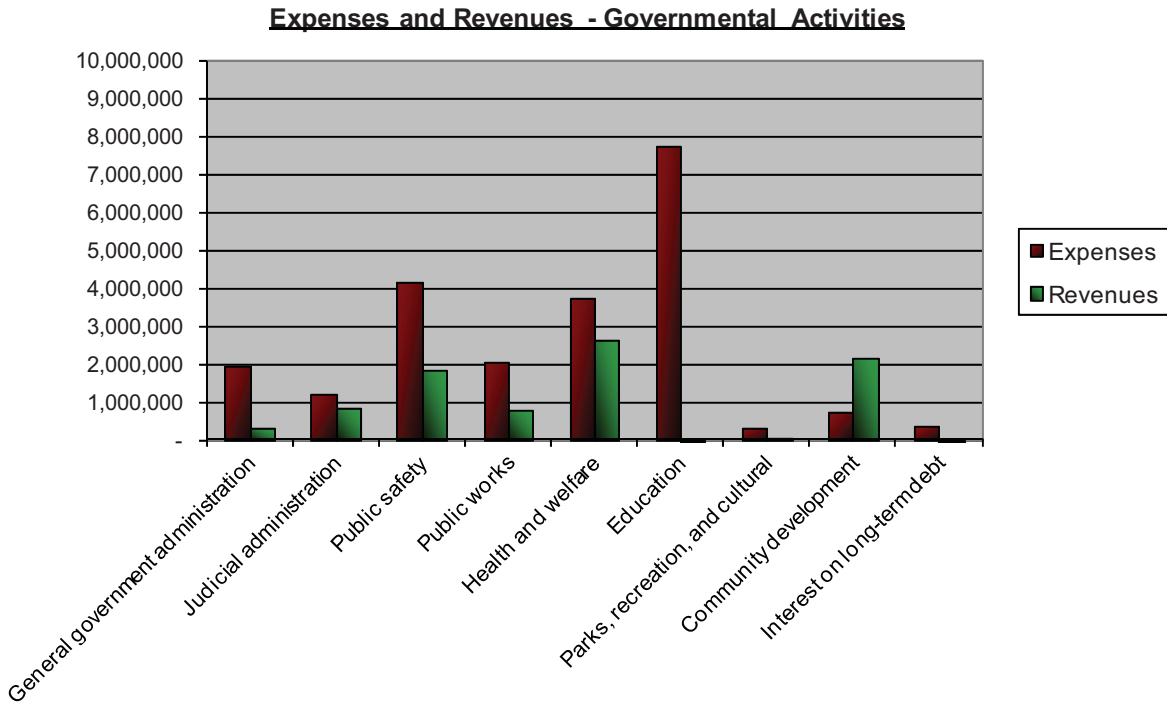
Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,117,014	\$ 938,028	\$ 6,122	\$ 1,847	\$ 1,123,136	\$ 939,875
Operating grants and contributions	5,416,084	4,781,772	-	-	5,416,084	4,781,772
Capital grants and contributions	2,093,667	390,000	-	-	2,093,667	390,000
General revenues:						
General property taxes	11,103,740	10,919,152	-	-	11,103,740	10,919,152
Other local taxes	3,716,129	3,502,678	-	-	3,716,129	3,502,678
Commonwealth non-categorical aid	1,707,699	1,564,362	-	-	1,707,699	1,564,362
Other general revenues	522,075	504,955	-	-	522,075	504,955
Total revenues	\$ 25,676,408	\$ 22,600,947	\$ 6,122	\$ 1,847	\$ 25,682,530	\$ 22,602,794
Expenses:						
General government administration	\$ 1,940,807	\$ 1,960,555	\$ -	\$ -	\$ 1,940,807	\$ 1,960,555
Judicial administration	1,215,821	1,137,299	-	-	1,215,821	1,137,299
Public safety	4,159,935	3,270,479	-	-	4,159,935	3,270,479
Public works	2,065,013	2,058,022	-	-	2,065,013	2,058,022
Health and welfare	3,741,349	4,094,036	-	-	3,741,349	4,094,036
Education	7,728,685	7,440,879	-	-	7,728,685	7,440,879
Parks, recreation, and cultural	302,000	290,155	-	-	302,000	290,155
Community development	722,579	647,868	-	-	722,579	647,868
Interest on long-term debt	385,095	500,719	-	-	385,095	500,719
Water fund	-	-	188,411	200,571	188,411	200,571
Sewer fund	-	-	70,901	78,869	70,901	78,869
Total expenses	\$ 22,261,284	\$ 21,400,012	\$ 259,312	\$ 279,440	\$ 22,520,596	\$ 21,679,452
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in net position	\$ 3,415,124	\$ 1,200,935	\$ (253,190)	\$ (277,593)	\$ 3,161,934	\$ 923,342
Net position-beginning (adjusted)	8,508,758	7,070,705	144,692	533,120	8,653,450	7,603,825
Net position - ending	\$ 11,923,882	\$ 8,271,640	\$ (108,498)	\$ 255,527	\$ 11,815,384	\$ 8,527,167

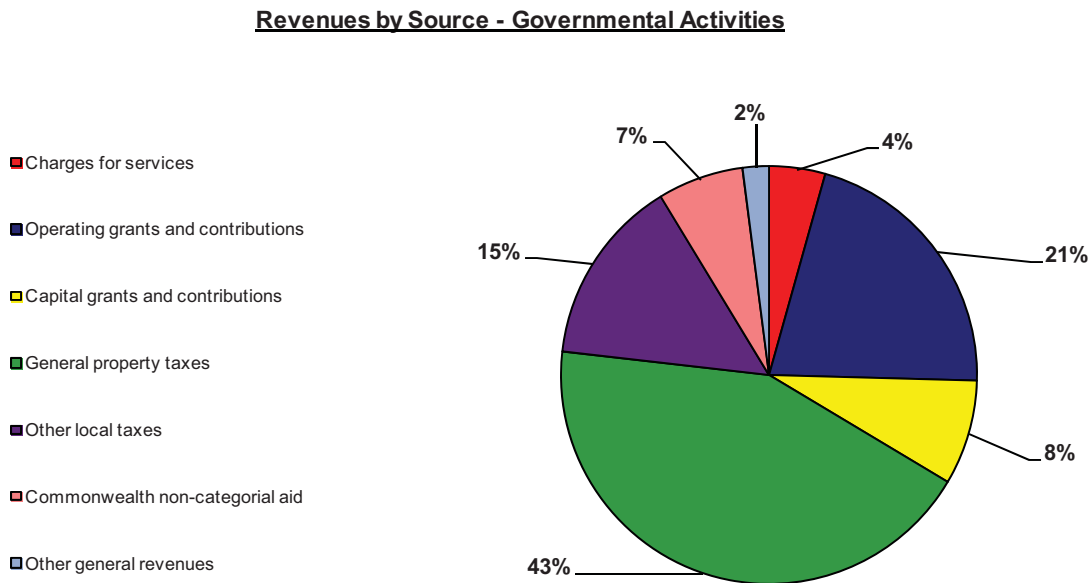
Revenues from governmental activities totaled \$25,676,408 with general property taxes (43.3%), operating grants and contributions (21.1%), capital grants and contributions (8.2%) and other local taxes (14.6%) comprising 86.8% of the County's revenues. Expenses for education (34.7%), health and welfare (16.8%), public safety (18.7%) and, public works (9.3%) account for 79.5% of total governmental expenses of \$22,261,284.

Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.



Business-Type Activities decreased the County’s net position by \$253,190.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$13,344,568, an increase of \$1,095,893 when compared to the prior year. Approximately 80 percent (\$10,720,302) of the combined governmental fund balance is unassigned. The remaining 20% (\$2,624,266) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$11,066,766 comprise 93% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$651,322 or 6%.

The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2013 of \$10,722,276. This is an increase from the prior year of \$718,178.

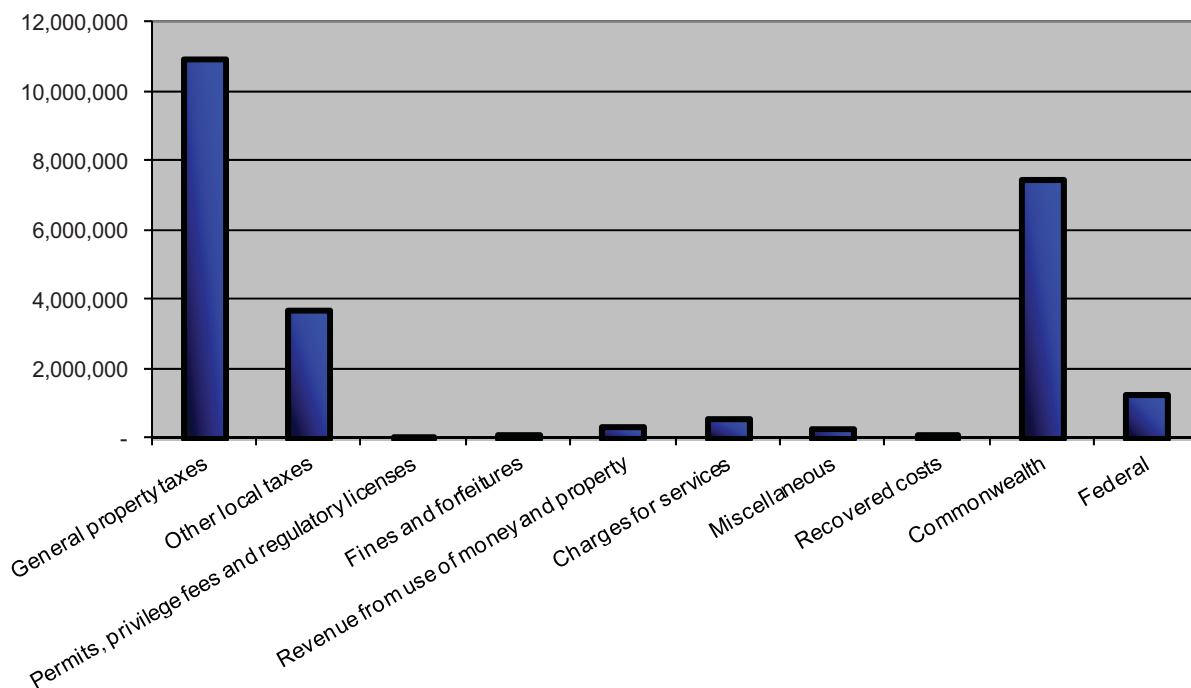
The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2013 the Landfill Construction Fund had a fund balance of \$1,482,743, an increase of \$257,668. This increase was the result of an increase in cash and cash equivalents as revenues exceeded expenses.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$24,910,863.

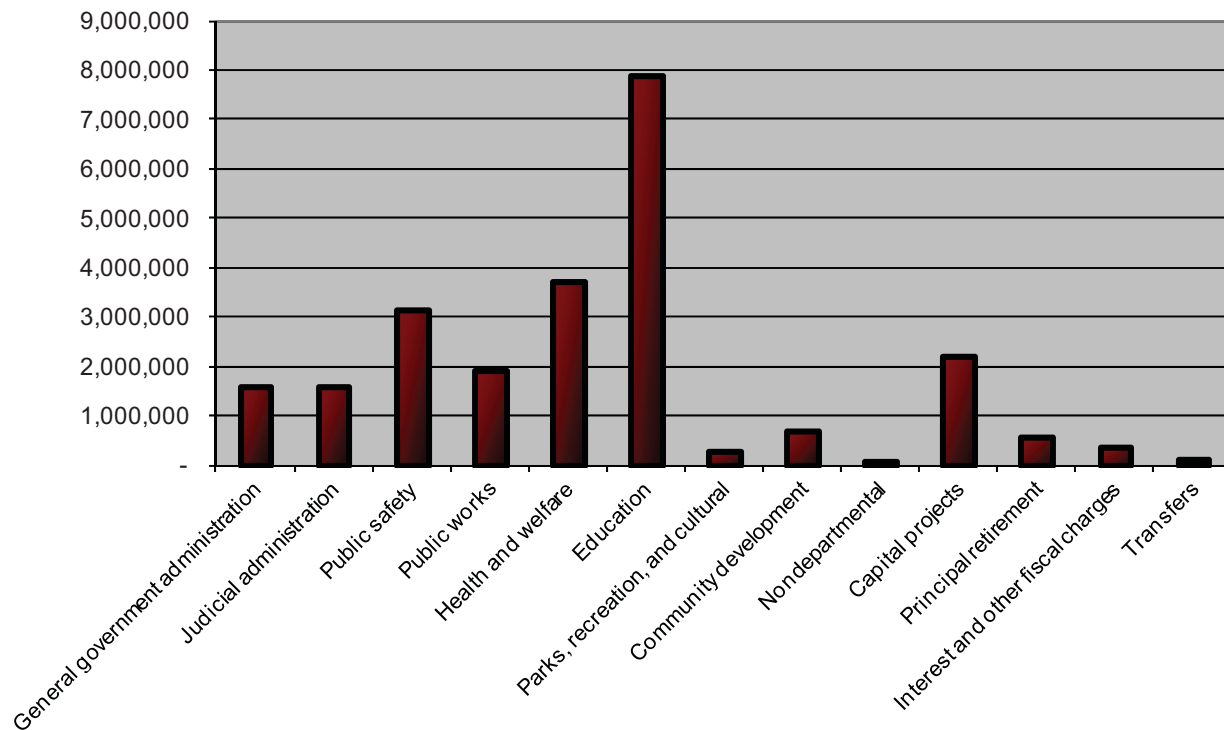
General Fund Revenues and Other Sources By Category



General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$24,192,685 including transfers out of the fund of \$110,153.

General Fund Expenditures and Other Sources By Category



General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increased by \$3,519,919 over the original budgeted amount. The final expenditure budget reflected an increase of \$3,869,674 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$90,000 in General Property Taxes
- \$58,000 in Other Local Taxes
- \$70,875 in Charges for Services
- \$171,632 in Miscellaneous Revenues
- \$14,000 in Recovered Costs
- \$3,079,040 in intergovernmental revenues from the Commonwealth of Virginia
- \$36,372 in intergovernmental revenues from the Federal Government.

The significant increase in budgeted revenues from the Commonwealth can be attributed primarily from grant funds received from the Tobacco Commission, Virginia Department of Transportation (VDOT) and Virginia Information Technology Agency (VITA)

General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

- \$113,329 increase in General government administration
- \$63,646 increase in Judicial administration
- \$616,430 increase Public Safety
- \$88,564 increase in Public Works
- \$3,000 increase in Health and Welfare
- \$23,000 increase in Parks, recreation, and cultural
- \$230,912 increase in Community Development
- (\$189,050) decrease in Nondepartmental
- \$2,919,843 increase in Capital projects

As can be seen increases in Capital Projects and Public Safety accounted for approximately 91% of the increase in the budgeted expenditures. The majority of the increase in public safety is attributed to the regional jail.

The Route 786 project accounted for over 76% of the capital project increase.

Capital Asset and Debt Administration

Capital assets - The County’s investment in capital assets for its governmental and enterprise operations as of June 30, 2013, is \$17,794,727 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

**County of Prince Edward, Virginia
Capital Assets
June 30, 2013 and 2012**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 1,501,360	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360	\$ 1,501,360
Buildings	8,739,634	9,290,500	-	-	8,739,634	9,290,500
Improvements other than buildings	181,884	298,528	-	-	181,884	298,528
Equipment	416,134	428,025	-	-	416,134	428,025
Utility plant in service	-	-	4,075,051	4,162,016	4,075,051	4,162,016
Construction in progress	2,880,664	751,984	-	-	2,880,664	751,984
Net capital assets	<u>\$ 13,719,676</u>	<u>\$ 12,270,397</u>	<u>\$ 4,075,051</u>	<u>\$ 4,162,016</u>	<u>\$ 17,794,727</u>	<u>\$ 16,432,413</u>

Additional information on Prince Edward County’s capital assets can be found in Note 4 of this report.

Long-term debt - At the close of FY2013, Prince Edward County had total outstanding obligations of \$22,021,213. Of this amount \$10,398,556 comprises debt backed by the full faith and credit of the County. The remainder of the County’s debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences and net OPEB obligation.

During the fiscal year the County’s long-term obligations decreased by \$800,330.

Additional information on the Prince Edward County’s long-term obligations can be found in Note 7 of this report.

Economic Factors Influencing FY2014 Budgets and Tax Rates

Economic Factors Influencing FY2014 Budgets and Tax Rates

The recovering economy and the use of cash reserves allowed the County to balance the FY14 budget without increasing tax rates or decreasing service levels. The County's employment continues to lag both the Commonwealth and the nation. On June 30, 2013 the County's unemployment rate of 10.2% was higher than the state's rate of 5.5% and the national rate of 7.6%.

Overall local revenues were expected to increase by approximately \$250,000. The primary reason for the increase was a rise in the number of housing starts and an increase in the number and value of motor vehicles owned by County residents. Personal Property revenues increased by almost \$110,000 when compared to FY13. Increases in revenue estimates for real estate (\$107,000) and local sales and use tax (\$115,000) accounted for most of the remaining amount. All three are positive indicators the Prince Edward County's economy is recovering.

The greatest pressures on the County budget are the increase in costs associated with the regional jail and the ongoing reduction in funding from the Commonwealth. A large part of the increased cost with the regional jail is the reduction in revenues it is receiving from the Commonwealth. Before the recession the Commonwealth provided local governments a per diem of \$28 per inmate day, that rate today is \$12. The impact of this 57% reduction means the state has shifted almost \$2.5 million dollars in expenses to the local governments running the regional jail. Prince Edward County's portion of that amount is \$1 million. It is expected the Jail's expense to Prince Edward will be \$1.4 million. Additionally, over the last several years the Commonwealth has reduced funding for Constitutional Offices, registrars and schools. In FY14 the Commonwealth is continuing those reductions. The educational reductions have caused the School system to reduce the number of employees by 22 since 2008. The County has attempted to mitigate the most damaging of these state cuts by providing more local funding. Since 2007 the County's local expenditure per pupil has increased by \$1,084 or 41%.

The increased revenues and the use of cash reserves allowed the County to provide a 2% cost of living adjustment for employees to include personnel in Constitutional Offices and Social Services. The County also provided the Schools with an additional \$240,148 which allowed the Schools to provide a 2% pay increase and hire a mandated early reading specialist. This increase brings the County's local contribution to the Schools to \$8,346,800.

In order to balance the budget \$251,688 was budgeted for use from the fund balance of the General Fund.

Requests for Information

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2013

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 10,284,515	\$ 368,100	\$ 10,652,615	\$ 498,187	\$ 207,600
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,038,906	-	14,038,906	-	-
Accounts receivable	135,080	-	135,080	50,928	-
Loan receivable, current	-	-	-	-	50,000
Note receivable	1,005,066	-	1,005,066	-	-
Due from primary government	-	-	-	-	52,570
Due from component unit	144,432	-	144,432	-	-
Due from other governmental units	2,168,636	-	2,168,636	1,110,905	-
Prepaid items	-	-	-	167,415	-
Industrial assets	-	-	-	-	1,047,505
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	782,250	-	782,250	-	-
Capital assets (net of accumulated depreciation):					
Land	1,501,360	-	1,501,360	99,952	-
Buildings and improvements	8,739,634	-	8,739,634	8,247,286	-
Improvements other than buildings	181,884	-	181,884	302,183	-
Equipment	416,134	-	416,134	736,387	-
Utility plant in service	-	4,075,051	4,075,051	-	-
Construction in progress	2,880,664	-	2,880,664	-	-
Total assets	\$ 42,278,561	\$ 4,443,151	\$ 46,721,712	\$ 11,213,243	\$ 1,357,675
LIABILITIES					
Accounts payable	\$ 221,119	\$ 33	\$ 221,152	\$ -	\$ -
Accrued liabilities	-	-	-	1,212,059	-
Deposits	-	-	-	-	75,000
Accrued interest payable	138,668	48,076	186,744	-	-
Due to primary government	-	-	-	144,432	-
Due to component unit	52,570	-	52,570	-	-
Long-term liabilities:					
Due within one year	1,031,073	161,446	1,192,519	-	-
Due in more than one year	16,486,600	4,342,094	20,828,694	164,700	-
Total liabilities	\$ 17,930,030	\$ 4,551,649	\$ 22,481,679	\$ 1,521,191	\$ 75,000
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	12,424,649	-	12,424,649	-	-
NET POSITION					
Net investment in capital assets	\$ 2,079,106	\$ (428,489)	\$ 1,650,617	\$ 9,385,808	\$ -
Unrestricted	9,844,776	319,991	10,164,767	306,244	1,282,675
Total net position	\$ 11,923,882	\$ (108,498)	\$ 11,815,384	\$ 9,692,052	\$ 1,282,675

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Statement of Activities
 For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,940,807	\$ -	\$ 303,530	\$ -
Judicial administration	1,215,821	127,690	732,891	-
Public safety	4,159,935	186,172	1,667,140	-
Public works	2,065,013	792,492	-	-
Health and welfare	3,741,349	-	2,608,304	-
Education	7,728,685	-	-	-
Parks, recreation, and cultural	302,000	-	27,153	-
Community development	722,579	10,660	77,066	2,093,667
Interest on long-term debt	385,095	-	-	-
Total governmental activities	\$ 22,261,284	\$ 1,117,014	\$ 5,416,084	\$ 2,093,667
Business-type activities:				
Water	\$ 188,411	\$ 4,332	\$ -	\$ -
Sewer	70,901	1,790	-	-
Total business-type activities	\$ 259,312	\$ 6,122	\$ -	\$ -
Total primary government	\$ 22,520,596	\$ 1,123,136	\$ 5,416,084	\$ 2,093,667
COMPONENT UNITS:				
School Board	\$ 26,593,168	\$ 467,754	\$ 17,840,500	\$ -
Industrial Development Authority	25,815	-	-	-
Total component units	\$ 26,618,983	\$ 467,754	\$ 17,840,500	\$ -
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Taxes on recordation and wills				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Contributions from the County of Prince Edward, Virginia				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	
\$ (1,637,277)	\$ -	\$ (1,637,277)	\$ -	\$ -	
(355,240)	-	(355,240)	-	-	
(2,306,623)	-	(2,306,623)	-	-	
(1,272,521)	-	(1,272,521)	-	-	
(1,133,045)	-	(1,133,045)	-	-	
(7,728,685)	-	(7,728,685)	-	-	
(274,847)	-	(274,847)	-	-	
1,458,814	-	1,458,814	-	-	
(385,095)	-	(385,095)	-	-	
<u>\$ (13,634,519)</u>	<u>\$ -</u>	<u>\$ (13,634,519)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (184,079)	\$ (184,079)	\$ -	\$ -	
-	(69,111)	(69,111)	-	-	
\$ -	\$ (253,190)	\$ (253,190)	\$ -	\$ -	
<u>\$ (13,634,519)</u>	<u>\$ (253,190)</u>	<u>\$ (13,887,709)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (8,284,914)	\$ -	
-	-	-	-	(25,815)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,284,914)</u>	<u>\$ (25,815)</u>	
\$ 11,103,740	\$ -	\$ 11,103,740	\$ -	\$ -	
2,691,630	-	2,691,630	-	-	
324,910	-	324,910	-	-	
464,581	-	464,581	-	-	
165,224	-	165,224	-	-	
69,784	-	69,784	-	-	
356,455	-	356,455	6,316	111,171	
165,620	-	165,620	59,733	884	
-	-	-	7,716,408	66,252	
<u>1,707,699</u>	<u>-</u>	<u>1,707,699</u>	<u>-</u>	<u>-</u>	
<u>\$ 17,049,643</u>	<u>\$ -</u>	<u>\$ 17,049,643</u>	<u>\$ 7,782,457</u>	<u>\$ 178,307</u>	
\$ 3,415,124	\$ (253,190)	\$ 3,161,934	\$ (502,457)	\$ 152,492	
<u>8,508,758</u>	<u>144,692</u>	<u>8,653,450</u>	<u>10,194,509</u>	<u>1,130,183</u>	
<u>\$ 11,923,882</u>	<u>\$ (108,498)</u>	<u>\$ 11,815,384</u>	<u>\$ 9,692,052</u>	<u>\$ 1,282,675</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2013

	<u>General</u>	<u>School Debt Service</u>	<u>Landfill Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,464,178	\$ -	\$ 1,455,344	\$ 364,993	\$ 10,284,515
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,038,906	-	-	-	14,038,906
Accounts receivable	107,681	-	27,399	-	135,080
Notes receivable	51,266	-	-	-	51,266
Due from component unit	144,432	-	-	-	144,432
Due from other governmental units	2,168,636	-	-	-	2,168,636
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	1,974	780,277	-	-	782,251
Total assets	<u>\$ 24,977,073</u>	<u>\$ 780,277</u>	<u>\$ 1,482,743</u>	<u>\$ 364,993</u>	<u>\$ 27,605,086</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 210,353	\$ -	\$ -	\$ 5,721	\$ 216,074
Accrued liabilities	5,045	-	-	-	5,045
Due to component unit	52,570	-	-	-	52,570
Total liabilities	<u>\$ 267,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,721</u>	<u>\$ 273,689</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>\$ 13,986,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,986,829</u>
FUND BALANCES					
Restricted:					
Retiree benefits	\$ 1,974	\$ -	\$ -	\$ -	\$ 1,974
Debt service	-	780,277	-	-	780,277
Assigned:					
Landfill construction	-	-	1,482,743	-	1,482,743
Recreation capital projects	-	-	-	28,414	28,414
Special revenue	-	-	-	330,858	330,858
Unassigned	10,720,302	-	-	-	10,720,302
Total fund balances	<u>\$ 10,722,276</u>	<u>\$ 780,277</u>	<u>\$ 1,482,743</u>	<u>\$ 359,272</u>	<u>\$ 13,344,568</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,977,073</u>	<u>\$ 780,277</u>	<u>\$ 1,482,743</u>	<u>\$ 364,993</u>	<u>\$ 27,605,086</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 13,344,568

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

Capital assets, cost	\$ 23,353,861	
Less: accumulated depreciation	(9,634,185)	13,719,676

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

Unavailable property taxes	1,562,180	
Notes receivable	953,800	2,515,980

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

Bonds and loans payable, including premium on bonds	\$ (12,667,068)	
Accrued interest payable	(138,668)	
Compensated absences	(568,295)	
Early retirement obligation	(58,308)	
Net OPEB obligation	(124,800)	
Landfill closure, postclosure and corrective action cost liability	(4,099,203)	(17,656,342)

Net position of governmental activities \$ 11,923,882

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

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

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 10,949,252	\$ -	\$ -	\$ -	\$ 10,949,252
Other local taxes	3,716,129	-	-	-	3,716,129
Permits, privilege fees, and regulatory licenses	70,344	-	-	-	70,344
Fines and forfeitures	106,409	-	-	-	106,409
Revenue from the use of money and property	323,890	16,839	11,965	3,761	356,455
Charges for services	575,696	-	307,207	57,358	940,261
Miscellaneous	267,022	-	-	1,886	268,908
Recovered costs	122,337	-	-	-	122,337
Intergovernmental revenues:					
Commonwealth	7,480,149	-	-	437,666	7,917,815
Federal	1,299,635	-	-	-	1,299,635
Total revenues	\$ 24,910,863	\$ 16,839	\$ 319,172	\$ 500,671	\$ 25,747,545
EXPENDITURES					
Current:					
General government administration	\$ 1,577,327	\$ -	\$ -	\$ -	\$ 1,577,327
Judicial administration	1,581,018	-	-	-	1,581,018
Public safety	3,167,638	-	-	507,616	3,675,254
Public works	1,909,601	-	-	-	1,909,601
Health and welfare	3,732,134	-	-	-	3,732,134
Education	7,899,254	-	-	-	7,899,254
Parks, recreation, and cultural	299,506	-	-	-	299,506
Community development	687,859	-	-	-	687,859
Nondepartmental	73,454	-	-	-	73,454
Capital projects	2,226,696	-	61,504	-	2,288,200
Debt service:					
Principal retirement	571,714	-	-	-	571,714
Interest and other fiscal charges	356,331	-	-	-	356,331
Total expenditures	\$ 24,082,532	\$ -	\$ 61,504	\$ 507,616	\$ 24,651,652
Excess (deficiency) of revenues over (under) expenditures	\$ 828,331	\$ 16,839	\$ 257,668	\$ (6,945)	\$ 1,095,893
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 110,153	\$ -	\$ -	\$ 110,153
Transfers out	(110,153)	-	-	-	(110,153)
Total other financing sources (uses)	\$ (110,153)	\$ 110,153	\$ -	\$ -	\$ -
Net change in fund balances	\$ 718,178	\$ 126,992	\$ 257,668	\$ (6,945)	\$ 1,095,893
Fund balances - beginning, as restated	10,004,098	653,285	1,225,075	366,217	12,248,675
Fund balances - ending	\$ 10,722,276	\$ 780,277	\$ 1,482,743	\$ 359,272	\$ 13,344,568

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

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

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

Net change in fund balances - total governmental funds \$ 1,095,893

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

Capital asset additions	\$ 2,249,385	
Net transfer of joint tenancy assets	(222,289)	
Depreciation expense	(577,817)	1,449,279

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 154,486

The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes receivable. (89,634)

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

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$ (68,521)	
Principal payments and premium amortization	971,274	902,753

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 accrued interest payable	\$ 4,770	
(Increase) decrease in compensated absences	(66,223)	
(Increase) decrease in net OPEB obligation	(36,200)	(97,653)

Change in net position of governmental activities \$ 3,415,124

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

Statement of Net Position
 Proprietary Funds
 June 30, 2013

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 550,108	\$ -	\$ 550,108
Total current assets	<u>\$ 550,108</u>	<u>\$ -</u>	<u>\$ 550,108</u>
Noncurrent assets:			
Capital assets:			
Utility plant in service	\$ 3,107,261	\$ 1,241,000	\$ 4,348,261
Less accumulated depreciation	<u>(173,930)</u>	<u>(99,280)</u>	<u>(273,210)</u>
Total capital assets	<u>\$ 2,933,331</u>	<u>\$ 1,141,720</u>	<u>\$ 4,075,051</u>
Total noncurrent assets	<u>\$ 2,933,331</u>	<u>\$ 1,141,720</u>	<u>\$ 4,075,051</u>
Total assets	<u>\$ 3,483,439</u>	<u>\$ 1,141,720</u>	<u>\$ 4,625,159</u>
LIABILITIES			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 182,008	\$ 182,008
Accounts payable	33	-	33
Accrued interest payable	35,013	13,063	48,076
Bonds payable - current portion	<u>117,579</u>	<u>43,867</u>	<u>161,446</u>
Total current liabilities	<u>\$ 152,625</u>	<u>\$ 238,938</u>	<u>\$ 391,563</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	<u>\$ 3,162,276</u>	<u>\$ 1,179,818</u>	<u>\$ 4,342,094</u>
Total noncurrent liabilities	<u>\$ 3,162,276</u>	<u>\$ 1,179,818</u>	<u>\$ 4,342,094</u>
Total liabilities	<u>\$ 3,314,901</u>	<u>\$ 1,418,756</u>	<u>\$ 4,733,657</u>
NET POSITION			
Net investment in capital assets	\$ (346,524)	\$ (81,965)	\$ (428,489)
Unrestricted	515,062	(195,071)	319,991
Total net position	<u>\$ 168,538</u>	<u>\$ (277,036)</u>	<u>\$ (108,498)</u>

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

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

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 4,332	\$ -	\$ 4,332
Sewer revenues	-	1,790	1,790
Total operating revenues	\$ 4,332	\$ 1,790	\$ 6,122
OPERATING EXPENSES			
Supplies	\$ 3,982	\$ -	\$ 3,982
Repairs and maintenance	155	-	155
Utilities	-	442	442
Depreciation	62,145	24,820	86,965
Total operating expenses	\$ 66,282	\$ 25,262	\$ 91,544
Operating income (loss)	\$ (61,950)	\$ (23,472)	\$ (85,422)
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (122,129)	\$ (45,639)	\$ (167,768)
Total nonoperating revenues (expenses)	\$ (122,129)	\$ (45,639)	\$ (167,768)
Change in net position	\$ (184,079)	\$ (69,111)	\$ (253,190)
Total net position - beginning	352,617	(207,925)	144,692
Total net position - ending	\$ 168,538	\$ (277,036)	\$ (108,498)

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

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

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,332	\$ 1,790	\$ 6,122
Payments to suppliers	(4,696)	(442)	(5,138)
Net cash provided by (used for) operating activities	\$ (364)	\$ 1,348	\$ 984
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from other funds	\$ -	\$ 87,403	\$ 87,403
Net cash provided by (used for) noncapital financing activities	\$ -	\$ 87,403	\$ 87,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on bonds	\$ (115,261)	\$ (43,002)	\$ (158,263)
Interest payments	(122,630)	(45,749)	(168,379)
Net cash provided by (used for) capital and related financing activities	\$ (237,891)	\$ (88,751)	\$ (326,642)
Net increase (decrease) in cash and cash equivalents	\$ (238,255)	\$ -	\$ (238,255)
Cash and cash equivalents - beginning	788,363	-	788,363
Cash and cash equivalents - ending	\$ 550,108	\$ -	\$ 550,108
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (61,950)	\$ (23,472)	\$ (85,422)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	62,145	24,820	86,965
Increase (decrease) in accounts payable	(559)	-	(559)
Total adjustments	\$ 61,586	\$ 24,820	\$ 86,406
Net cash provided by (used for) operating activities	\$ (364)	\$ 1,348	\$ 984

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>344,829</u>
Total assets	\$ <u><u>344,829</u></u>
LIABILITIES	
Amounts held for social services clients	\$ 2,732
Amounts held for Piedmont Alcohol Safety Action Program	<u>342,097</u>
Total liabilities	\$ <u><u>344,829</u></u>

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements As of June 30, 2013

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

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

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

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. 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 Prince Edward County School Board does not issue separate financial statements.

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$192,156 to the regional library, \$44,235 to the juvenile detention center, and \$62,643 to the Crossroads Community Services Board.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

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

b. Special Revenue Fund

The Piedmont Court Services Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the Piedmont Court. The Piedmont Court Services Fund is considered a nonmajor fund.

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Landfill Construction Fund is considered a major fund. The Recreation Fund is considered a nonmajor fund.

d. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

2. Fiduciary Funds (Trust and Agency Funds)

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

3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer Funds are accounted for as enterprise funds.

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

E. Budgets and Budgetary Accounting:

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Capital Projects Fund, and the Water and Sewer Funds of the primary government and the School Fund and School Cafeteria Fund and School Capital Projects Fund of the School Board.
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.
8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. The following departments reported expenditures in excess of appropriations:
 - School cafeteria

F. Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

G. 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).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$452,581 at June 30, 2013 and is comprised solely of property taxes.

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 for the year ended June 30, 2013.

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

<u>Assets</u>	<u>Years</u>
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

I. Compensated Absences

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting 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.

J. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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 and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

K. 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.

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

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

L. Retirement Plan

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

M. 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.

N. Restricted Assets

The County reports restricted assets of \$782,251 of which \$780,277 is to be used for debt service on QZAB bonds and \$1,974 is for retiree insurance.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

O. Adoption of Accounting Principles

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 deferred outflows of resources. The requirements 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 an 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.

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

P. Upcoming Pronouncements

The Governmental Accounting Standards Board 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 the pronouncement on its financial statements.

Q. 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 the component of net position.

R. 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 2—Deposits and Investments:

Deposits:

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

Investments:

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

Custodial Credit Risk (Investments):

The County has no policy regarding investment custodial credit risk.

The County’s investments at June 30, 2013 were held by the County or in the County’s name by the County’s custodial banks.

Credit Risk of Debt Securities:

The County’s investment policy allows for any investments which are in accordance with the Code of Virginia. The County’s rated debt investments as of June 30, 2013 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>County’s Rated Debt Investments Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
US Government Money Market	
U.S. Agencies Securities	\$ <u>162,438</u>
Total	\$ <u><u>162,438</u></u>

Concentration of Credit Risk:

The County’s investment policy states the importance of diversification within its portfolio. Excessive concentration of any type of investment or excessive transactions with a financial institution is prohibited.

The County had no concentration of credit risk at June 30, 2013.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk:

The County's investment policy prohibits investments that have a maturity date of greater than five years. Investments with a maturity date of between six months and five years are authorized on an individual basis determined by the time required to make a withdrawal without incurring penalties.

The County had no interest rate risk at June 30, 2013.

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia		
School funds	\$ -	\$ 71,044
State sales taxes	-	459,493
Local sales tax	442,522	-
Communication tax	50,371	-
Shared expenses	165,041	-
Social services funds	82,298	-
Comprehensive services	109,968	-
Shared revenues	118,319	-
VDOT highway construction	1,065,876	-
Federal Government:		
School funds	-	580,368
General government	30,432	-
Social services funds	103,809	-
	<u>\$ 2,168,636</u>	<u>\$ 1,110,905</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 4—Capital Assets:

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360
Construction in progress	<u>751,984</u>	<u>2,128,680</u>	<u>-</u>	<u>2,880,664</u>
Total capital assets not being depreciated	<u>\$ 2,253,344</u>	<u>\$ 2,128,680</u>	<u>\$ -</u>	<u>\$ 4,382,024</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,626,636	\$ -	\$ 363,485	\$ 13,263,151
Improvements other than buildings	3,728,401	-	-	3,728,401
Equipment	<u>1,859,580</u>	<u>120,705</u>	<u>-</u>	<u>1,980,285</u>
Total capital assets being depreciated	<u>\$ 19,214,617</u>	<u>\$ 120,705</u>	<u>\$ 363,485</u>	<u>\$ 18,971,837</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,336,136	\$ 328,577	\$ 141,196	\$ 4,523,517
Improvements other than buildings	3,429,873	116,644	-	3,546,517
Equipment	<u>1,431,555</u>	<u>132,596</u>	<u>-</u>	<u>1,564,151</u>
Total accumulated depreciation	<u>\$ 9,197,564</u>	<u>\$ 577,817</u>	<u>\$ 141,196</u>	<u>\$ 9,634,185</u>
Total capital assets being depreciated, net	<u>\$ 10,017,053</u>	<u>\$ (457,112)</u>	<u>\$ 222,289</u>	<u>\$ 9,337,652</u>
Governmental activities capital assets, net	<u>\$ 12,270,397</u>	<u>\$ 1,671,568</u>	<u>\$ 222,289</u>	<u>\$ 13,719,676</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 4—Capital Assets: (Continued)

Enterprise Funds (Business-type) Activities

The following is a summary of changes in Business-type capital assets during the year:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Utility plant in service	\$ 4,348,261	\$ -	\$ -	\$ 4,348,261
Accumulated depreciation:				
Utility plant in service	\$ 186,245	\$ 86,965	\$ -	\$ 273,210
Total capital assets being depreciated, net	\$ 4,162,016	\$ (86,965)	\$ -	\$ 4,075,051
Business-type activities capital assets, net	<u>\$ 4,162,016</u>	<u>\$ (86,965)</u>	<u>\$ -</u>	<u>\$ 4,075,051</u>

The following is a summary of changes in School Board capital assets during the year:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,531,457	\$ 363,485	\$ -	\$ 19,894,942
Improvements other than buildings	720,057	-	-	720,057
Equipment	5,125,347	43,090	-	5,168,437
Total capital assets being depreciated	\$ 25,376,861	\$ 406,575	\$ -	\$ 25,783,436
Accumulated depreciation:				
Buildings and improvements	\$ 11,058,316	\$ 655,226	\$ 65,886	\$ 11,647,656
Improvements other than buildings	404,849	13,025	-	417,874
Equipment	4,186,445	245,605	-	4,432,050
Total accumulated depreciation	\$ 15,649,610	\$ 913,856	\$ 65,886	\$ 16,497,580
Total capital assets being depreciated, net	\$ 9,727,251	\$ (507,281)	\$ (65,886)	\$ 9,285,856
Governmental activities capital assets, net	<u>\$ 9,827,203</u>	<u>\$ (507,281)</u>	<u>\$ (65,886)</u>	<u>\$ 9,385,808</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 4—Capital Assets: (Continued)

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

Governmental activities:		
General government administration	\$	296,547
Judicial administration		1,795
Public safety		65,183
Public works		115,109
Education		65,886
Health & Welfare		2,239
Community development		<u>31,058</u>
Total Governmental Activities		<u>577,817</u>
Business type activities		<u>86,965</u>
Total Primary Government	\$	<u>664,782</u>
Component Unit-School Board	\$	<u>913,856</u>

Note 5—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.

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 5 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

- 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 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> by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2013 were 12.25% and 8.54% of annual covered payroll, respectively.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

B. Funding Policy: (Continued)

The School Board’s contribution for professional employees were \$1,498,019, \$1,488,380, and \$1,167,485, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, 3.93%, respectively, of current covered payroll.

C. Annual Pension Cost:

For fiscal year 2013, the County’s annual pension cost of \$606,081 was equal to the County’s required and actual contributions.

Three-Year Trend for County - Primary Government			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 465,177	100%	\$ -
June 30, 2012	459,960	100%	-
June 30, 2013	606,081	100%	-

(1) Employer portion only

For fiscal year 2013, the School Board’s annual pension cost for the Board’s non-professional employees was \$317,612 which was equal to the School Board’s required and actual contributions.

Three-Year Trend for County - Component Unit School Board			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 48,116	100%	\$ -
June 30, 2012	49,272	100%	-
June 30, 2013	78,939	100%	-

(1) Employer portion only

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The FY2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 70.39% funded. The actuarial accrued liability for benefits was \$20,418,591, and the actuarial value of assets was \$14,372,076, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,046,515. The covered payroll (annual payroll of active employees covered by the plan) was \$4,546,371, and ratio of the UAAL to the covered payroll was 133.00%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's plan was 79.83% funded. The actuarial accrued liability for benefits was \$3,630,049, and the actuarial value of assets was \$2,897,722, resulting in an unfunded actuarial accrued liability (UAAL) of \$732,327. The covered payroll (annual payroll of active employees covered by the plan) was \$837,809, and ratio of the UAAL to the covered payroll was 87.41%.

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.

Note 6—Compensated Absences:

In accordance with GASB statement 16 "Accounting for Compensated Absences," the County has accrued the liability arising from compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government	\$ <u>568,295</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

Governmental Activities:

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

	<u>Balance at July 1, 2012</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2013</u>	<u>Payable Due Within One Year</u>
Governmental Activities:					
Revenue bond	\$ 2,342,978	\$ -	\$ 74,466	\$ 2,268,512	\$ 76,283
General obligation bonds (VPSA)	2,165,218	-	293,725	1,871,493	297,855
General obligation bonds	4,860,820	-	386,221	4,474,599	378,139
Premium on bond issuance	1,001,983	-	50,376	951,607	51,658
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
VRS Early retirement obligation	112,794	-	54,486	58,308	58,308
Notes payable	1,096,000	-	112,000	984,000	112,000
Landfill closure and post-closure care liability	3,688,834	62,710	-	3,751,544	-
Landfill corrective action plan	341,848	5,811	-	347,659	-
Net OPEB obligation	88,600	37,400	1,200	124,800	-
Compensated absences	502,072	66,223	-	568,295	56,830
Total Governmental Activities	\$ 18,318,004	\$ 172,144	\$ 972,474	\$ 17,517,674	\$ 1,031,073

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

<u>Year</u>	<u>VRS Early Retirement</u>		<u>Bonds & Notes Payable (1)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 58,308	\$ 3,677	\$ 864,277	\$ 435,908
2015	-	-	856,179	396,959
2016	-	-	876,635	356,514
2017	-	-	899,266	314,826
2018	-	-	915,757	271,956
2019-2023	-	-	2,509,517	949,652
2024-2028	-	-	1,540,393	449,636
2029-2032	-	-	1,136,580	113,005
	<u>\$ 58,308</u>	<u>\$ 3,677</u>	<u>\$ 9,598,604</u>	<u>\$ 3,288,456</u>

(1) Excludes annual payment to debt service sinking fund for the Qualified Zone Academy Bonds.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations:

General obligation bonds:

\$3,800,000 Virginia Public School Authority Bonds, issued November 18, 1993, maturing annually through December 15, 2013 with interest payable semi-annually at rates from 4.475% to 7.5%. \$ 20,000

\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%. 1,186,493

\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%. 665,000

Plus: Premium on issuance 17,270

\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125 to 5.125%. \$ 1,934,599

Plus: Premium on issuance 312,048

\$2,780,000 general obligation bond issued November 16, 2011, maturing annually through June 30, 2031 with interest payable semi-annually at a rate of 3.37%. 2,540,000

Plus: Premium on issuance 321,620

Total general obligation bonds \$ 6,997,030

Revenue bond (payable from General Fund property rentals):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%. \$ 2,268,512

Plus: Premium on issuance 300,669

Total revenue bond (payable from General Fund property rentals) \$ 2,569,181

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations: (Continued)

VRS early retirement obligation:

\$576,882 General Obligation Refunding Note (Retirement Obligation) dated July 30, 1998 due in combined annual installments of principal and interest of \$61,985 through July 30, 2013, includes interest at 6.66%. \$ 58,308

Qualified zone academy bonds:

\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 1,116,857

\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022. 1,000,000

Total qualified zone academy bonds \$ 2,116,857

Notes Payable:

\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021 \$ 900,000

\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020. 84,000

Total notes payable \$ 984,000

Other long-term obligations:

Landfill closure and post-closure care liability \$ 3,751,544

Landfill corrective action plan liability 347,659

Compensated absences 568,295

Net OPEB obligation 124,800

Total other long-term obligations \$ 4,792,298

Total general long-term obligations \$ 17,517,674

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Lease revenue bond	\$ 4,107,022	\$ -	\$ 130,524	\$ 3,976,498	\$ 133,707
Premium on bond issuance	554,781	-	27,739	527,042	27,739
Total Business-type Activities	<u>\$ 4,661,803</u>	<u>\$ -</u>	<u>\$ 158,263</u>	<u>\$ 4,503,540</u>	<u>\$ 161,446</u>

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

<u>Year</u>	<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 133,707	\$ 189,052
2015	136,891	182,500
2016	143,258	175,719
2017	152,807	169,104
2018-2022	875,463	736,692
2023-2027	1,107,858	495,611
2028-2032	<u>1,426,514</u>	<u>179,337</u>
	<u>\$ 3,976,498</u>	<u>\$ 2,128,015</u>

Revenue bonds (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%.	\$ 3,976,498
Plus: Premium on issuance	<u>527,042</u>
Total business-type activities long-term obligations	<u>\$ 4,503,540</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board:

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Net OPEB obligation	\$ 71,900	\$ 176,500	\$ 83,700	\$ 164,700	\$ -

Note 8—Litigation:

At June 30, 2013, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9—Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State and 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 10—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety Machelle J. Eppes, Clerk of the Circuit Court	\$ 360,000
Donna B. Nunally, Treasurer	400,000
Beverly M. Booth, Commissioner of the Revenue	3,000
Wesley Reed, Sheriff	30,000
United State Fidelity and Guaranty Company - Surety Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety Roma Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety County Administrator	2,000

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2013 were \$1,895,862 and \$1,855,682, respectively. Furthermore, the County reports \$347,659 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance:

County:

Background

Beginning in fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

A. Plan Description:

In addition to the pension benefits described in Note 5, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service at age 60 or older and have 30 years of service with the County, may elect one of two health insurance options through the County's plan. On one plan the County pays 100% of the premium, up to age 65, at which time coverage ceases. The other plan requires the retiree to pay 100% of the premium; however, the retiree may remain on the plan indefinitely. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 100% of the health insurance premium for retirees up to Medicare eligibility. Retirees may opt to choose an Advantage 65 plan, which they are required to cover 100% of the premium for. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65, with the exception of the Advantage 65 plan which can continue indefinitely.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

Background (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County’s amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 37,600
Interest on net OPEB obligation	3,500
Adjustment to annual required contribution	<u>(3,700)</u>
Annual OPEB cost (expense)	\$ 37,400
Contributions made	<u>(1,200)</u>
Increase in net OPEB obligation	\$ <u>36,200</u>
Net OPEB obligation - beginning of year	<u>88,600</u>
Net OPEB obligation - end of year	<u><u>\$ 124,800</u></u>

For 2013, the County’s expected cash payment of \$1,200 was \$36,200 less than the 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 two preceding 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>
June 30, 2011	\$ 33,100	7.85%	\$ 58,200
June 30, 2012	34,800	12.64%	88,600
June 30, 2013	37,400	3.21%	124,800

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2012, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	481,500
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		481,500
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		4,947,603
UAAL as a percentage of covered payroll		9.73%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and 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 revisions 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 liabilities for benefits.

E. Actuarial Methods and Assumptions:

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

In the July 1, 2012 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012 was 30 years.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.0%
Health cost trend assumption	8.0%
Payroll growth	2.5%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

School Board:

A. Plan Description:

In addition to the pension benefits described in Note 5, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 60 with 30 years of service or age 65 with 5 years of service receive a \$1.50 credit per year of service (capped at \$45 per month) toward the retiree's health insurance premium. The retiree is responsible for the remaining premium. Coverage ceases at age 65 unless a Medicare Complementary plan is chosen. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees receive a credit for each year of service (capped at \$45 per month) which offsets the cost of their premium. Retirees are responsible for the remaining premium and the premium of their spouse. Coverage ceases when retirees reach the age of 65 unless Medicare Complementary coverage is selected.

C. Annual OPEB Cost and Net OPEB Obligation:

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the School Board's amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$ 176,600
Interest on net OPEB obligation	2,900
Adjustment to annual required contribution	<u>(3,000)</u>
Annual OPEB cost (expense)	\$ 176,500
Contributions made	<u>(83,700)</u>
Increase in net OPEB obligation	\$ <u>92,800</u>
Net OPEB obligation - beginning of year	<u>71,900</u>
Net OPEB obligation - end of year	<u><u>\$ 164,700</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

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

For 2013, the School Board’s expected cash payment of \$83,700 was \$92,800 less than the OPEB cost. 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 two preceding 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>
June 30, 2011	\$ 108,400	79.24%	\$ 71,300
June 30, 2012	109,800	99.45%	71,900
June 30, 2013	176,500	47.42%	164,700

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2012 the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 1,955,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,955,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	12,307,397
UAAL as a percentage of covered payroll	15.88%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and 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 revisions 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 liabilities for benefits.

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and then plan members) and include the types of benefits provided at the time of the 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

In the July 1, 2012 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012 was 30 years.

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.0%
Health cost trend assumption	8.0%
Payroll growth	2.5%

Note 14—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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 14—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 (revenues) until that time. The County has deferred inflows of resources at June 30, 2013 of \$13,959,346, which is solely unavailable revenue from property taxes.

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

Note 15—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 110,153
School Debt Service Fund	110,153	-
Total	\$ <u>110,153</u>	\$ <u>110,153</u>

Transfers were made for operational expenditures.

Note 16—Fund Balance/Net Position Restatements:

Beginning fund balance and net position at June 30, 2013 have been restated for the following purpose:

	<u>Fund Balance Other Governmental Funds</u>	<u>Net Position</u>
Beginning Net Position, July 1, 2012	\$ 27,116	\$ 8,271,640
from Agency Fund to Nonmajor Governmental Fund - Special Revenue	339,101	339,101
GASB 65 implementation, bond issuance costs are no longer amortized over the life of bond	-	(101,983)
Beginning net position, July 1, 2012, restated	\$ <u>366,217</u>	\$ <u>8,508,758</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 17—Notes Receivable:

The County provided an equipment loan to Paris Ceramics.America, LLC in January 2009 in the amount of \$164,000. The loan bears simple interest at 3% and is payable over 7 years with a balloon in 5 years. At June 30, 2013, this note had an outstanding balance of \$72,238.

The County refinanced a building loan to Paris Ceramics.America, LLC for economic development in August 2010 in the amount of \$840,000. The loan bears no interest and is to be paid over 20 years in monthly installments of \$3,500 commencing January 1, 2011 with final payment due December 1, 2030. At June 30, 2013, this note had an outstanding balance of \$738,000.

The County provided an equipment loan to Paris Ceramics America, LLC in May 2012 in the amount of \$170,000. The loan bears simple interest at 5% and is payable over 7 years. At June 30, 2013, this note had an outstanding balance of \$143,562.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2014. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2013 was \$51,266.

Note 18—Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$13,986,829 is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$13,959,346 (including 2nd half billings of \$12,397,166 not due until December 5) at June 30, 2013.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$27,483 at June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 10,515,000	\$ 10,605,000	\$ 10,949,252	\$ 344,252
Other local taxes	3,456,000	3,514,000	3,716,129	202,129
Permits, privilege fees, and regulatory licenses	62,900	62,900	70,344	7,444
Fines and forfeitures	41,000	41,000	106,409	65,409
Revenue from the use of money and property	369,898	369,898	323,890	(46,008)
Charges for services	538,750	609,625	575,696	(33,929)
Miscellaneous	189,190	360,822	267,022	(93,800)
Recovered costs	115,688	129,688	122,337	(7,351)
Intergovernmental revenues:				
Commonwealth	5,015,163	8,094,203	7,480,149	(614,054)
Federal	1,395,588	1,431,960	1,299,635	(132,325)
Total revenues	\$ 21,699,177	\$ 25,219,096	\$ 24,910,863	\$ (308,233)
EXPENDITURES				
Current:				
General government administration	\$ 1,600,938	\$ 1,714,267	\$ 1,577,327	\$ 136,940
Judicial administration	1,561,466	1,625,112	1,581,018	44,094
Public safety	2,713,767	3,330,197	3,167,638	162,559
Public works	1,984,988	2,073,552	1,909,601	163,951
Health and welfare	3,982,695	3,985,695	3,732,134	253,561
Education	8,124,309	8,124,309	7,899,254	225,055
Parks, recreation, and cultural	277,506	300,506	299,506	1,000
Community development	553,900	784,812	687,859	96,953
Nondepartmental	339,942	150,892	73,454	77,438
Capital projects	115,000	3,034,843	2,226,696	808,147
Debt service:				
Principal retirement	589,682	589,682	571,714	17,968
Interest and other fiscal charges	356,331	356,331	356,331	-
Total expenditures	\$ 22,200,524	\$ 26,070,198	\$ 24,082,532	\$ 1,987,666
Excess (deficiency) of revenues over (under) expenditures	\$ (501,347)	\$ (851,102)	\$ 828,331	\$ 1,679,433
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 750	\$ -	\$ -	\$ -
Transfers out	-	(115,470)	(110,153)	5,317
Total other financing sources (uses)	\$ 750	\$ (115,470)	\$ (110,153)	\$ 5,317
Net change in fund balances	\$ (500,597)	\$ (966,572)	\$ 718,178	\$ 1,684,750
Fund balances - beginning	500,597	966,572	10,004,098	9,037,526
Fund balances - ending	\$ -	\$ -	\$ 10,722,276	\$ 10,722,276

Schedule of Pension Funding Progress for the Virginia Retirement System
Last Three Fiscal Years

County:

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 13,817,119	\$ 18,736,059	\$ 4,918,940	73.75%	\$ 4,652,336	105.73%
6/30/2011	14,389,028	19,468,376	5,079,348	73.91%	4,627,813	109.76%
6/30/2012	14,372,076	20,418,591	6,046,515	70.39%	4,546,371	133.00%

School Board Non-Professionals:

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 2,774,852	\$ 3,254,328	\$ 479,476	85.27%	\$ 798,941	60.01%
6/30/2011	2,856,632	3,456,576	599,944	82.64%	820,888	73.08%
6/30/2012	2,897,722	3,630,049	732,327	79.83%	837,809	87.41%

Schedule of OPEB Funding Progress
Last Three Fiscal Years

County:

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 329,000	\$ 329,000	0.00%	\$ 4,435,146	7.42%
7/1/2010	-	401,600	401,600	0.00%	4,193,600	9.58%
7/1/2012	-	481,500	481,500	0.00%	4,947,603	9.73%

School Board:

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 834,700	\$ 834,700	0.00%	\$ 823,715	101.33%
7/1/2010	-	1,605,900	1,605,900	0.00%	12,088,700	13.28%
7/1/2012	-	1,955,000	1,955,000	0.00%	12,307,397	15.88%

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Capital Projects Fund - Landfill Construction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,000	\$ 3,000	\$ 11,965	\$ 8,965
Charges for services	275,000	275,000	307,207	32,207
Total revenues	\$ 278,000	\$ 278,000	\$ 319,172	\$ 41,172
EXPENDITURES				
Current:				
Capital projects	\$ 278,000	\$ 278,000	\$ 61,504	\$ 216,496
Total expenditures	\$ 278,000	\$ 278,000	\$ 61,504	\$ 216,496
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 257,668	\$ 257,668
Net change in fund balances	\$ -	\$ -	\$ 257,668	\$ 257,668
Fund balances - beginning	-	-	1,225,075	1,225,075
Fund balances - ending	\$ -	\$ -	\$ 1,482,743	\$ 1,482,743

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds	Capital Projects	Total
	Piedmont Court Services	Recreation Fund	Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 336,579	\$ 28,414	\$ 364,993
Total assets	<u>\$ 336,579</u>	<u>\$ 28,414</u>	<u>\$ 364,993</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 5,721	\$ -	\$ 5,721
Total liabilities	<u>\$ 5,721</u>	<u>\$ -</u>	<u>\$ 5,721</u>
Fund balances:			
Assigned:			
Recreation capital projects	\$ -	\$ 28,414	\$ 28,414
Special revenue	<u>330,858</u>	<u>-</u>	<u>330,858</u>
Total fund balances	<u>\$ 330,858</u>	<u>\$ 28,414</u>	<u>\$ 359,272</u>
Total liabilities and fund balances	<u>\$ 336,579</u>	<u>\$ 28,414</u>	<u>\$ 364,993</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
	<u>Piedmont Court Services</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 2,463	\$ 1,298	\$ 3,761
Charges for services	57,358	-	57,358
Miscellaneous	1,886	-	1,886
Intergovernmental revenues:			-
Commonwealth	437,666	-	437,666
Total revenues	<u>\$ 499,373</u>	<u>\$ 1,298</u>	<u>\$ 500,671</u>
EXPENDITURES			
Public Safety	<u>\$ 507,616</u>	<u>\$ -</u>	<u>\$ 507,616</u>
Total expenditures	<u>\$ 507,616</u>	<u>\$ -</u>	<u>\$ 507,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,243)</u>	<u>\$ 1,298</u>	<u>\$ (6,945)</u>
Net change in fund balances	\$ (8,243)	\$ 1,298	\$ (6,945)
Fund balances - beginning	<u>339,101</u>	<u>27,116</u>	<u>366,217</u>
Fund balances - ending	<u><u>\$ 330,858</u></u>	<u><u>\$ 28,414</u></u>	<u><u>\$ 359,272</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Nonmajor Capital Projects Funds				Special Revenue Funds			
	Recreation Fund			Variance with Final Budget Positive (Negative)	Piedmont Court Services			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final		Original	Final			
REVENUES								
Revenue from the use of money and property	\$ 100	\$ 100	\$ 1,298	\$ 1,198	\$ 2,000	\$ 2,000	\$ 2,463	\$ 463
Charges for services	-	-	-	-	101,973	101,973	57,358	(44,615)
Miscellaneous	-	-	-	-	400	1,200	1,886	686
Intergovernmental revenues:								
Commonwealth	-	-	-	-	435,566	437,666	437,666	-
Total revenues	\$ 100	\$ 100	\$ 1,298	\$ 1,198	\$ 539,939	\$ 542,839	\$ 499,373	\$ (43,466)
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 539,939	\$ 542,839	\$ 507,616	\$ 35,223
Capital projects	100	100	-	100	-	-	-	-
Total expenditures	\$ 100	\$ 100	\$ -	\$ 100	\$ 539,939	\$ 542,839	\$ 507,616	\$ 35,223
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,298	\$ 1,298	\$ -	\$ -	\$ (8,243)	\$ (8,243)
Net change in fund balances	\$ -	\$ -	\$ 1,298	\$ 1,298	\$ -	\$ -	\$ (8,243)	\$ (8,243)
Fund balances - beginning	-	-	27,116	27,116	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 28,414	\$ 28,414	\$ -	\$ -	\$ (8,243)	\$ (8,243)

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Piedmont Alcohol Safety Action Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,732	\$ 342,097	\$ 344,829
Total assets	<u>\$ 2,732</u>	<u>\$ 342,097</u>	<u>\$ 344,829</u>
LIABILITIES			
Amounts held for social services clients	\$ 2,732	\$ -	\$ 2,732
Amounts held for Piedmont Alcohol Safety Action Program	<u>-</u>	<u>342,097</u>	<u>342,097</u>
Total liabilities	<u>\$ 2,732</u>	<u>\$ 342,097</u>	<u>\$ 344,829</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 June 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 4,264	\$ 6,495	\$ 8,027	\$ 2,732
Liabilities:				
Amounts held for social service clients	\$ 4,264	\$ 6,495	\$ 8,027	\$ 2,732
Undistributed Local Sales Tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 347,719	\$ 347,719	\$ -
Liabilities:				
Sales tax payable to towns	\$ -	\$ 347,719	\$ 347,719	\$ -
Piedmont Alcohol Safety Action Program:				
Assets:				
Cash and cash equivalents	\$ 336,809	\$ 423,253	\$ 417,965	\$ 342,097
Liabilities:				
Amounts held for others: Piedmont ASAP	\$ 336,809	\$ 423,253	\$ 417,965	\$ 342,097
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 341,073	\$ 777,467	\$ 773,711	\$ 344,829
Total assets	<u>\$ 341,073</u>	<u>\$ 777,467</u>	<u>\$ 773,711</u>	<u>\$ 344,829</u>
Liabilities:				
Amounts held for social service clients	\$ 4,264	\$ 6,495	\$ 8,027	\$ 2,732
Sales tax payable to towns	-	347,719	347,719	-
Amounts held for Piedmont ASAP	336,809	423,253	417,965	342,097
Total liabilities	<u>\$ 341,073</u>	<u>\$ 777,467</u>	<u>\$ 773,711</u>	<u>\$ 344,829</u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2013

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 478,187	\$ 20,000	\$ 498,187
Receivables (net of allowance for uncollectibles):				
Accounts receivable	50,928	-	-	50,928
Due from other governmental units	1,103,814	7,091	-	1,110,905
Prepaid items	167,415	-	-	167,415
Total assets	\$ 1,322,157	\$ 485,278	\$ 20,000	\$ 1,827,435
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 1,177,725	\$ 34,334	\$ -	\$ 1,212,059
Due to primary government	144,432	-	-	144,432
Total liabilities	\$ 1,322,157	\$ 34,334	\$ -	\$ 1,356,491
Fund balances:				
Nonspendable:				
Prepaid items	\$ 167,415	\$ -	\$ -	\$ 167,415
Assigned:				
Cafeteria	-	450,944	-	450,944
Underground storage	-	-	20,000	20,000
Unassigned	(167,415)	-	-	(167,415)
Total fund balances	\$ -	\$ 450,944	\$ 20,000	\$ 470,944
Total liabilities and fund balances	\$ 1,322,157	\$ 485,278	\$ 20,000	\$ 1,827,435

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

Total fund balances per above	\$ 470,944
-------------------------------	------------

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

Capital assets	\$ 25,883,388	
Less: accumulated depreciation	(16,497,580)	<u>9,385,808</u>

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

Net OPEB obligation	<u>(164,700)</u>
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Net position of governmental activities	<u>\$ 9,692,052</u>
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 6,316	\$ -	\$ -	\$ 6,316
Charges for services	223,868	243,886	-	467,754
Miscellaneous	11,258	-	-	11,258
Recovered costs	76,807	-	-	76,807
Intergovernmental revenues:				
Local government	7,886,977	-	-	7,886,977
Commonwealth	13,878,472	21,195	-	13,899,667
Federal	3,001,790	939,043	-	3,940,833
Total revenues	<u>\$ 25,085,488</u>	<u>\$ 1,204,124</u>	<u>\$ -</u>	<u>\$ 26,289,612</u>
EXPENDITURES				
Current:				
Education	\$ 24,625,744	\$ 1,172,386	\$ -	\$ 25,798,130
Debt service:				
Principal retirement	348,211	-	-	348,211
Interest and other fiscal charges	111,533	-	-	111,533
Total expenditures	<u>\$ 25,085,488</u>	<u>\$ 1,172,386</u>	<u>\$ -</u>	<u>\$ 26,257,874</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 31,738	\$ -	\$ 31,738
Net change in fund balances	\$ -	\$ 31,738	\$ -	\$ 31,738
Fund balances - beginning	-	419,206	20,000	439,206
Fund balances - ending	<u>\$ -</u>	<u>\$ 450,944</u>	<u>\$ 20,000</u>	<u>\$ 470,944</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	\$ 31,738
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 43,090
Net transfer of joint tenancy assets	429,371
Depreciation expense	<u>(913,856)</u>
	<u>(441,395)</u>

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 Net OPEB obligation	<u>(92,800)</u>
Change in net position of governmental activities	<u>\$ (502,457)</u>

COUNTY OF PRINCE EDWARD, 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			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 6,316	\$ (3,684)
Charges for services	71,500	71,500	223,868	152,368
Miscellaneous	75,700	75,700	11,258	(64,442)
Recovered costs	148,090	148,090	76,807	(71,283)
Intergovernmental revenues:				
Local government	8,106,652	8,106,652	7,886,977	(219,675)
Commonwealth	14,404,198	14,404,198	13,878,472	(525,726)
Federal	2,849,940	2,849,940	3,001,790	151,850
Total revenues	<u>\$ 25,666,080</u>	<u>\$ 25,666,080</u>	<u>\$ 25,085,488</u>	<u>\$ (580,592)</u>
EXPENDITURES				
Current:				
Education	\$ 25,093,683	\$ 25,093,683	\$ 24,625,744	\$ 467,939
Debt service:				
Principal retirement	460,864	460,864	348,211	112,653
Interest and other fiscal charges	111,533	111,533	111,533	-
Total expenditures	<u>\$ 25,666,080</u>	<u>\$ 25,666,080</u>	<u>\$ 25,085,488</u>	<u>\$ 580,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Exhibit 22

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
245,672	245,672	243,886	(1,786)
-	-	-	-
2,500	2,500	-	(2,500)
-	-	-	-
23,898	23,898	21,195	(2,703)
815,000	815,000	939,043	124,043
<u>\$ 1,087,070</u>	<u>\$ 1,087,070</u>	<u>\$ 1,204,124</u>	<u>\$ 117,054</u>
\$ 1,087,070	\$ 1,087,070	\$ 1,172,386	\$ (85,316)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,087,070</u>	<u>\$ 1,087,070</u>	<u>\$ 1,172,386</u>	<u>\$ (85,316)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,738</u>	<u>\$ 31,738</u>
\$ -	\$ -	\$ 31,738	\$ 31,738
<u>-</u>	<u>-</u>	<u>419,206</u>	<u>419,206</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,944</u>	<u>\$ 450,944</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,475,000	\$ 6,475,000	\$ 6,622,440	\$ 147,440
Real and personal public service corporation taxes	270,000	360,000	362,342	2,342
Personal property taxes	3,050,000	3,050,000	3,248,777	198,777
Mobile home taxes	40,000	40,000	38,090	(1,910)
Machinery and tools taxes	30,000	30,000	26,068	(3,932)
Merchants' capital taxes	405,000	405,000	388,086	(16,914)
Penalties	160,000	160,000	162,296	2,296
Interest	85,000	85,000	101,153	16,153
Total general property taxes	<u>\$ 10,515,000</u>	<u>\$ 10,605,000</u>	<u>\$ 10,949,252</u>	<u>\$ 344,252</u>
Other local taxes:				
Local sales and use taxes	\$ 2,550,000	\$ 2,550,000	\$ 2,691,630	\$ 141,630
Consumers' utility taxes	285,000	285,000	324,910	39,910
Gross receipts tax	70,000	70,000	69,784	(216)
Motor vehicle licenses	460,000	460,000	464,581	4,581
Taxes on recordation and wills	91,000	149,000	165,224	16,224
Total other local taxes	<u>\$ 3,456,000</u>	<u>\$ 3,514,000</u>	<u>\$ 3,716,129</u>	<u>\$ 202,129</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 14,000	\$ 14,000	\$ 13,112	\$ (888)
Permits and other licenses	48,900	48,900	57,232	8,332
Total permits, privilege fees, and regulatory licenses	<u>\$ 62,900</u>	<u>\$ 62,900</u>	<u>\$ 70,344</u>	<u>\$ 7,444</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 41,000	\$ 41,000	\$ 106,409	\$ 65,409
Revenue from use of money and property:				
Revenue from use of money	\$ 103,250	\$ 103,250	\$ 53,065	\$ (50,185)
Revenue from use of property	266,648	266,648	270,825	4,177
Total revenue from use of money and property	<u>\$ 369,898</u>	<u>\$ 369,898</u>	<u>\$ 323,890</u>	<u>\$ (46,008)</u>
Charges for services:				
Court costs	\$ 2,000	\$ 2,000	\$ 2,518	\$ 518
Charges for law library	10,000	10,000	6,917	(3,083)
Charges for courthouse maintenance	8,000	8,000	9,121	1,121
Charges for Commonwealth's Attorney	1,000	1,000	2,504	1,504
Miscellaneous fees	6,000	6,000	5,616	(384)
Charges for cannery	8,000	8,000	6,842	(1,158)
Charges for other protection	48,750	48,750	57,290	8,540
Charges for sanitation and waste removal	455,000	525,875	484,888	(40,987)
Total charges for services	<u>\$ 538,750</u>	<u>\$ 609,625</u>	<u>\$ 575,696</u>	<u>\$ (33,929)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous revenue:				
Expenditure refunds	\$ 165,790	\$ 165,790	\$ 67,026	\$ (98,764)
Insurance recoveries	-	-	9,331	9,331
Sale of property	-	164,400	62,845	(101,555)
Miscellaneous	23,400	30,632	127,820	97,188
Total miscellaneous revenue	<u>\$ 189,190</u>	<u>\$ 360,822</u>	<u>\$ 267,022</u>	<u>\$ (93,800)</u>
Recovered costs:				
Other recovered costs	\$ 83,688	\$ 97,688	\$ 90,337	\$ (7,351)
Circuit court judge	32,000	32,000	32,000	-
Total recovered costs	<u>\$ 115,688</u>	<u>\$ 129,688</u>	<u>\$ 122,337</u>	<u>\$ (7,351)</u>
Total revenue from local sources	<u>\$ 15,288,426</u>	<u>\$ 15,692,933</u>	<u>\$ 16,131,079</u>	<u>\$ 438,146</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 55,000	\$ 69,000	\$ 142,509	\$ 73,509
Mobile home titling tax	15,000	15,000	20,727	5,727
Motor vehicle rental tax	1,000	1,000	5,107	4,107
State recordation tax	25,000	25,000	45,791	20,791
Communications tax	290,000	290,000	318,595	28,595
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
State budget reduction - Aid to the Commonwealth	(178,000)	(178,000)	(155,139)	22,861
Total noncategorical aid	<u>\$ 1,513,350</u>	<u>\$ 1,527,350</u>	<u>\$ 1,682,940</u>	<u>\$ 155,590</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 389,439	\$ 389,439	\$ 388,338	\$ (1,101)
Sheriff	971,604	971,604	990,741	19,137
Commissioner of revenue	85,970	85,970	86,255	285
Treasurer	90,319	90,319	87,063	(3,256)
Registrar/electoral board	40,800	40,800	35,212	(5,588)
Clerk of the Circuit Court	281,862	295,649	297,844	2,195
Total shared expenses	<u>\$ 1,859,994</u>	<u>\$ 1,873,781</u>	<u>\$ 1,885,453</u>	<u>\$ 11,672</u>
Other categorical aid:				
Emergency medical services	\$ 15,000	\$ 24,436	\$ 27,694	\$ 3,258
Welfare administration and assistance	792,645	792,645	838,464	45,819
Litter control grant	6,000	6,000	8,447	2,447

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other Categorical aid: (Continued)				
Sheriff - jails	\$ -	\$ -	\$ 7,191	\$ 7,191
Record preservation grant	-	24,659	24,659	-
Comprehensive services act	703,288	703,288	558,369	(144,919)
Tobacco commission grant	-	99,019	104,251	5,232
Victim-witness grant	45,792	45,792	46,709	917
Fire program funds	35,000	76,000	83,719	7,719
Other categorical	44,094	2,921,233	2,212,253	(708,980)
Total other categorical aid	<u>\$ 1,641,819</u>	<u>\$ 4,693,072</u>	<u>\$ 3,911,756</u>	<u>\$ (781,316)</u>
Total categorical aid	<u>\$ 3,501,813</u>	<u>\$ 6,566,853</u>	<u>\$ 5,797,209</u>	<u>\$ (769,644)</u>
Total revenue from the Commonwealth	<u>\$ 5,015,163</u>	<u>\$ 8,094,203</u>	<u>\$ 7,480,149</u>	<u>\$ (614,054)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 15,000</u>	<u>\$ 24,000</u>	<u>\$ 24,759</u>	<u>\$ 759</u>
Revenue from the Federal Government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,380,588	\$ 1,380,588	\$ 1,211,471	\$ (169,117)
Highway planning and construction	-	-	30,432	30,432
Emergency management performance grant	-	-	9,436	9,436
Bulletproof vest partnership program	-	15,182	-	(15,182)
Other federal revenue	-	12,190	23,537	11,347
Total categorical aid	<u>\$ 1,380,588</u>	<u>\$ 1,407,960</u>	<u>\$ 1,274,876</u>	<u>\$ (133,084)</u>
Total revenue from the federal government	<u>\$ 1,395,588</u>	<u>\$ 1,431,960</u>	<u>\$ 1,299,635</u>	<u>\$ (132,325)</u>
Total General Fund	<u><u>\$ 21,699,177</u></u>	<u><u>\$ 25,219,096</u></u>	<u><u>\$ 24,910,863</u></u>	<u><u>\$ (308,233)</u></u>
Capital Projects Funds:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 11,965</u>	<u>\$ 8,965</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 307,207</u>	<u>\$ 32,207</u>
Total revenue from local sources	<u>\$ 278,000</u>	<u>\$ 278,000</u>	<u>\$ 319,172</u>	<u>\$ 41,172</u>
Total Landfill Construction Fund	<u><u>\$ 278,000</u></u>	<u><u>\$ 278,000</u></u>	<u><u>\$ 319,172</u></u>	<u><u>\$ 41,172</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 1,298	\$ 1,198
Total revenue from local sources	\$ 100	\$ 100	\$ 1,298	\$ 1,198
Total Recreation Fund	\$ 100	\$ 100	\$ 1,298	\$ 1,198
Special Revenue Funds:				
Piedmont Court Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 2,463	\$ 463
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 2,463	\$ 463
Charges for services:				
Other charges for services	101,973	101,973	57,358	(44,615)
Total charges for services	101,973	101,973	57,358	(44,615)
Miscellaneous revenue:				
Other miscellaneous	400	1,200	1,886	686
Total miscellaneous revenue	400	1,200	1,886	686
Total revenue from local sources	\$ 104,373	\$ 105,173	\$ 61,707	\$ (43,466)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 435,566	\$ 437,666	\$ 437,666	\$ -
Total categorical aid	\$ 435,566	\$ 437,666	\$ 437,666	\$ -
Total revenue from the Commonwealth	\$ 435,566	\$ 437,666	\$ 437,666	\$ -
Total Piedmont Court Services Fund	\$ 539,939	\$ 542,839	\$ 499,373	\$ (43,466)
Debt Service Fund:				
School Debt Service				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 16,839	\$ 16,839
Total revenue from local sources	\$ -	\$ -	\$ 16,839	\$ 16,839
Total School Debt Service Fund	\$ -	\$ -	\$ 16,839	\$ 16,839
Total Primary Government	\$ 22,517,216	\$ 26,040,035	\$ 25,747,545	\$ (292,490)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 10,000	\$ 10,000	\$ 6,316	\$ (3,684)
Charges for services:				
Charges for education	\$ 71,500	\$ 71,500	\$ 223,868	\$ 152,368
Miscellaneous revenue:				
Other miscellaneous	\$ 75,700	\$ 75,700	\$ 11,258	\$ (64,442)
Recovered costs:				
Other recovered costs	\$ 148,090	\$ 148,090	\$ 76,807	\$ (71,283)
Total revenue from local sources	\$ 305,290	\$ 305,290	\$ 318,249	\$ 12,959
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,106,652	\$ 8,106,652	\$ 7,886,977	\$ (219,675)
Total revenues from local governments	\$ 8,106,652	\$ 8,106,652	\$ 7,886,977	\$ (219,675)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,777,205	\$ 2,777,205	\$ 2,762,427	\$ (14,778)
Basic school aid	6,337,921	6,337,921	5,939,042	(398,879)
Other state funds	5,289,072	5,289,072	5,177,003	(112,069)
Total categorical aid	\$ 14,404,198	\$ 14,404,198	\$ 13,878,472	\$ (525,726)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,192,225	\$ 1,192,225	\$ 1,159,015	\$ (33,210)
Title I, neglected and delinquent children	-	-	4,940	4,940
Title II	205,960	205,960	322,957	116,997
Title VI-B, special education flow-through	764,795	764,795	832,825	68,030
Title VI-B, pre-school	20,394	20,394	19,636	(758)
Title V-A	-	-	47,854	47,854
JROTC	-	-	3,508	3,508
21st century learning communities	-	-	39,528	39,528
Title I - school improvement - ARRA	607,156	607,156	501,895	(105,261)
Vocational education	59,410	59,410	60,933	1,523
Gear up	-	-	8,699	8,699
Total categorical aid	\$ 2,849,940	\$ 2,849,940	\$ 3,001,790	\$ 151,850
Total School Operating Fund	\$ 25,666,080	\$ 25,666,080	\$ 25,085,488	\$ (580,592)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 245,672	\$ 245,672	\$ 243,886	\$ (1,786)
Recovered costs:				
Other recovered costs	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Total revenue from local sources	<u>\$ 248,172</u>	<u>\$ 248,172</u>	<u>\$ 243,886</u>	<u>\$ (4,286)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 23,898	\$ 23,898	\$ 21,195	\$ (2,703)
Total categorical aid	<u>\$ 23,898</u>	<u>\$ 23,898</u>	<u>\$ 21,195</u>	<u>\$ (2,703)</u>
Total revenue from the Commonwealth	<u>\$ 23,898</u>	<u>\$ 23,898</u>	<u>\$ 21,195</u>	<u>\$ (2,703)</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 815,000	\$ 815,000	\$ 939,043	\$ 124,043
Total categorical aid	<u>\$ 815,000</u>	<u>\$ 815,000</u>	<u>\$ 939,043</u>	<u>\$ 124,043</u>
Total School Cafeteria Fund	<u>\$ 1,087,070</u>	<u>\$ 1,087,070</u>	<u>\$ 1,204,124</u>	<u>\$ 117,054</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 26,753,150</u>	<u>\$ 26,753,150</u>	<u>\$ 26,289,612</u>	<u>\$ (463,538)</u>

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

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 126,428	\$ 162,998	\$ 135,028	\$ 27,970
General and financial administration:				
County administrator	\$ 495,774	\$ 548,742	\$ 526,791	\$ 21,951
Legal services	67,710	67,710	40,947	26,763
Commissioner of revenue	276,546	282,546	278,980	3,566
Treasurer	359,800	365,462	343,484	21,978
Independent Auditor	36,000	43,500	42,500	1,000
Assessor	13,000	13,000	-	13,000
Other general and financial administration	93,500	93,500	73,258	20,242
Total general and financial administration	\$ 1,342,330	\$ 1,414,460	\$ 1,305,960	\$ 108,500
Board of elections:				
Electoral board and officials	\$ 33,261	\$ 33,261	\$ 35,245	\$ (1,984)
Registrar	98,919	103,548	101,094	2,454
Total board of elections	\$ 132,180	\$ 136,809	\$ 136,339	\$ 470
Total general government administration	\$ 1,600,938	\$ 1,714,267	\$ 1,577,327	\$ 136,940
Judicial administration:				
Courts:				
Circuit court	\$ 50,572	\$ 50,572	\$ 38,328	\$ 12,244
General district court	9,350	9,350	9,691	(341)
Office of the magistrates	3,650	3,650	2,885	765
Clerk of the circuit court	456,486	500,932	469,575	31,357
Law library	6,300	6,300	6,487	(187)
Sheriff - courts	361,120	361,120	353,925	7,195
Victim and witness assistance	57,098	60,298	59,807	491
Total courts	\$ 944,576	\$ 992,222	\$ 940,698	\$ 51,524
Commonwealth's attorney:				
Commonwealth's attorney	\$ 616,890	\$ 632,890	\$ 640,320	\$ (7,430)
Total judicial administration	\$ 1,561,466	\$ 1,625,112	\$ 1,581,018	\$ 44,094
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,681,738	\$ 1,789,187	\$ 1,751,817	\$ 37,370
Emergency services	17,000	17,000	5,444	11,556
Line of Duty Act payments	25,552	26,302	22,674	3,628
Total law enforcement and traffic control	\$ 1,724,290	\$ 1,832,489	\$ 1,779,935	\$ 52,554

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 487,800	\$ 542,357	\$ 503,087	\$ 39,270
Ambulance and rescue services	76,000	115,600	115,600	-
Forestry service	13,244	13,244	12,040	1,204
Total fire and rescue services	<u>\$ 577,044</u>	<u>\$ 671,201</u>	<u>\$ 630,727</u>	<u>\$ 40,474</u>
Correction and detention:				
Regional jail and juvenile detention	\$ 190,000	\$ 600,000	\$ 541,892	\$ 58,108
Inspections:				
Building	\$ 94,727	\$ 98,801	\$ 95,143	\$ 3,658
Other protection:				
Animal control	\$ 127,206	\$ 127,206	\$ 119,841	\$ 7,365
Medical examiner (coroner)	500	500	100	400
Total other protection	<u>\$ 127,706</u>	<u>\$ 127,706</u>	<u>\$ 119,941</u>	<u>\$ 7,765</u>
Total public safety	<u>\$ 2,713,767</u>	<u>\$ 3,330,197</u>	<u>\$ 3,167,638</u>	<u>\$ 162,559</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,211,155	\$ 1,295,806	\$ 1,210,528	\$ 85,278
Litter control	3,300	3,300	-	3,300
Biosolids	66,874	70,787	68,136	2,651
Total sanitation and waste removal	<u>\$ 1,281,329</u>	<u>\$ 1,369,893</u>	<u>\$ 1,278,664</u>	<u>\$ 91,229</u>
Maintenance of general buildings and grounds:				
General properties	\$ 703,659	\$ 703,659	\$ 630,937	\$ 72,722
Total public works	<u>\$ 1,984,988</u>	<u>\$ 2,073,552</u>	<u>\$ 1,909,601</u>	<u>\$ 163,951</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 177,764	\$ 177,764	\$ 148,331	\$ 29,433
Mental health and mental retardation:				
Chapter X board	\$ 62,643	\$ 62,643	\$ 62,643	-
Welfare:				
Welfare administration and assistance	\$ 2,761,176	\$ 2,761,176	\$ 2,670,729	\$ 90,447
Comprehensive services act	906,326	906,326	770,145	136,181
Other welfare programs	74,786	77,786	80,286	(2,500)
Total welfare	<u>\$ 3,742,288</u>	<u>\$ 3,745,288</u>	<u>\$ 3,521,160</u>	<u>\$ 224,128</u>
Total health and welfare	<u>\$ 3,982,695</u>	<u>\$ 3,985,695</u>	<u>\$ 3,732,134</u>	<u>\$ 253,561</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to community college	\$ 17,657	\$ 17,657	\$ 12,277	\$ 5,380
Contribution to County School Board	8,106,652	8,106,652	7,886,977	219,675
Total education	<u>\$ 8,124,309</u>	<u>\$ 8,124,309</u>	<u>\$ 7,899,254</u>	<u>\$ 225,055</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 74,350	\$ 97,350	\$ 97,350	\$ -
Cultural enrichment:				
Museums	\$ 11,000	\$ 11,000	\$ 10,000	\$ 1,000
Contribution to regional library	\$ 192,156	\$ 192,156	\$ 192,156	\$ -
Total parks, recreation, and cultural	<u>\$ 277,506</u>	<u>\$ 300,506</u>	<u>\$ 299,506</u>	<u>\$ 1,000</u>
Community development:				
Planning and community development:				
Planning	\$ 194,098	\$ 185,498	\$ 123,950	\$ 61,548
Community development	49,250	49,250	49,250	-
Contribution to Industrial Development Auth.	-	-	65,252	(65,252)
Economic development	93,051	173,079	206,619	(33,540)
Tourism	84,863	121,747	115,934	5,813
Total planning and community development	<u>\$ 421,262</u>	<u>\$ 529,574</u>	<u>\$ 561,005</u>	<u>\$ (31,431)</u>
Environmental management:				
Soil and water conservation	\$ 13,615	\$ 113,615	\$ 13,829	\$ 99,786
Cooperative extension program:				
Cooperative extension program	\$ 61,177	\$ 61,177	\$ 41,730	\$ 19,447
Cannery	57,846	80,446	71,295	9,151
Total cooperative extension program	<u>\$ 119,023</u>	<u>\$ 141,623</u>	<u>\$ 113,025</u>	<u>\$ 28,598</u>
Total community development	<u>\$ 553,900</u>	<u>\$ 784,812</u>	<u>\$ 687,859</u>	<u>\$ 96,953</u>
Nondepartmental:				
Other nondepartmental	\$ 339,942	\$ 150,892	\$ 73,454	\$ 77,438
Total nondepartmental	<u>\$ 339,942</u>	<u>\$ 150,892</u>	<u>\$ 73,454</u>	<u>\$ 77,438</u>
Capital projects:				
Sandy River reservoir project	\$ 25,000	\$ 25,000	\$ 3,900	\$ 21,100
Route 786 project	-	2,233,520	2,128,680	104,840
Other capital projects	90,000	776,323	94,116	682,207
Total capital projects	<u>\$ 115,000</u>	<u>\$ 3,034,843</u>	<u>\$ 2,226,696</u>	<u>\$ 808,147</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 589,682	\$ 589,682	\$ 571,714	\$ 17,968
Interest and other fiscal charges	356,331	356,331	356,331	-
Total debt service	<u>\$ 946,013</u>	<u>\$ 946,013</u>	<u>\$ 928,045</u>	<u>\$ 17,968</u>
Total General Fund	<u>\$ 22,200,524</u>	<u>\$ 26,070,198</u>	<u>\$ 24,082,532</u>	<u>\$ 1,987,666</u>
Special Revenue Fund:				
Piedmont Court Services:				
Public safety:				
Correction and detention:				
Piedmont Court Services	\$ 539,939	\$ 542,839	\$ 507,616	\$ 35,223
Total other protection	<u>\$ 539,939</u>	<u>\$ 542,839</u>	<u>\$ 507,616</u>	<u>\$ 35,223</u>
Total public safety	<u>\$ 539,939</u>	<u>\$ 542,839</u>	<u>\$ 507,616</u>	<u>\$ 35,223</u>
Total Piedmont Court Services Fund	<u>\$ 539,939</u>	<u>\$ 542,839</u>	<u>\$ 507,616</u>	<u>\$ 35,223</u>
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 278,000	\$ 278,000	\$ 61,504	\$ 216,496
Total Landfill Construction Fund	<u>\$ 278,000</u>	<u>\$ 278,000</u>	<u>\$ 61,504</u>	<u>\$ 216,496</u>
Total Capital Projects Fund	<u>\$ 278,000</u>	<u>\$ 278,000</u>	<u>\$ 61,504</u>	<u>\$ 216,496</u>
Total Primary Government	<u>\$ 23,018,463</u>	<u>\$ 26,891,037</u>	<u>\$ 24,651,652</u>	<u>\$ 2,239,385</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 19,413,030	\$ 19,413,030	\$ 19,280,021	\$ 133,009
Administration, attendance, and health	1,686,308	1,686,308	1,515,645	170,663
Pupil transportation services	1,882,451	1,882,451	1,654,738	227,713
Operation and maintenance services	1,950,439	1,950,439	1,911,614	38,825
School food program	11,455	11,455	126,452	(114,997)
Facilities	150,000	150,000	137,274	12,726
Total education	<u>\$ 25,093,683</u>	<u>\$ 25,093,683</u>	<u>\$ 24,625,744</u>	<u>\$ 467,939</u>
Debt service:				
Principal retirement	\$ 460,864	\$ 460,864	\$ 348,211	\$ 112,653
Interest and other fiscal charges	111,533	111,533	111,533	-
Total debt service	<u>\$ 572,397</u>	<u>\$ 572,397</u>	<u>\$ 459,744</u>	<u>\$ 112,653</u>
Total School Operating Fund	<u>\$ 25,666,080</u>	<u>\$ 25,666,080</u>	<u>\$ 25,085,488</u>	<u>\$ 580,592</u>
Special revenue funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,087,070	1,087,070	\$ 1,172,386	\$ (85,316)
Total School Cafeteria Fund	<u>\$ 1,087,070</u>	<u>\$ 1,087,070</u>	<u>\$ 1,172,386</u>	<u>\$ (85,316)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 26,753,150</u>	<u>\$ 26,753,150</u>	<u>\$ 26,257,874</u>	<u>\$ 495,276</u>

Statistical Section

Contents

Tables

Financial Trends

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

1 - 6

Revenue Capacity

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

7 - 10

Debt Capacity

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

11 - 12

Demographic and Economic Information

This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13

Operating Information

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			
Net investment in capital assets	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166
Restricted	383,489	78,102	-
Unrestricted	<u>6,463,558</u>	<u>5,262,386</u>	<u>3,658,083</u>
Total governmental activities net position	<u>\$ 8,152,042</u>	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>
Business-type activities			
Net investment in capital assets	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government			
Net investment in capital assets	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166
Restricted	383,489	78,102	-
Unrestricted	<u>6,463,558</u>	<u>5,262,386</u>	<u>3,658,083</u>
Total primary government net position	<u>\$ 8,152,042</u>	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>

Table 1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	2,339,985	\$ 2,912,203	\$ 2,459,199	\$ 2,534,819	\$ 2,584,694	\$ 1,520,646	\$ 2,079,106
	-	-	-	-	-	-	-
	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,428,178</u>	<u>1,538,199</u>	<u>4,090,425</u>	<u>6,750,994</u>	<u>9,844,776</u>
\$	<u>8,768,295</u>	<u>6,128,104</u>	<u>3,887,377</u>	<u>4,073,018</u>	<u>6,675,119</u>	<u>8,271,640</u>	<u>11,923,882</u>
\$	-	\$ -	\$ (31,482)	\$ 851,144	\$ 480,268	\$ (499,787)	\$ (428,489)
	-	-	821	(149,653)	52,852	755,314	319,991
\$	<u>-</u>	<u>-</u>	<u>(30,661)</u>	<u>701,491</u>	<u>533,120</u>	<u>255,527</u>	<u>(108,498)</u>
\$	2,339,985	\$ 2,912,203	\$ 2,427,717	\$ 3,385,963	\$ 3,064,962	\$ 1,020,859	\$ 1,650,617
	-	-	-	-	-	-	-
	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,428,999</u>	<u>1,388,546</u>	<u>4,143,277</u>	<u>7,506,308</u>	<u>10,164,767</u>
\$	<u>8,768,295</u>	<u>6,128,104</u>	<u>3,856,716</u>	<u>4,774,509</u>	<u>7,208,239</u>	<u>8,527,167</u>	<u>11,815,384</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2004	2005	2006
Expenses			
Governmental activities:			
General government administration	\$ 1,359,503	\$ 1,542,517	\$ 1,553,538
Judicial administration	1,083,127	1,239,534	1,337,676
Public safety	2,242,895	2,449,038	2,714,749
Public works	2,858,160	2,203,917	2,555,224
Health and welfare	2,889,853	3,343,298	3,331,152
Education	6,076,565	5,920,107	7,571,463
Parks, recreation and cultural	252,780	189,991	237,633
Community development	603,178	458,214	1,237,317
Interest on long-term debt	710,252	575,931	556,628
Total governmental activities expenses	<u>\$ 18,076,313</u>	<u>\$ 17,922,547</u>	<u>\$ 21,095,380</u>
Business-type activities:			
Water	\$ -	\$ -	\$ -
Sewer	-	-	-
Total business-type activities expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government expenses	<u>\$ 18,076,313</u>	<u>\$ 17,922,547</u>	<u>\$ 21,095,380</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government administration	\$ 56,590	\$ 51,368	\$ 93,202
Judicial administration	131,772	117,534	92,089
Public safety	8,515	6,165	2,472
Public works	774,880	583,083	722,738
Community development	5,340	6,624	4,680
Operating grants and contributions	4,055,742	4,808,345	4,683,367
Capital grants and contributions	-	-	-
Total governmental activities program revenues	<u>\$ 5,032,839</u>	<u>\$ 5,573,119</u>	<u>\$ 5,598,548</u>
Business-type activities:			
Charges for services:			
Water	\$ -	\$ -	\$ -
Sewer	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government program revenues	<u>\$ 5,032,839</u>	<u>\$ 5,573,119</u>	<u>\$ 5,598,548</u>
Net (expense) / revenue			
Governmental activities	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)
Total primary government net expense	<u>\$ (13,043,474)</u>	<u>\$ (12,349,428)</u>	<u>\$ (15,496,832)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property taxes	\$ 6,427,034	\$ 6,335,709	\$ 8,197,655
Local sales and use taxes	2,217,895	2,258,289	2,402,247
Taxes on recordation and wills	106,792	162,805	207,670
Motor vehicle licenses taxes	224,999	231,477	232,757
Consumer utility taxes	477,800	474,912	476,527
Other local taxes	99,681	80,675	86,162
Unrestricted grants and contributions	1,607,274	1,391,668	1,655,009
Unrestricted revenues from use of money and property	422,119	427,756	493,043
Miscellaneous	84,915	167,979	45,126
Gain (loss) on disposal of capital assets	-	-	-
Transfers	-	-	-
Total governmental activities	<u>\$ 11,668,509</u>	<u>\$ 11,531,270</u>	<u>\$ 13,796,196</u>
Business-type activities:			
Miscellaneous	\$ -	\$ -	\$ -
Transfers	-	-	-
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 11,668,509</u>	<u>\$ 11,531,270</u>	<u>\$ 13,796,196</u>
Change in Net Position			
Governmental activities	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)
Business-type activities	-	-	-
Total primary government	<u>\$ (1,374,965)</u>	<u>\$ (818,158)</u>	<u>\$ (1,700,636)</u>

Table 2

	2007	2008	2009	2010	2011	2012	2013
\$	1,613,434	\$ 1,888,328	\$ 1,878,951	\$ 1,795,153	\$ 1,869,443	\$ 1,960,555	\$ 1,940,807
	1,060,878	1,247,739	1,557,012	1,175,955	1,147,492	1,137,299	1,215,821
	2,886,070	2,920,779	2,718,405	2,910,454	3,118,622	3,270,479	4,159,935
	2,745,353	4,498,020	2,641,623	2,105,782	2,228,299	2,058,022	2,065,013
	3,699,915	4,009,487	3,948,690	3,894,723	4,382,927	4,094,036	3,741,349
	5,517,861	7,558,263	7,039,437	7,082,604	7,695,814	7,440,879	7,728,685
	253,326	1,842,051	3,274,724	293,485	94,271	290,155	302,000
	556,620	1,201,635	1,618,525	721,676	658,469	647,868	722,579
	559,142	521,152	701,954	676,992	514,419	500,719	385,095
\$	<u>18,892,599</u>	<u>25,687,454</u>	<u>25,379,321</u>	<u>20,656,824</u>	<u>21,709,756</u>	<u>21,400,012</u>	<u>22,261,284</u>
\$	-	-	31,512	69,875	127,189	200,571	188,411
	-	-	29,800	83,078	62,885	78,869	70,901
\$	-	-	61,312	152,953	190,074	279,440	259,312
\$	<u>18,892,599</u>	<u>25,687,454</u>	<u>25,440,633</u>	<u>20,809,777</u>	<u>21,899,830</u>	<u>21,679,452</u>	<u>22,520,596</u>
\$	92,490	\$ 100	\$ 100	\$ 100	\$ -	\$ -	\$ -
	80,026	62,306	79,865	77,250	64,241	63,456	127,690
	99,282	207,114	161,311	135,014	122,036	112,457	186,172
	740,406	888,006	758,965	749,031	717,441	747,804	792,492
	5,319	12,044	19,396	12,456	12,518	14,311	10,660
	4,885,349	5,567,251	5,662,902	5,272,050	5,217,595	4,781,772	5,416,084
	-	180,000	-	-	668,002	390,000	2,093,667
\$	<u>5,902,872</u>	<u>6,916,821</u>	<u>6,682,539</u>	<u>6,245,901</u>	<u>6,801,833</u>	<u>6,109,800</u>	<u>8,626,765</u>
\$	-	-	-	1,289	1,386	628	4,332
	-	-	-	7,713	2,317	1,219	1,790
	-	-	6,000	21,750	18,000	-	-
\$	-	-	6,000	30,752	21,703	1,847	6,122
\$	<u>5,902,872</u>	<u>6,916,821</u>	<u>6,688,539</u>	<u>6,276,653</u>	<u>6,823,536</u>	<u>6,111,647</u>	<u>8,632,887</u>
\$	<u>(12,989,727)</u>	<u>(18,770,633)</u>	<u>(18,696,782)</u>	<u>(14,410,923)</u>	<u>(14,907,923)</u>	<u>(15,290,212)</u>	<u>(13,634,519)</u>
\$	<u>(12,989,727)</u>	<u>(18,770,633)</u>	<u>(18,752,094)</u>	<u>(14,533,124)</u>	<u>(15,076,294)</u>	<u>(15,567,805)</u>	<u>(13,887,709)</u>
\$	8,988,258	\$ 9,898,122	\$ 10,338,674	\$ 9,925,117	\$ 10,796,720	\$ 10,919,152	\$ 11,103,740
	2,555,696	2,890,586	2,683,336	2,526,302	2,558,209	2,614,512	2,691,630
	276,472	201,608	159,537	121,912	109,777	95,354	165,224
	223,727	201,203	276,176	313,778	475,995	445,920	464,581
	438,853	344,009	371,824	387,557	375,945	289,770	324,910
	190,653	357,262	324,603	12	-	57,122	69,784
	3,086,888	1,467,887	1,325,103	1,619,326	1,664,644	1,564,362	1,707,699
	593,476	639,211	450,348	329,506	374,912	379,221	356,455
	116,470	130,554	451,992	126,880	169,346	125,734	165,620
	-	-	99,113	100,277	-	-	-
	-	-	(24,651)	(854,103)	-	-	-
\$	<u>16,470,493</u>	<u>16,130,442</u>	<u>16,456,055</u>	<u>14,596,564</u>	<u>16,525,548</u>	<u>16,491,147</u>	<u>17,049,643</u>
\$	-	-	-	250	-	-	-
	-	-	24,651	854,103	-	-	-
\$	-	-	24,651	854,353	-	-	-
\$	<u>16,470,493</u>	<u>16,130,442</u>	<u>16,480,706</u>	<u>15,450,917</u>	<u>16,525,548</u>	<u>16,491,147</u>	<u>17,049,643</u>
\$	3,480,766	\$ (2,640,191)	\$ (2,240,727)	\$ 185,641	\$ 1,617,625	\$ 1,200,935	\$ 3,415,124
	-	-	(30,661)	732,152	(168,371)	(277,593)	(253,190)
\$	<u>3,480,766</u>	<u>(2,640,191)</u>	<u>(2,271,388)</u>	<u>917,793</u>	<u>1,449,254</u>	<u>923,342</u>	<u>3,161,934</u>

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Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2013	\$ 11,103,740	\$ 2,691,630	\$ 324,910	\$ 464,581	\$ 165,224	\$ 14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
2009	10,338,674	2,683,336	371,824	276,176	159,537	13,829,547
2008	9,898,122	2,890,586	344,009	201,203	201,608	13,535,528
2007	8,988,258	2,555,696	438,853	223,727	276,472	12,483,006
2006	8,197,655	2,402,247	476,527	232,757	207,670	11,516,856
2005	6,335,709	2,258,289	474,912	231,477	162,805	9,463,192
2004	6,427,034	2,217,895	477,800	224,999	106,792	9,454,520

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ -	-
Restricted for:					
Retiree benefits	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	383,489	78,102	-	8,074	11,486
Unreserved	<u>5,509,187</u>	<u>5,119,772</u>	<u>6,009,170</u>	<u>8,765,971</u>	<u>8,788,927</u>
Total general fund	<u>\$ 5,892,676</u>	<u>\$ 5,197,874</u>	<u>\$ 6,009,170</u>	<u>\$ 8,774,045</u>	<u>\$ 8,800,413</u>
All other governmental funds					
Restricted:					
Debt service	\$ -	\$ -	\$ -	\$ -	-
Assigned:					
Landfill construction	-	-	-	-	-
Recreation capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Reserved	-	-	-	61,153	174,097
Unreserved, reported in:					
Capital projects funds	<u>1,649,621</u>	<u>806,100</u>	<u>129,375</u>	<u>425,644</u>	<u>77,047</u>
Total all other governmental funds	<u>\$ 1,649,621</u>	<u>\$ 806,100</u>	<u>\$ 129,375</u>	<u>\$ 486,797</u>	<u>\$ 251,144</u>

(1) The County implemented GASB 54 in fiscal year 2011.

Table 4

<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>
\$ -	\$ -	\$ 13,899	\$ -	\$ -
-	-	399	5,479	1,974
-	-	9,603,023	9,998,619	10,720,302
12,078	1,106	-	-	-
<u>9,207,233</u>	<u>8,774,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>9,219,311</u>	\$ <u>8,775,466</u>	\$ <u>9,617,321</u>	\$ <u>10,004,098</u>	\$ <u>10,722,276</u>
\$ -	\$ -	\$ 529,233	\$ 653,285	\$ 780,277
-	-	898,059	1,225,075	1,482,743
-	-	27,002	27,116	28,414
-	-	-	-	330,858
289,712	408,069	-	-	-
<u>377,012</u>	<u>639,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>666,724</u>	\$ <u>1,047,698</u>	\$ <u>1,454,294</u>	\$ <u>1,905,476</u>	\$ <u>2,622,292</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2004	2005	2006	2007
Revenues				
General property taxes	\$ 6,330,673	\$ 6,386,661	\$ 8,201,124	\$ 8,781,315
Other local taxes	3,127,167	3,208,158	3,405,363	3,672,974
Permits, privilege fees and regulatory licenses	56,590	51,368	93,202	107,344
Fines and forfeitures	107,077	85,142	59,473	46,112
Revenue from use of money and property	422,119	427,756	493,044	593,477
Charges for services	813,430	628,264	762,506	818,345
Miscellaneous	84,915	167,979	45,126	1,674,879
Recovered costs	46,437	44,837	60,363	51,218
Intergovernmental:				
Commonwealth	4,403,526	5,043,573	5,171,085	5,079,154
Federal	1,259,490	1,156,441	1,190,522	1,392,823
Total revenues	\$ 16,651,424	\$ 17,200,179	\$ 19,481,808	\$ 22,217,641
Expenditures				
General government administration	\$ 1,136,088	\$ 1,243,224	\$ 1,238,135	\$ 1,416,441
Judicial administration	1,091,812	1,266,333	1,404,563	1,084,329
Public safety	2,252,676	2,343,621	2,651,956	2,815,986
Public works	1,958,893	1,582,784	1,688,418	1,723,931
Health and welfare	2,872,126	3,356,131	3,377,252	3,714,420
Education	6,433,828	6,270,528	6,600,608	6,669,651
Parks, recreation and cultural	252,780	189,991	237,633	243,368
Community development	600,203	455,360	449,727	501,123
Capital projects	893,222	1,381,092	1,062,351	324,432
Nondepartmental	-	-	-	-
Debt service				
Principal	540,477	339,822	330,766	323,958
Interest and other fiscal charges	321,694	309,616	305,828	277,705
Total expenditures	\$ 18,353,799	\$ 18,738,502	\$ 19,347,237	\$ 19,095,344
Excess (deficiency) of revenues over (under) expenditures	\$ (1,702,375)	\$ (1,538,323)	\$ 134,571	\$ 3,122,297
Other financing sources (uses)				
Transfers in	\$ 13,250	\$ 11,163	\$ -	\$ 60,425
Transfers out	(13,250)	(11,163)	-	(60,425)
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (1,702,375)	\$ (1,538,323)	\$ 134,571	\$ 3,122,297
Debt service as a percentage of noncapital expenditures	4.94%	3.74%	3.48%	3.21%

Note: Does not include discretely presented component unit.

Table 5

	2008	2009	2010	2011	2012	2013
\$	9,869,179	\$ 10,097,051	\$ 9,911,626	\$ 10,548,439	\$ 10,561,257	\$ 10,949,252
	3,994,668	3,815,476	3,349,561	3,519,926	3,502,678	3,716,129
	100,805	106,200	86,207	67,681	62,437	70,344
	29,824	44,006	47,822	38,770	41,216	106,409
	639,211	450,348	329,506	374,912	379,217	356,455
	985,037	869,431	839,822	809,785	834,375	940,261
	201,265	1,041,105	231,167	216,177	200,465	268,908
	236,973	99,018	45,111	266,220	130,380	122,337
	5,744,492	5,674,148	5,432,928	5,594,185	5,019,333	7,917,815
	1,290,645	1,313,858	1,458,448	1,956,056	1,716,801	1,299,635
\$	<u>23,092,099</u>	<u>\$ 23,510,641</u>	<u>\$ 21,732,198</u>	<u>\$ 23,392,151</u>	<u>\$ 22,448,159</u>	<u>\$ 25,747,545</u>
\$	1,626,034	\$ 1,620,699	\$ 1,453,038	\$ 1,443,953	\$ 1,525,092	\$ 1,577,327
	1,178,889	1,382,779	1,482,540	1,494,170	1,480,002	1,581,018
	3,020,666	2,846,153	2,516,411	2,672,181	2,914,040	3,675,254
	2,033,140	1,864,186	1,786,034	1,776,525	1,665,056	1,909,601
	4,061,932	3,915,282	3,890,975	4,398,020	4,103,322	3,732,134
	7,749,894	7,446,574	7,451,833	7,955,280	7,696,610	7,899,254
	230,159	307,159	293,159	274,659	295,383	299,506
	1,018,825	1,409,598	478,134	526,537	754,145	687,859
	1,675,064	3,911,158	592,857	533,202	1,925,793	2,288,200
	1,517	-	136,046	126,189	155,200	73,454
	431,078	438,613	589,253	552,298	296,615	571,714
	274,186	309,311	390,686	390,686	456,027	356,331
\$	<u>23,301,384</u>	<u>\$ 25,451,512</u>	<u>\$ 21,060,966</u>	<u>\$ 22,143,700</u>	<u>\$ 23,267,285</u>	<u>\$ 24,651,652</u>
\$	<u>(209,285)</u>	<u>\$ (1,940,871)</u>	<u>\$ 671,232</u>	<u>\$ 1,248,451</u>	<u>\$ (819,126)</u>	<u>\$ 1,095,893</u>
\$	310,153	\$ 332,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
	(310,153)	(356,804)	(964,256)	(110,153)	(110,153)	(110,153)
	-	-	-	-	7,203,798	-
	-	-	-	-	983,512	-
	-	-	-	-	(6,530,225)	-
	-	2,800,000	120,000	-	-	-
\$	<u>-</u>	<u>\$ 2,775,349</u>	<u>\$ (734,103)</u>	<u>\$ -</u>	<u>\$ 1,657,085</u>	<u>\$ -</u>
\$	<u>(209,285)</u>	<u>\$ 834,478</u>	<u>\$ (62,871)</u>	<u>\$ 1,248,451</u>	<u>\$ 837,959</u>	<u>\$ 1,095,893</u>
	3.17%	3.06%	4.89%	4.47%	3.53%	4.15%

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General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Communication Taxes (1)(2)	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Gross Receipts Tax	Total
2013	\$ 10,949,252	\$ 2,691,630	-	\$ 324,910	\$ 464,581	\$ 165,224	-	\$ 69,784	\$ 14,665,381
2012	10,561,257	2,614,512	-	289,770	445,920	95,354	-	57,122	14,063,935
2011	10,548,439	2,558,209	-	300,823	475,995	109,777	-	75,122	14,068,365
2010	9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
2009	10,097,051	2,683,336	324,603	306,766	276,176	159,537	-	65,058	13,912,527
2008	9,869,179	2,890,586	357,262	281,464	201,203	201,608	-	-	13,801,302
2007	8,781,315	2,555,696	153,199	382,290	223,727	276,472	19,542	-	12,392,241
2006	8,201,124	2,402,247	-	476,527	232,757	207,670	33,792	-	11,554,117
2005	6,386,661	2,258,289	-	474,912	231,477	162,805	31,204	-	9,545,348
2004	6,330,673	2,217,895	-	477,800	224,999	106,792	47,294	-	9,405,453

(1) Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commnowealth representing the respective share of the communication taxes.

(2) Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

COUNTY OF PRINCE EDWARD, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2013	\$ 1,576,717,255	\$ 104,873,820	\$ 9,574,543	\$ 623,875
2012	1,566,410,640	101,614,604	9,646,985	706,975
2011	1,554,835,140	99,133,100	9,618,210	791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925
2009	1,042,385,745	104,258,239	12,209,314	879,950
2008	1,068,933,045	94,814,825	12,224,444	1,058,750
2007	1,024,107,050	93,758,150	11,698,180	1,714,300
2006	997,370,300	89,093,880	11,629,405	1,653,500
2005	959,147,690	78,767,055	12,733,114	4,208,100
2004	946,718,690	81,415,295	12,963,864	4,890,600

(1) Real estate and personal property are assessed at 100% of fair market value.

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

Source: Commissioner of Revenue

Table 7

	Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	54,574,800	\$ 83,433,739	\$ 1,829,798,032	\$ 1,829,798,032	100.00%
	59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%
	60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%
	65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%
	50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%
	64,869,815	46,056,568	1,287,957,447	1,287,957,447	100.00%
	62,842,849	47,870,560	1,241,991,089	1,241,991,089	100.00%
	52,094,300	58,424,956	1,210,266,341	1,204,266,341	100.00%
	49,215,525	59,024,452	1,163,095,936	1,163,095,936	100.00%
	49,462,150	64,434,722	1,159,885,321	1,159,885,321	100.00%

Property Tax Rates (1)
 Direct Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2013	\$ 0.42	\$ 4.50	\$ 0.42	\$ 4.20	\$ 0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70
2009	0.57	4.50	0.57	4.20	0.70
2008	0.57	4.50	0.57	4.20	0.70
2007	0.50	4.20	0.50	4.20	0.70
2006	0.50	4.20	0.50	4.20	0.70
2005	0.43	3.20	0.43	3.20	0.70
2004	0.43	3.20	0.43	3.20	0.70

(1) Per \$100 of assessed value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2013	\$ 12,257,922	\$ 11,704,121	95.48%	\$ 550,481	\$ 12,254,602	99.97%	\$ 2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%
2008	11,278,872	10,651,203	94.44%	277,008	10,928,211	96.89%	730,041	6.47%
2007	9,946,229	9,704,342	97.57%	215,446	9,919,788	99.73%	669,701	6.73%
2006	9,565,060	9,100,303	95.14%	316,083	9,416,386	98.45%	572,612	5.99%
2005	7,479,811	7,186,612	96.08%	271,698	7,458,310	99.71%	317,312	4.24%
2004	7,543,391	7,205,591	95.52%	238,777	7,444,368	98.69%	388,357	5.15%

(1) Exclusive of penalties and interest. Includes personal property tax relief funds.

(2) Includes twenty years real estate and four years personal property taxes.

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2013		Fiscal Year 2004	
	2012 Assessed Valuation	% of Total Assessed Valuation	2003 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$ 4,549,700	0.25%	\$ 2,921,700	0.25%
Southside Community Nursing	17,362,500	0.95%	9,636,700	0.83%
Statewide Realty Co.	2,209,800	0.12%	2,386,300	0.21%
Southgate Associates II	5,731,200	0.31%	4,505,100	0.39%
Wright, Shelton	3,909,900	0.21%	1,534,400	0.13%
Davis Real Properties LLC	4,392,300	0.24%	4,463,500	0.38%
Garnett, James	2,101,900	0.11%	1,546,600	0.13%
Landon G. Atkins Revocable Trust	356,000	0.02%	1,329,000	0.11%
Longwood Village Shopping Center	7,742,700	0.42%	6,832,300	0.59%
Farmville Partners, LLC	6,462,900	0.35%	-	0.00%
	<u>\$ 54,818,900</u>	<u>3.00%</u>	<u>\$ 35,155,600</u>	<u>3.03%</u>

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases	Other Notes/Bonds			
2013	\$ 7,297,699	\$ -	\$ 5,427,677	\$ -	\$ 4,503,541	\$ 17,228,917	5.10%	879
2012	8,028,021	-	5,668,629	-	4,661,803	18,358,453	3.68%	781
2011	5,157,837	-	7,696,025	-	3,750,000	16,603,862	4.10%	742
2010	5,778,724	-	8,181,343	-	2,500,000	16,460,067	4.06%	736
2009	6,426,063	-	8,552,832	-	1,281,482	16,260,377	4.01%	745
2008	7,890,333	52,500	5,296,677	-	-	13,239,510	3.49%	623
2007	8,654,633	105,000	4,036,409	-	-	12,796,042	3.37%	614
2006	9,380,224	157,500	2,444,551	-	-	11,982,275	4.44%	587
2005	9,105,504	210,000	1,764,512	13,536	-	11,093,552	3.01%	581
2004	9,852,024	262,500	1,850,708	30,819	-	11,996,051	3.48%	615

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2013	\$ 9,414,556	\$ 780,277	\$ 8,634,279	0.47%	441
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	438
2010	11,170,767	406,089	10,764,678	0.61%	481
2009	12,049,678	301,790	11,747,888	0.94%	538
2008	10,059,690	174,097	9,885,593	0.77%	453
2007	10,876,490	69,227	10,807,263	0.87%	508
2006	11,982,275	-	11,982,275	0.96%	575
2005	11,080,017	-	11,080,017	0.95%	580
2004	11,965,235	-	11,965,235	1.03%	614

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, and Literary Fund Loans; excludes revenue bonds, capital leases, OPEB liability, landfill closure liabilities, early retirement obligation, notes payable, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemployment Rate
2013	23,238	\$ 498,422,000	\$ 21,449	30.9	2,282	4.00%
2012	23,518	498,422,000	21,193	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%
2008	21,254	379,316,000	18,557	31.9	2,548	6.20%
2007	20,846	379,316,000	18,557	31.9	2,577	5.20%
2006	19,100	368,157,000	17,971	31.5	2,621	5.20%
2005	19,500	344,234,000	17,653	31.5	2,617	3.90%
2004	19,600	338,059,000	17,248	31.5	2,624	3.40%

Source: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

(1) Information is not updated annually

(2) School enrollment includes pre-K

COUNTY OF PRINCE EDWARD, VIRGINIA

Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008
General government administration	18.0	18.0	19.0	17.0	17.0
Judicial administration	19.0	21.0	23.0	25.0	25.0
Public safety					
Sheriffs department	25.0	25.0	26.0	30.5	30.5
Animal control	2.0	2.0	2.0	2.0	2.0
Building official	-	-	-	2.0	2.0
Public works					
General maintenance	7.0	7.0	7.0	7.5	7.5
Refuse Collection & Disposal	2.0	2.0	2.0	15.5	15.5
Biosolids	-	-	-	1.0	1.0
Health and welfare					
Department of social services	31.0	30.0	31.0	31.0	31.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	1.0	1.0	1.0	-	-
Economic Development	1.0	1.0	1.0	1.5	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	-	-	-	1.0	1.0
Totals	108.5	109.5	114.5	137.5	138.0

Source: Individual County departments

Table 14

2009	2010	2011	2012	2013
17.0	17.0	17.0	18.0	18.0
25.0	22.5	22.5	22.5	22.5
30.5	31.0	31.0	32.0	32.0
2.0	2.0	2.0	1.5	1.5
2.0	2.0	2.0	2.0	2.0
7.5	6.5	6.5	6.5	6.5
15.5	13.0	13.0	13.0	13.0
1.0	1.0	1.0	1.0	1.0
31.0	32.0	32.0	32.0	32.0
-	-	-	-	-
-	-	-	-	-
2.0	2.0	2.0	2.0	2.0
2.0	2.0	2.0	2.0	2.0
1.5	1.5	1.5	1.5	1.5
1.0	1.0	1.0	1.0	1.0
<u>138.0</u>	<u>133.5</u>	<u>133.5</u>	<u>135.0</u>	<u>135.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2004	2005	2006	2007	2008
Public safety					
Sheriffs department:					
Physical arrests	628.0	825.0	1,167.0	1,127.0	1,629.0
Civil papers	13,894.0	9,982.0	9,660.0	9,700.0	7,718.0
Building inspections:					
Permits issued (2)	360.0	322.0	430.0	416.0	558.0
Public works					
Landfill:					
Refuse collected (tons/day)	90.0	70.5	76.9	91.0	89.0
Recycling (tons/day)	9.3	10.3	12.0	11.0	9.0
Health and welfare					
Department of Social Services:					
Caseload	4,735.0	5,194.0	5,114.0	5,298.0	7,065.0
Community development					
Planning:					
Zoning permits issued	-	266.0	246.0	242.0	194.0
Component Unit - School Board					
Education:					
Number of teachers	211.0	232.0	238.0	229.5	235.7
Local expenditures per pupil	-	-	2,506.2	2,623.0	2,840.0

Source: Individual County departments

(1) Information has been reported where available.

(2) The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2009	2010	2011	2012	2013
2,164.0	1,396.0	1,325.0	335.0	353.0
9,890.0	9,124.0	8,812.0	8,994.0	8,664.0
784.0	642.0	438.0	434.0	453.0
80.0	78.0	71.0	85.0	77.0
13.0	13.0	39.0	9.0	4.3
8,100.0	8,817.0	8,058.0	7,548.0	8,162.0
119.0	112.0	93.0	75.0	67.0
228.0	224.0	224.0	214.0	214.0
2,718.0	2,858.0	2,927.0	3,359.0	3,707.0

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Compliance

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

**To the Board of Supervisors County of Prince Edward, Virginia
County of Prince Edward, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated February 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Prince Edward, 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 Prince Edward, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Prince Edward, Virginia's internal control.

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

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

Compliance and Other Matters

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

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 Cox Associates
Charlottesville, Virginia
February 4, 2014

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Supervisors of Prince Edward County
County of Prince Edward, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Prince Edward, 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 Prince Edward, 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 Prince Edward, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Prince Edward, 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 Prince Edward, 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 Prince Edward, 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 Prince Edward, 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, Farmer Cox Associates
(Charlottesville, Virginia)
February 4, 2014

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster 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	0950111/0950112	\$ 5,782
Temporary Assistance to Needy Families (TANF)	93.558	0400111/0400112	254,144
Refugee and Entrant Assistance - state administered programs	93.566	0500111/0500112	977
Low-income Home Energy Assistance	93.568	0600411/0600412	22,411
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	32,884
Chafee Education and Training Vouchers Program	93.599	09160109	1,471
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900111/0900112	991
Foster Care - Title IV-E	93.658	1100111/1100112	92,168
Adoption Assistance	93.659	1120110/1120111	103,490
Social Services Block Grant	93.667	1000111/1000112	144,486
Chafee Foster Care Independence Program	93.674	9150111/9150112	1,652
Children's Health Insurance Program	93.767	1100111/1100112	8,331
Medical Assistance Program	93.778	1200111/1200112	202,951
Total Department of Health and Human Services			\$ 871,738
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	10.555/2011/2012	\$ 74,306
Department of Education:			
National School Lunch Program - Child Nutrition Cluster	10.555	10.555/2011/2012	605,105
Subtotal CFDA 10.555			\$ 679,411
School Breakfast Program	10.553	10.553/2011/2012	203,502
Summer Food Service Program for Children	10.559	10.559/2011/2012	830
Fresh Fruits and Vegetables Program	10.582	10.582/2012/2011	55,301
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010111/0010112	339,732
Total Department of Agriculture			\$ 1,278,776

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Defense			
Direct Payments			
JROTC	12.900	N/A	\$ <u>3,508</u>
Department of Transportation:			
Pass through payments:			
Department of Motor Vehicles:			
Highway Planning and Construction	20.205	Unknown	\$ 30,432
State and Community Highway Safety	20.600	SC2010501093729	4,515
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Unknown	4,327
Alcohol Open Container Requirements	20.607	154AL 10 50100	<u>14,695</u>
Total Department of Transportation			\$ <u>53,969</u>
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grant	97.042	Unknown	\$ <u>9,436</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, part A Cluster:			
Title I - Grants to Local Educational Agencies	84.010	S010A090046	\$ 1,159,015
Title I - State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A100046	4,940
Special Education Cluster:			
Special Education Grants to States	84.027	H027A090107	832,825
Special Education-Preschool Grants	84.173	H173A100112	19,636
School Improvement Cluster:			
School Improvement Grants	84.377	S377A080047	40,000
ARRA - School Improvement Grants	84.388	S388A090047	461,895
Career and Technical Education Basic Grants to States	84.048	V048A100046	60,933
Twenty-First Century Community Learning Centers	84.287	S287C090047	39,528
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	8,699
Rural Education	84.358	S358B100046	47,854
Improving Teacher Quality State Grants	84.367	S367A090044	<u>322,957</u>
Total Department of Education			\$ <u>2,998,282</u>
Total Expenditures of Federal Awards			\$ <u><u>5,215,709</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince Edward, 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 Prince Edward, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Prince Edward, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-81, *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 Donation

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

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 \$ 1,299,635

Less: Amounts not recorded on Schedule of Expenditures of Federal Awards

Payment in Lieu of Taxes (24,759)

Total primary government \$ 1,274,876

Component Unit School Board:

School Operating Fund \$ 3,001,790

School Cafeteria Fund 939,043

Total Component Unit School Board \$ 3,940,833

Total federal expenditures per basic financial statements \$ 5,215,709

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 5,215,709

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
84.367	Improving Teacher Quality State Grants
84.377 / 84.388	School Improvement Grants Cluster
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

There are no prior year audit findings.