

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

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

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## INTRODUCTORY SECTION

## COUNTY OF WYTHE, VIRGINIA

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### BOARD OF SUPERVISORS

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Gary M. Houseman, Vice Chair Joe E. Hale Coy L. McRoberts	Danny C. McDaniel, Chair  R. Cellell Dalton, Clerk	Arthur "Artie" E. Hall Timothy A. Reeves, Sr. B. G. "Gene" Horney, Jr.
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### COUNTY SCHOOL BOARD

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Patricia S. Hines Walter C. White David W. Martin	Chalmer L. Frye, Chair  Sara F. Dickens, Clerk	William S. Kidd, Vice Chair Deborah M Crigger Stephen R. Sage
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### SOCIAL SERVICES BOARD

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Dan Challgren Nancy Jackson	Kenny Johnson, Chair  Lewis Lafon, Clerk	Rose M. Lester Danny C. McDaniel
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### OTHER OFFICIALS

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

## FINANCIAL SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

### *Report on the Financial Statements*

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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



## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule 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.

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

### *Other Information*

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

The other supplementary information and supporting schedules 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 supporting schedules 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.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of the County of Wythe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Wythe, Virginia's internal control over financial reporting and compliance.

*Robinson, Jarner, Cox Associates*

Blacksburg, Virginia  
November 12, 2013

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## Basic Financial Statements

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,694,106	\$ 4,960,270	\$ 39,654,376	\$ 3,215,737
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,068,153	-	1,068,153	-
Other local taxes	203,183	-	203,183	-
Accounts receivable	86,348	494,243	580,591	1,387
Due from other governmental units	1,528,693	5,269,628	6,798,321	1,336,434
Inventories	-	-	-	66,347
Prepaid items	21,555	-	21,555	63,016
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	890,549	694,547	1,585,096	-
Capital assets (net of accumulated depreciation):				
Land	2,742,336	218,005	2,960,341	708,696
Buildings and improvements	34,831,585	-	34,831,585	11,975,471
Machinery and equipment	2,709,352	15,437	2,724,789	2,907,225
Infrastructure	2,161,497	35,614,777	37,776,274	-
Construction in progress	14,052,235	4,301,921	18,354,156	-
Total assets	<u>94,989,592</u>	<u>51,568,828</u>	<u>146,558,420</u>	<u>20,274,313</u>
<b>LIABILITIES</b>				
Accounts payable	885,582	478,682	1,364,264	128,661
Retainage payable	79,041	132,671	211,712	-
Customer deposits	-	68,473	68,473	2,690,752
Accrued interest payable	353,780	123,570	477,350	-
Deposits held in escrow	16,000	-	16,000	-
Long-term liabilities:				
Due within one year	11,530,598	787,657	12,318,255	309,208
Due in more than one year	26,334,350	20,478,896	46,813,246	734,969
Total liabilities	<u>39,199,351</u>	<u>22,069,949</u>	<u>61,269,300</u>	<u>3,863,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes paid in advance	116,164	-	116,164	-
<b>NET POSITION</b>				
Net investment in capital assets	19,166,465	19,586,986	38,753,451	15,591,392
Restricted for:				
Law library	38,348	-	38,348	-
Property seizure	50,393	-	50,393	-
Courtroom security	359,009	-	359,009	-
Clerk's records grant	23,026	-	23,026	-
School cafeterias	-	-	-	512,518
Unrestricted	36,036,836	9,911,893	45,948,729	306,813
Total net position	<u>\$ 55,674,077</u>	<u>\$ 29,498,879</u>	<u>\$ 85,172,956</u>	<u>\$ 16,410,723</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,187,678	\$ 4,069	\$ 259,872	\$ -	\$ (923,737)	\$ -	\$ (923,737)
Judicial administration	1,119,156	11,441	863,608	-	(244,107)	-	(244,107)
Public safety	6,372,381	1,763,199	2,217,027	-	(2,392,155)	-	(2,392,155)
Public works	2,419,128	38,331	-	-	(2,380,797)	-	(2,380,797)
Health and welfare	6,468,123	-	4,586,509	-	(1,881,614)	-	(1,881,614)
Education	14,422,799	-	-	-	(14,422,799)	-	(14,422,799)
Parks, recreation, and cultural	610,551	75,559	5,000	-	(529,992)	-	(529,992)
Community development	787,448	-	23,000	23,980	(740,468)	-	(740,468)
Interest on long-term debt	1,284,699	-	-	-	(1,284,699)	-	(1,284,699)
Total governmental activities	\$ 34,671,963	\$ 1,892,599	\$ 7,955,016	\$ 23,980	\$ (24,800,368)	\$ -	\$ (24,800,368)
Business-type activities:							
Water and sewer	\$ 3,519,922	\$ 2,851,237	\$ -	\$ 2,258,638	\$ -	\$ 1,589,953	\$ 1,589,953
Total primary government	\$ 38,191,885	\$ 4,743,836	\$ 7,955,016	\$ 2,282,618	\$ (24,800,368)	\$ 1,589,953	\$ (23,210,415)
<b>COMPONENT UNIT:</b>							
School Board	\$ 41,634,192	\$ 1,058,088	\$ 26,784,779	\$ -	\$ -	\$ -	\$ (13,791,325)
General revenues:							
General property taxes					\$ 16,817,889	\$ -	\$ 16,817,889
Other local taxes:							
Local sales and use taxes					3,386,727	-	3,386,727
Consumers' utility taxes					625,480	-	625,480
Consumption tax					96,592	-	96,592
Motor vehicle licenses					279,372	-	279,372
Bank stock taxes					34,696	-	34,696
Taxes on recordation and wills					195,148	-	195,148
Hotel and motel room taxes					165,246	-	165,246
Restaurant food taxes					700,556	-	700,556
Unrestricted revenues from use of money and property					1,138,779	203,642	1,342,421
Miscellaneous					437,423	-	437,423
Payments from the County of Wythe					-	-	-
Grants and contributions not restricted to specific programs					2,568,029	-	2,568,029
Transfers					(1,183,494)	1,183,494	-
Total general revenues and transfers					\$ 25,262,443	\$ 1,387,136	\$ 26,649,579
Change in net position					\$ 462,075	\$ 2,977,089	\$ 3,439,164
Net position - beginning, as restated					\$ 55,212,002	\$ 26,521,790	\$ 81,733,792
Net position - ending					\$ 55,674,077	\$ 29,498,879	\$ 85,172,956

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,062,137	\$ 2,631,969	\$ 34,694,106
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	1,068,153	-	1,068,153
Other local taxes receivable	203,183	-	203,183
Accounts receivable	86,348	-	86,348
Due from other governmental units	1,528,693	-	1,528,693
Prepaid items	21,555	-	21,555
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	877,635	12,914	890,549
Total assets	<u>35,847,704</u>	<u>2,644,883</u>	<u>38,492,587</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	885,582	-	885,582
Retainage payable	79,041	-	79,041
Deposits held in escrow	16,000	-	16,000
Total liabilities	<u>980,623</u>	<u>-</u>	<u>980,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	<u>1,038,087</u>	<u>-</u>	<u>1,038,087</u>
<b>FUND BALANCES</b>			
Nonspendable	21,555	-	21,555
Restricted			
Law library	38,348	-	38,348
Property seizure	50,393	-	50,393
Construction projects	-	12,914	12,914
Courtroom security	359,009	-	359,009
Clerk's records grant	23,026	-	23,026
Committed for capital projects	-	2,631,969	2,631,969
Assigned for police activity	1,063,616	-	1,063,616
Unassigned	<u>32,273,047</u>	<u>-</u>	<u>32,273,047</u>
Total fund balances	<u>33,828,994</u>	<u>2,644,883</u>	<u>36,473,877</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,847,704</u>	<u>\$ 2,644,883</u>	<u>\$ 38,492,587</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	36,473,877
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	2,742,336	
Buildings and improvements		34,831,585	
Infrastructure		2,161,497	
Machinery and equipment		2,709,352	
Construction in progress		<u>14,052,235</u>	
			56,497,005

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

Unavailable revenue - property taxes	\$	<u>921,923</u>	
			921,923

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

General obligation bonds	\$	(36,895,038)	
Accrued interest payable		(353,780)	
Unamortized bond premium		(369,375)	
Landfill postclosure liability		(69,624)	
Compensated absences		(273,811)	
Net OPEB obligation		<u>(257,100)</u>	
			(38,218,728)

Net position of governmental activities	\$	<u><u>55,674,077</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 17,063,127	\$ -	\$ 17,063,127
Other local taxes	5,483,817	-	5,483,817
Permits, privilege fees, and regulatory licenses	76,747	-	76,747
Fines and forfeitures	1,486,658	-	1,486,658
Revenue from the use of money and property	1,008,847	129,932	1,138,779
Charges for services	287,156	42,038	329,194
Miscellaneous	191,003	246,420	437,423
Recovered costs	718,060	-	718,060
Intergovernmental revenues:			
Commonwealth	8,369,801	3,333	8,373,134
Federal	2,173,891	-	2,173,891
Total revenues	<u>36,859,107</u>	<u>421,723</u>	<u>37,280,830</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	1,681,639	-	1,681,639
Judicial administration	1,118,560	-	1,118,560
Public safety	6,711,245	-	6,711,245
Public works	2,127,453	-	2,127,453
Health and welfare	6,542,255	-	6,542,255
Education	13,649,330	-	13,649,330
Parks, recreation, and cultural	628,288	-	628,288
Community development	588,539	-	588,539
Capital projects	5,419,447	-	5,419,447
Debt service:			
Principal retirement	5,165,301	-	5,165,301
Interest and other fiscal charges	1,416,762	-	1,416,762
Total expenditures	<u>45,048,819</u>	<u>-</u>	<u>45,048,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,189,712)</u>	<u>421,723</u>	<u>(7,767,989)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,596,803	-	4,596,803
Transfers out	-	(5,780,297)	(5,780,297)
Sale of capital assets	10,718	-	10,718
Total other financing sources (uses)	<u>4,607,521</u>	<u>(5,780,297)</u>	<u>(1,172,776)</u>
Net change in fund balances	(3,582,191)	(5,358,574)	(8,940,765)
Fund balances - beginning	37,411,185	8,003,457	45,414,642
Fund balances - ending	<u>\$ 33,828,994</u>	<u>\$ 2,644,883</u>	<u>\$ 36,473,877</u>

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



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

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

Net change in fund balances - total governmental funds	\$	(8,940,765)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$	6,092,042	
Depreciation expenses		<u>(1,627,439)</u>	
			4,464,603

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			(28,453)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			535,162
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Debt issued or incurred:			
Increase in accrued landfill closure/postclosure liability	\$	(1,164)	
Principal repayments:			
General obligation bonds		<u>5,165,301</u>	
			5,164,137

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Decrease (increase) in compensated absences	\$	(29,872)	
Decrease (increase) in accrued interest payable		101,435	
Amortization of bond premium		30,628	
(Increase) decrease in net OPEB obligation		<u>(54,400)</u>	
			47,791

Change in net position of governmental activities	\$	<u>1,242,475</u>
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The notes to the financial statements are an integral part of this statement.

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,940,614	\$ 2,019,656	\$ 4,960,270
Accounts receivable	241,695	252,548	494,243
Due from other governmental units	5,269,628	-	5,269,628
Restricted current assets:			
Cash and cash equivalents (in custody of others)	694,547	-	694,547
Total current assets	<u>9,146,484</u>	<u>2,272,204</u>	<u>11,418,688</u>
Noncurrent assets:			
Capital assets:			
Land	211,245	6,760	218,005
Utility plant in service	23,118,263	23,666,848	46,785,111
Machinery and equipment	99,912	30,740	130,652
Accumulated depreciation	(5,901,551)	(5,383,998)	(11,285,549)
Construction in progress	3,011,721	1,290,200	4,301,921
Total capital assets	<u>20,539,590</u>	<u>19,610,550</u>	<u>40,150,140</u>
Total noncurrent assets	<u>20,539,590</u>	<u>19,610,550</u>	<u>40,150,140</u>
Total assets	<u>29,686,074</u>	<u>21,882,754</u>	<u>51,568,828</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	413,976	64,706	478,682
Retainage payable	127,093	5,578	132,671
Customers' deposits	52,898	15,575	68,473
Accrued interest payable	108,900	14,670	123,570
Compensated absences - current portion	5,417	1,222	6,639
Bonds payable - current portion	404,439	376,579	781,018
Total current liabilities	<u>1,112,723</u>	<u>478,330</u>	<u>1,591,053</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	1,806	407	2,213
Bonds payable - net of current portion	13,195,860	7,280,823	20,476,683
Total noncurrent liabilities	<u>13,197,666</u>	<u>7,281,230</u>	<u>20,478,896</u>
Total liabilities	<u>14,310,389</u>	<u>7,759,560</u>	<u>22,069,949</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,633,838	11,953,148	19,586,986
Unrestricted	7,741,847	2,170,046	9,911,893
Total net position	<u>\$ 15,375,685</u>	<u>\$ 14,123,194</u>	<u>\$ 29,498,879</u>

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

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

	Enterprise Funds		Total
	Water Department	Sewer Department	
<b>OPERATING REVENUES</b>			
Charges for services:			
Water and sewer billings	\$ 1,415,270	\$ 1,435,967	\$ 2,851,237
Total operating revenues	<u>1,415,270</u>	<u>1,435,967</u>	<u>2,851,237</u>
<b>OPERATING EXPENSES</b>			
Personnel services	250,555	63,925	314,480
Fringe benefits	79,311	22,820	102,131
Professional services	37,403	74,958	112,361
Operating expenses	344,920	230,189	575,109
Purchase of water - regional plant	557,816	-	557,816
Depreciation	570,093	593,900	1,163,993
Total operating expenses	<u>1,840,098</u>	<u>985,792</u>	<u>2,825,890</u>
Operating income (loss)	<u>(424,828)</u>	<u>450,175</u>	<u>25,347</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	98,689	104,953	203,642
Interest expense	(295,193)	(398,839)	(694,032)
Total nonoperating revenues (expenses)	<u>(196,504)</u>	<u>(293,886)</u>	<u>(490,390)</u>
Income before contributions and transfers	<u>(621,332)</u>	<u>156,289</u>	<u>(465,043)</u>
Capital contributions and construction grants	2,258,638	-	2,258,638
Transfers in	1,224,540	-	1,224,540
Transfers out	(20,523)	(20,523)	(41,046)
Change in net position	<u>2,841,323</u>	<u>135,766</u>	<u>2,977,089</u>
Total net position - beginning, as restated	12,534,362	13,987,428	26,521,790
Total net position - ending	<u>\$ 15,375,685</u>	<u>\$ 14,123,194</u>	<u>\$ 29,498,879</u>

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

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,284,108	\$ 1,341,388	\$ 2,625,496
Payments to suppliers	(610,201)	(326,088)	(936,289)
Payments to and for employees	(332,995)	(85,736)	(418,731)
Net cash provided by (used for) operating activities	<u>340,912</u>	<u>929,564</u>	<u>1,270,476</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(20,523)	(20,523)	(41,046)
Transfers from other funds	1,224,540	-	1,224,540
Net cash provided by (used for) noncapital financing activities	<u>1,204,017</u>	<u>(20,523)</u>	<u>1,183,494</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital asset additions	(3,197,187)	(1,082,333)	(4,279,520)
Construction grants	2,663,714	-	2,663,714
Principal payments on bonds	(2,348,328)	(3,948,568)	(6,296,896)
Proceeds from indebtedness	1,394,107	1,100,574	2,494,681
Interest payments	(306,592)	(391,711)	(698,303)
Net cash provided by (used for) capital and related financing activities	<u>(1,794,286)</u>	<u>(4,322,038)</u>	<u>(6,116,324)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	98,689	104,953	203,642
Net cash provided by (used for) investing activities	<u>98,689</u>	<u>104,953</u>	<u>203,642</u>
Net increase (decrease) in cash and cash equivalents	(150,668)	(3,308,044)	(3,458,712)
Cash and cash equivalents - beginning (including \$694,547 of restricted deposits)	3,785,829	5,327,700	9,113,529
Cash and cash equivalents - ending (including \$694,547 of restricted deposits)	<u>\$ 3,635,161</u>	<u>\$ 2,019,656</u>	<u>\$ 5,654,817</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (424,828)	\$ 450,175	\$ 25,347
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	570,093	593,900	1,163,993
(Increase) decrease in accounts receivable	(132,814)	(94,629)	(227,443)
Increase (decrease) in customer deposits	1,652	50	1,702
Increase (decrease) in operating accounts payable	399,734	(22,975)	376,759
Increase (decrease) in retainage payable	(69,796)	2,034	(67,762)
Increase (decrease) in compensated absences	(3,129)	1,009	(2,120)
Total adjustments	<u>765,740</u>	<u>479,389</u>	<u>1,245,129</u>
Net cash provided by (used for) operating activities	<u>\$ 340,912</u>	<u>\$ 929,564</u>	<u>\$ 1,270,476</u>

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

County of Wythe, Virginia  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2013

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 32,778
Total assets	<u>\$ 32,778</u>
 <b>LIABILITIES</b>	
Amounts held for social services clients	\$ 32,778
Total liabilities	<u>\$ 32,778</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

A. Financial Reporting Entity:

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

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

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

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

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

Jointly Governed Organizations - The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2013, the County contributed \$281,150 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2013, the County contributed \$62,000 to the Airport.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

B. Government-wide and fund financial statements:

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

The County reports the following major capital projects funds:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$256,031 at June 30, 2013 and is comprised solely of property taxes.

5. Use of Estimates

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

6. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for 2013.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

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

7. Compensated Absences

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

8. Long-term Obligations

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

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

9. Net Position

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

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

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

10. Deferred Outflows/Inflows of Resources (Continued)

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

11. Fund Equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in a governmental fund. The County reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County of Wythe, Virginia evaluated its funds and classified fund balance into the following five categories:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

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

12. Net Position Flow Assumption

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

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and 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.

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Due to the implementation of this standard, beginning net position was restated to remove unamortized bond issuance costs as detailed in Note 18.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

B. Excess of expenditures over appropriations

For fiscal year 2013, the County's Treasurer's department expenditures exceeded appropriations by \$550.

C. Deficit fund equity

At June 30, 2013, there were no funds with deficit fund equity.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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Note 3-Deposits and Investments:

Deposits:

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

Investments:

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2013 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2013 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
First American Prime Obligation Fund	\$ 770,047
Wells Fargo Advantage MM Fund	1,132,869
SNAP	12,914

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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Note 3-Deposits and Investments: (Continued)

Investments: (Continued)

Concentration of Credit Risk

At June 30, 2013, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

There are no interest rate risk disclosures required for the year ended June 30, 2013.

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Local Government:</u>		
New River Valley Regional Water Authority	\$ 2,692,602	\$ -
Town of Wytheville	2,202,998	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	571,891	-
Local communication tax	123,385	-
State sales tax	-	695,506
Categorical aid	240,546	-
Non-categorical aid	69,600	-
Virginia public assistance funds	105,848	-
Community services act	214,782	-
<u>Federal Government:</u>		
Virginia public assistance funds	147,487	-
Categorical aid	429,182	-
School grants	-	640,928
	<hr/>	<hr/>
Totals	\$ 6,798,321	\$ 1,336,434



COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 5-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>
Primary Government:		
General Fund	\$ 4,596,803	\$ -
County Capital Projects Fund	-	5,780,297
Water Fund	1,224,540	20,523
Sewer Fund	-	20,523
Total	<u>\$ 5,821,343</u>	<u>\$ 5,821,343</u>

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

Note 6-Long-Term Obligations:

Primary Government - Governmental Activity Obligations:

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

	<u>Balance July 1, 2012</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2013</u>
General obligation bonds	\$ 42,060,339	\$ -	\$ (5,165,301)	\$ 36,895,038
GO bond premium	400,003	-	(30,628)	369,375
Landfill postclosure liability	68,460	1,164	-	69,624
Compensated absences	243,939	212,526	(182,654)	273,811
Net OPEB obligation	202,700	65,300	(10,900)	257,100
Total	<u>\$ 42,975,441</u>	<u>\$ 278,990</u>	<u>\$ (5,389,483)</u>	<u>\$ 37,864,948</u>

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activity Obligations: (Continued)

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2014	\$ 11,325,240	\$ 1,272,168
2015	1,763,325	1,044,384
2016	1,807,014	968,632
2017	1,780,213	891,508
2018	1,824,246	813,625
2019-2023	9,739,835	2,841,031
2024-2028	5,449,995	1,150,315
2029-2033	3,205,170	215,398
Totals	\$ 36,895,038	\$ 9,197,061

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activity Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds						
GO bond	5.29%	1/29/2001	2016	\$ 700,000	\$ 186,076	\$ 59,073
GO bond	3.1-5.35%	11/6/2003	2024	7,435,478	4,374,699	364,599
VPSA GO bond	2.35-5.1%	11/7/2002	2023	9,209,707	4,863,970	449,872
VPSA GO bond	4.255%-5.1%	10/24/2006	2027	3,593,557	2,618,946	171,363
GO bond	2%-4%	3/15/2010	2018	1,600,000	1,045,000	195,000
GO bond	2.75%	3/18/2012	2033	10,000,000	9,651,728	390,069
GO bond*	4.10%	3/15/2010	2030	3,440,000	3,440,000	-
Rural Development GO bond	3.75%	12/29/2010	2023	1,351,280	1,114,619	95,264
Public Improvement Note	CP rate + 1.05%	7/8/2010	2013	9,830,000	9,600,000	9,600,000
Total General Obligation Bonds					<u>\$ 36,895,038</u>	<u>\$ 11,325,240</u>
Add: Unamortized premium on						
\$7,435,478 GO bond	n/a	11/6/2003	2024	476,903	\$ 249,182	\$ -
\$3,593,557 GO bond	n/a	10/24/2006	2027	102,414	71,690	-
\$1,600,000 GO bond	n/a	3/15/2010	2018	57,063	48,503	-
Total Unamortized premiums					<u>\$ 369,375</u>	<u>\$ -</u>
Total General Obligation Bonds and unamortized premiums					<u>\$ 37,264,413</u>	<u>\$ 11,325,240</u>
* Build America Bonds - effective yield						
Other Obligations:						
Landfill Postclosure Liability	n/a	n/a	n/a	n/a	\$ 69,624	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	273,811	205,358
Net OPEB Obligation	n/a	n/a	n/a	n/a	257,100	-
Total Other Obligations					<u>\$ 600,535</u>	<u>\$ 205,358</u>
Total Long-term obligations					<u>\$ 37,864,948</u>	<u>\$ 11,530,598</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 6-Long-Term Obligations: (Continued)

Primary Government - Enterprise Activity Obligations:

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

	<u>Balance July 1, 2012</u>	<u>Increase/ Issuances</u>	<u>Decrease/ Retirements</u>	<u>Balance June 30, 2013</u>
General obligation and revenue bonds	\$ 25,071,811	\$ 2,494,681	\$ (6,296,896)	\$ 21,269,596
General obligation bond discount	(12,810)	-	915	(11,895)
Compensated absences	10,972	6,109	(8,229)	8,852
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 25,069,973</u>	<u>\$ 2,500,790</u>	<u>\$ (6,304,210)</u>	<u>\$ 21,266,553</u>

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

<u>Year Ending June 30,</u>	<u>General Obligation and Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 781,018	\$ 723,675
2014	822,327	711,946
2015	860,375	664,798
2016	895,329	632,744
2017	925,669	599,486
2018-2022	5,189,247	2,438,976
2023-2027	4,457,998	1,412,715
2028-2032	1,942,149	953,049
2033-2037	1,832,794	634,690
2038-2042	1,408,505	389,582
2043-2047	1,327,929	204,751
2048-2052	826,256	42,960
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 21,269,596</u>	<u>\$ 9,409,372</u>

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 6-Long-Term Obligations: (Continued)

Primary Government - Enterprise Activity Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
General Obligation and Revenue Bonds						
VRA revenue bond (interest imputed)	5.00%	2004	2025	\$ 110,100	\$ 62,876	\$ 5,239
VRA revenue bond	0.00%	5/15/2012	2015	1,369,871	1,194,354	68,493
Rural Development Bond	4.50%	7/24/1997	2037	2,521,100	1,998,608	50,306
Rural Development Bond	4.50%	10/31/2002	2042	497,100	437,928	7,904
Rural Development Bond	4.50%	10/31/2002	2042	547,700	482,543	8,703
Rural Development Bond	4.125%	6/23/2010	2040	1,511,260	1,494,101	17,378
Rural Development Bond*	2.375%	3/31/2010	2040	1,100,000	398,658	6,935
Rural Development Bond	2.375%	6/29/2011	2051	640,000	638,500	10,607
Rural Development Bond	2.375%	6/14/2011	2051	3,316,000	3,311,253	54,864
Rural Development Bond	2.375%	8/11/2010	2040	1,065,000	858,314	23,047
Rural Development Bond	2.125%	11/16/2012	2052	1,374,000	1,374,000	-
GO Bond	3.5-4.5%	1/5/2006	2026	\$ 6,180,000	4,605,000	275,000
GO Bond	4.36%	12/15/2005	2026	5,900,000	4,413,461	252,542
Less: Unamortized GO Bond discount					(11,895)	-
Total General Obligation and Revenue Bonds					<u>\$ 21,257,701</u>	<u>\$ 781,018</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 8,852	\$ 6,639
Total Other Obligations					<u>\$ 8,852</u>	<u>\$ 6,639</u>
Total Long-term obligations					<u>\$ 21,266,553</u>	<u>\$ 787,657</u>

\* Loan issued by Carroll County PSA in the amount of \$5,000,000 with an underlying agreement that Wythe County is responsible for 7.9737% of such loan.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 7-Long-Term Obligations - Component Unit:

Discretely Presented Component Unit – School Board Obligations:

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Compensated absences	\$ 370,729	\$ 319,595	\$ (278,047)	\$ 412,277
Net OPEB Obligation	528,500	280,800	(177,400)	631,900
 Total	 \$ 899,229	 \$ 600,395	 \$ (455,447)	 \$ 1,044,177

Details of long-term obligations:

	<u>Interest</u> <u>Rates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Amount of</u> <u>Original</u> <u>Issue</u>	<u>Balance</u> <u>Governmental</u> <u>Activities</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 412,277	\$309,208
Net OPEB Obligation	n/a	n/a	n/a	n/a	631,900	-
 Total Long-term obligations					 \$ 1,044,177	 \$309,208

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service. 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 5 years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.

Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

A. Plan Description (continued)

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

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

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% 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 of Wythe, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Wythe, Virginia's contribution rate for the fiscal year ended 2013 was 7.34% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% 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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2013 was 10.77% of annual covered payroll.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

C. Annual Pension Cost

For fiscal year 2013, the County of Wythe, Virginia's and School Board's annual pension costs of \$435,959 and \$125,585 were equal to the County of Wythe, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

	Three-Year Trend Information			
	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2013	\$ 435,959	100.00%	\$ -
	6/30/2012	392,063	100.00%	-
	6/30/2011	375,921	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2013	\$ 125,585	100.00%	\$ -
	6/30/2012	138,525	100.00%	-
	6/30/2011	135,594	100.00%	-

<sup>1</sup> Employer portion only

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial values of the County's and School Board's assets are 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

Primary Government:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 80.79% funded. The actuarial accrued liability for benefits was \$28,886,697, and the actuarial value of assets was \$23,336,602, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,550,095. The covered payroll (annual payroll of active employees covered by the plan) was \$5,537,675, and ratio of the UAAL to the covered payroll was 100.22%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

D. Funded Status and Funding Progress (Continued)

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

As of June 30, 2012, the most recent actuarial valuation date, the plan was 73.42% funded. The actuarial accrued liability for benefits was \$6,324,338, and the actuarial value of assets was \$4,643,306, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,681,032. The covered payroll (annual payroll of active employees covered by the plan) was \$1,539,453, and ratio of the UAAL to the covered payroll was 109.20%.

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 for benefits.

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

Plan Description

The Wythe County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$2,372,402, \$1,215,732, and \$726,104 for the fiscal years ended 2013, 2012, and 2011, respectively. Required employer contributions represented 11.66%, 6.33%, and 3.93% of covered payroll for 2013, 2012 and 2011, respectively.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 9-Capital Assets:

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

Primary Government:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,742,336	\$ -	\$ -	\$ 2,742,336
Construction in progress	13,289,819	5,234,074	(4,471,658)	14,052,235
Total capital assets not being depreciated	<u>\$ 16,032,155</u>	<u>\$ 5,234,074</u>	<u>\$ (4,471,658)</u>	<u>\$ 16,794,571</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 39,194,766	\$ 4,471,658	\$ -	\$ 43,666,424
Infrastructure	3,322,389	-	-	3,322,389
Machinery and equipment	5,495,862	857,968	(565,893)	5,787,937
Total capital assets being depreciated	<u>\$ 48,013,017</u>	<u>\$ 5,329,626</u>	<u>\$ (565,893)</u>	<u>\$ 52,776,750</u>
Accumulated depreciation:				
Buildings and improvements	\$ (7,834,269)	\$ (1,000,570)	\$ -	\$ (8,834,839)
Infrastructure	(994,236)	(166,656)	-	(1,160,892)
Machinery and equipment	(3,155,812)	(460,213)	537,440	(3,078,585)
Total accumulated depreciation	<u>\$ (11,984,317)</u>	<u>\$ (1,627,439)</u>	<u>\$ 537,440</u>	<u>\$ (13,074,316)</u>
Total capital assets being depreciated, net	<u>\$ 36,028,700</u>	<u>\$ 3,702,187</u>	<u>\$ (28,453)</u>	<u>\$ 39,702,434</u>
Governmental activities capital assets, net	<u>\$ 52,060,855</u>	<u>\$ 8,936,261</u>	<u>\$ (4,500,111)</u>	<u>\$ 56,497,005</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 9-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 218,005	\$ -	\$ -	\$ 218,005
Construction in progress	5,222,424	4,281,520	(5,202,023)	4,301,921
Total capital assets not being depreciated	<u>\$ 5,440,429</u>	<u>\$ 4,281,520</u>	<u>\$ (5,202,023)</u>	<u>\$ 4,519,926</u>
Capital assets, being depreciated:				
Utility plant in service	\$ 41,585,088	\$ 5,200,023	\$ -	\$ 46,785,111
Machinery and equipment	169,471	-	(38,819)	130,652
Total capital assets being depreciated	<u>\$ 41,754,559</u>	<u>\$ 5,200,023</u>	<u>\$ (38,819)</u>	<u>\$ 46,915,763</u>
Accumulated depreciation:				
Utility plant in service	\$(10,010,572)	\$ (1,159,762)	\$ -	\$ (11,170,334)
Machinery and equipment	(149,803)	(4,231)	38,819	(115,215)
Total accumulated depreciation	<u>\$(10,160,375)</u>	<u>\$ (1,163,993)</u>	<u>\$ 38,819</u>	<u>\$ (11,285,549)</u>
Total capital assets being depreciated, net	<u>\$ 31,594,184</u>	<u>\$ 4,036,030</u>	<u>\$ -</u>	<u>\$ 35,630,214</u>
Business-type activities capital assets, net	<u>\$ 37,034,613</u>	<u>\$ 8,317,550</u>	<u>\$ (5,202,023)</u>	<u>\$ 40,150,140</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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Note 9-Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 48,138
Public safety	360,966
Public works	225,135
Health and welfare	4,851
Education	773,469
Parks, recreation, and culture	18,156
Community development	<u>196,724</u>
 Total depreciation expense-governmental activities	 <u>\$ 1,627,439</u>
 Business type activities:	
Water and sewer	<u>\$ 1,163,933</u>
 Total depreciation expense-Primary Government	 <u>\$ 2,791,372</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 9-Capital Assets: (Continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 708,696	\$ -	\$ -	\$ 708,696
Total capital assets not being depreciated	<u>\$ 708,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,696</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,612,233	\$ 70,695	\$ -	\$ 23,682,928
Machinery and equipment	8,007,357	500,909	(783,647)	7,724,619
Total capital assets being depreciated	<u>\$ 31,619,590</u>	<u>\$ 571,604</u>	<u>\$ (783,647)</u>	<u>\$ 31,407,547</u>
Accumulated depreciation:				
Buildings and improvements	\$ (11,205,108)	\$ (502,349)	\$ -	\$ (11,707,457)
Machinery and equipment	(4,958,700)	(587,751)	729,057	(4,817,394)
Total accumulated depreciation	<u>\$ (16,163,808)</u>	<u>\$ (1,090,100)</u>	<u>\$ 729,057</u>	<u>\$ (16,524,851)</u>
Total capital assets being depreciated, net	<u>\$ 15,455,782</u>	<u>\$ (518,496)</u>	<u>\$ (54,590)</u>	<u>\$ 14,882,696</u>
Governmental activities capital assets, net	<u>\$ 16,164,478</u>	<u>\$ (518,496)</u>	<u>\$ (54,590)</u>	<u>\$ 15,591,392</u>

Note 10-Risk Management:

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

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 11-Commitments and Contingent Liabilities:

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

The County had the following construction commitments at June 30, 2013:

Project	Original Contract Amount	Outstanding at June 30, 2013
County		
Office Building Addition	\$ 3,648,927	\$ 10,947
Speedwell Phases I and II	2,661,120	1,061,130
Lot 24 Projects	14,883,521	1,333,229
Graham's Forge Sewer	1,155,771	45,719
School Board		
School Renovations	8,878,250	8,792,095
Totals	<u>\$ 31,227,589</u>	<u>\$ 11,243,120</u>

Note 12-Surety Bonds:

Primary Government:

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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Note 12-Surety Bonds: (Continued)

Component Unit – School Board:

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

Note 13-Landfill Postclosure Care Costs:

State and federal laws and regulations require the County to clean up its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$69,624. This amount is based on what it would cost to perform all postclosure care in 2013. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County has demonstrated financial assurance requirements for closure and postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

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

Primary Government:		
Restricted for law library expenditures	\$	38,348
Restricted for construction		2,657,797
Restricted for courtroom security		359,009
Restricted for Clerk's records grant		23,026
Restricted for forfeited asset expenditures		50,393
Committed for construction projects		2,631,969
Assigned for police activities		<u>1,063,616</u>
 Total Restricted, Committed, and Assigned Fund Balance	\$	<u>6,824,158</u>

Note 15-Due from other Governments:

The County constructed certain debt financed assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water Fund of \$4,895,600 for repayment of shared construction costs. The County bills these entities as debt service payments are due.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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Note 16-Deferred Inflows of Resources:

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

	Governmental Funds
Primary Government:	
Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ 921,923
Prepaid property taxes due in June 30, 2013, but paid in advance by the taxpayers	116,164
Total deferred inflows of resources	\$ 1,038,087

Note 17-Other Postemployment Benefits – Health Insurance:

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

Primary Government

A. Plan Description

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

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Primary Government (Continued)

B. Funding Policy

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

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

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

C. Annual OPEB Cost and Net OPEB Obligation

For 2013, the County's annual OPEB cost (expense) of \$65,300 did not equal the ARC of \$65,600. The obligation calculation is as follows:

Annual required contribution	\$ 65,600
Interest on net OPEB obligation	8,100
Adjustment to annual required contribution	(8,400)
Annual OPEB cost (expense)	65,300
Contributions made	(10,900)
Increase in net OPEB obligation	54,400
Net OPEB obligation - beginning of year	202,700
Net OPEB obligation - ending of year	\$ 257,100

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 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 65,300	16.69%	\$ 257,100
6/30/2012	68,800	18.17%	202,700
6/30/2011	64,800	3.40%	146,400

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

Primary Government (Continued)

D. Funded Status and Funding Progress

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

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

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

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

E. Actuarial methods and Assumptions

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Component Unit: School Board

A. Plan Description

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

B. Funding Policy

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

School Board

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Component Unit: School Board (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

For 2013, the Board’s annual OPEB cost (expense) of \$280,800 did not equal the ARC of \$281,700. The obligation calculation is as follows:

Annual required contribution	\$ 281,700
Interest on net OPEB obligation	21,100
Adjustment to annual required contribution	<u>(22,000)</u>
Annual OPEB cost (expense)	280,800
Contributions made	<u>(177,400)</u>
Increase in net OPEB obligation	103,400
Net OPEB obligation - beginning of year	<u>528,500</u>
Net OPEB obligation - ending of year	\$ 631,900

The 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 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 280,800	63.18%	\$ 631,900
6/30/2012	303,500	80.89%	528,500
6/30/2011	293,100	53.84%	470,500

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress

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

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

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

E. Actuarial methods and Assumptions

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

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

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

Note 18-Restatement of Beginning Net Position:

During the fiscal year, the County implemented Governmental Accounting Standards Board (GASB) Statements 63 and 65. GASB statement number 65 requires an expense to be recognized in the period in which the cost to issue indebtedness was incurred. As a result of the implementation, the County wrote off unamortized bond issuance costs. In addition, the County over-reported compensated absences and the School Board over-reported depreciation in the prior year. These restatements are summarized below.

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	School <u>Board</u>
Net Position as previously reported	\$ 55,291,633	\$ 26,720,234	\$ 15,525,992
Adjustments:			
Write off bond issuance costs	\$ (79,631)	\$ (110,740)	\$ -
Over-reported compensated absences in prior year	-	-	178,927
Under-reported depreciation in prior year	-	(87,704)	-
Total adjustments	<u>\$ (79,631)</u>	<u>\$ (198,444)</u>	<u>\$ 178,927</u>
Net Position as restated	<u>\$ 55,212,002</u>	<u>\$ 26,521,790</u>	<u>\$ 15,704,919</u>

Note 19-Future Accounting Standards:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 will require governments with defined benefit pension plans to disclose a “net pension liability” on their balance sheets. That liability equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. The statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability, plus the effect of changes in benefit terms on the net pension liability. These standards will be effective for fiscal years ending June 30, 2014 (67) and June 30, 2015 (68). The County believes the implementation of Statement No. 68 will significantly impact the County and Component Unit School Board’s net position; however, no formal study or estimate of the impact of this standard has been performed.

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Required Supplementary Information

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County of Wythe, Virginia  
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		
<b>REVENUES</b>				
General property taxes	\$ 16,599,881	\$ 16,599,887	\$ 17,063,127	\$ 463,240
Other local taxes	5,045,000	5,045,000	5,483,817	438,817
Permits, privilege fees, and regulatory licenses	61,200	61,200	76,747	15,547
Fines and forfeitures	1,579,368	1,579,368	1,486,658	(92,710)
Revenue from the use of money and property	594,700	594,700	1,008,847	414,147
Charges for services	413,500	379,626	287,156	(92,470)
Miscellaneous	450,800	572,598	191,003	(381,595)
Recovered costs	428,319	462,359	718,060	255,701
Intergovernmental revenues:				
Commonwealth	8,428,423	8,479,024	8,369,801	(109,223)
Federal	1,839,969	2,030,657	2,173,891	143,234
Total revenues	35,441,160	35,804,419	36,859,107	1,054,688
<b>EXPENDITURES</b>				
Current:				
General government administration	1,714,565	1,986,963	1,681,639	305,324
Judicial administration	1,147,907	1,187,643	1,118,560	69,083
Public safety	7,157,715	8,565,865	6,711,245	1,854,620
Public works	1,960,812	2,596,405	2,127,453	468,952
Health and welfare	7,524,939	7,653,363	6,542,255	1,111,108
Education	12,674,796	14,768,566	13,649,330	1,119,236
Parks, recreation, and cultural	655,668	724,438	628,288	96,150
Community development	305,927	4,286,378	588,539	3,697,839
Capital projects	7,300	8,102,693	5,419,447	2,683,246
Debt service:				
Principal retirement	2,031,701	2,040,781	5,165,301	(3,124,520)
Interest and other fiscal charges	1,416,762	1,416,762	1,416,762	-
Total expenditures	36,598,092	53,329,857	45,048,819	8,281,038
Excess (deficiency) of revenues over (under) expenditures	(1,156,932)	(17,525,438)	(8,189,712)	9,335,726
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	245,949	-	4,596,803	4,596,803
Transfers out	(197,513)	-	-	-
Issuance of general obligation bonds	-	7,822,000	-	(7,822,000)
Sale of capital assets	11,000	11,517	10,718	(799)
Total other financing sources (uses)	59,436	7,833,517	4,607,521	(3,225,996)
Net change in fund balances	(1,097,496)	(9,691,921)	(3,582,191)	6,109,730
Fund balances - beginning	422,899	7,674,541	37,411,185	29,736,644
Fund balances - ending	\$ (674,597)	\$ (2,017,380)	\$ 33,828,994	\$ 35,846,374

County of Wythe, Virginia  
Schedule of Pension and OPEB Funding Progress  
As of June 30, 2013

## Primary Government:

## County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 23,336,602	\$ 28,886,697	\$ 5,550,095	80.79%	\$ 5,537,675	100.22%
6/30/2011	23,407,940	27,336,580	3,928,640	85.63%	5,369,797	73.16%
6/30/2010	22,857,751	25,982,117	3,124,366	87.97%	5,533,300	56.46%

## Discretely Presented Component Unit:

## School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 4,643,306	\$ 6,324,338	\$ 1,681,032	73.42%	\$ 1,539,453	109.20%
6/30/2011	4,689,641	6,140,651	1,451,010	76.37%	1,513,218	95.89%
6/30/2010	4,637,757	5,992,742	1,354,985	77.39%	1,537,029	88.16%

## County Healthcare Plan

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

## School Board Healthcare Plan

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

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

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OTHER SUPPLEMENTARY INFORMATION SECTION

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 175,000	\$ 175,000	\$ 129,932	\$ (45,068)
Charges for services	-	45,000	42,038	(2,962)
Miscellaneous	-	-	246,420	246,420
Intergovernmental revenues:				
Commonwealth	-	30,000	3,333	(26,667)
Total revenues	175,000	250,000	421,723	171,723
<b>EXPENDITURES</b>				
Capital projects	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	175,000	250,000	421,723	171,723
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(182,500)	(257,500)	(5,780,297)	(5,522,797)
Total other financing sources (uses)	(182,500)	(257,500)	(5,780,297)	(5,522,797)
Net change in fund balances	(7,500)	(7,500)	(5,358,574)	(5,351,074)
Fund balances - beginning	7,500	7,500	8,003,457	7,995,957
Fund balances - ending	\$ -	\$ -	\$ 2,644,883	\$ 2,644,883

## FIDUCIARY FUNDS

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

County of Wythe, Virginia  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2013

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	<u>Agency Funds</u>
	<u>Special Welfare</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 32,778
Total assets	<u>32,778</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	32,778
Total liabilities	<u>\$ 32,778</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
MAJOR GOVERNMENTAL FUNDS

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

County of Wythe, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2013

	<u>School Operating Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,215,737
Receivables (net of allowance for uncollectibles):	
Accounts receivable	1,387
Due from other governmental units	1,336,434
Inventories	66,347
Prepaid items	63,016
Total assets	<u>4,682,921</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	128,661
Salaries payable	2,690,752
Total liabilities	<u>2,819,413</u>
Fund balances:	
Nonspendable	129,363
Restricted:	
School cafeterias	512,518
Unassigned	1,221,627
Total fund balances	<u>1,863,508</u>
Total liabilities and fund balances	<u>\$ 4,682,921</u>

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

Total fund balances per above	\$ 1,863,508
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,591,392
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,044,177)
Net position of governmental activities	<u>\$ 16,410,723</u>



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

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 53,487
Charges for services	1,058,088
Miscellaneous	58,521
Recovered costs	465,086
Intergovernmental revenues:	
Local government	13,611,652
Commonwealth	23,155,287
Federal	3,629,492
Total revenues	<u>42,031,613</u>
<b>EXPENDITURES</b>	
Current:	
Education	40,295,561
Capital projects	312,214
Total expenditures	<u>40,607,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,423,838</u>
Net change in fund balances	1,423,838
Fund balances - beginning	439,670
Fund balances - ending	<u>\$ 1,863,508</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	\$ 1,423,838
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.	(518,496)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(54,590)
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.	(144,948)
Change in net position of governmental activities	<u>\$ 705,804</u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 53,487	\$ 53,487
Charges for services	1,153,471	1,153,471	1,058,088	(95,383)
Miscellaneous	34,878	34,878	58,521	23,643
Recovered costs	499,710	499,710	465,086	(34,624)
Intergovernmental revenues:				
Local government	12,637,118	14,730,888	13,611,652	(1,119,236)
Commonwealth	23,365,993	23,365,993	23,155,287	(210,706)
Federal	3,702,051	3,702,051	3,629,492	(72,559)
Total revenues	<u>41,393,221</u>	<u>43,486,991</u>	<u>42,031,613</u>	<u>(1,455,378)</u>
<b>EXPENDITURES</b>				
Current:				
Education	40,718,624	40,741,624	40,295,561	446,063
Capital projects	674,597	672,482	312,214	360,268
Total expenditures	<u>41,393,221</u>	<u>41,414,106</u>	<u>40,607,775</u>	<u>806,331</u>
Excess (deficiency) of revenues over (under) expenditures	-	2,072,885	1,423,838	(649,047)
Net change in fund balances	-	2,072,885	1,423,838	(649,047)
Fund balances - beginning	-	-	439,670	439,670
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,072,885</u>	<u>\$ 1,863,508</u>	<u>\$ (209,377)</u>

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## Supporting Schedules

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

Schedule 1  
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,095,781	\$ 10,095,787	\$ 9,969,405	\$ (126,382)
Real and personal public service corporation taxes	760,000	760,000	827,780	67,780
Personal property taxes	3,040,000	3,040,000	3,369,971	329,971
Mobile home taxes	99,000	99,000	91,602	(7,398)
Machinery and tools taxes	2,201,000	2,201,000	2,173,817	(27,183)
Merchant's capital taxes	304,100	304,100	346,349	42,249
Penalties	50,000	50,000	111,322	61,322
Interest	50,000	50,000	172,881	122,881
Total general property taxes	<u>\$ 16,599,881</u>	<u>\$ 16,599,887</u>	<u>\$ 17,063,127</u>	<u>\$ 463,240</u>
Other local taxes:				
Local sales and use taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,386,727	\$ 386,727
Consumers' utility taxes	730,000	730,000	625,480	(104,520)
Consumption tax (Utility license tax)	-	-	96,592	96,592
Motor vehicle licenses	370,000	370,000	279,372	(90,628)
Bank stock taxes	15,000	15,000	34,696	19,696
Taxes on recordation and wills	110,000	110,000	195,148	85,148
Hotel and motel room taxes	140,000	140,000	165,246	25,246
Restaurant food taxes	680,000	680,000	700,556	20,556
Total other local taxes	<u>\$ 5,045,000</u>	<u>\$ 5,045,000</u>	<u>\$ 5,483,817</u>	<u>\$ 438,817</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,197	\$ (803)
Land use application fees	4,000	4,000	3,312	(688)
Transfer fees	100	100	757	657
Building permits	40,000	40,000	42,104	2,104
Other permits and licenses	7,100	7,100	21,377	14,277
Total permits, privilege fees, and regulatory licenses	<u>\$ 61,200</u>	<u>\$ 61,200</u>	<u>\$ 76,747</u>	<u>\$ 15,547</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,579,368	\$ 1,579,368	\$ 1,486,658	\$ (92,710)
Total fines and forfeitures	<u>\$ 1,579,368</u>	<u>\$ 1,579,368</u>	<u>\$ 1,486,658</u>	<u>\$ (92,710)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 593,700	\$ 593,700	\$ 913,128	\$ 319,428
Revenue from use of property	1,000	1,000	95,719	94,719
Total revenue from use of money and property	<u>\$ 594,700</u>	<u>\$ 594,700</u>	<u>\$ 1,008,847</u>	<u>\$ 414,147</u>
Charges for services:				
Charges for sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,557	\$ 57
Charges for courthouse maintenance	45,000	-	-	-
Charges for animal control	5,000	5,000	5,878	878
Charges for Commonwealth's Attorney	1,000	1,000	6,052	5,052
Charges for courthouse security	225,000	225,000	192,721	(32,279)

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

Schedule 1  
 Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for law library	\$ 76,000	\$ 76,000	\$ 5,389	\$ (70,611)
Charges for parks and recreation	60,000	71,126	75,559	4,433
Total charges for services	<u>\$ 413,500</u>	<u>\$ 379,626</u>	<u>\$ 287,156</u>	<u>\$ (92,470)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 4,802	\$ 4,802
Local grants and contributions	450,800	572,598	186,201	(386,397)
Total miscellaneous revenue	<u>\$ 450,800</u>	<u>\$ 572,598</u>	<u>\$ 191,003</u>	<u>\$ (381,595)</u>
Recovered costs:				
Social services	\$ 100,000	\$ 100,000	\$ 68,802	\$ (31,198)
Police activity funds	1,000	1,000	48,027	47,027
Amcor	-	-	8,802	8,802
Other recovered costs	327,319	361,359	592,429	231,070
Total recovered costs	<u>\$ 428,319</u>	<u>\$ 462,359</u>	<u>\$ 718,060</u>	<u>\$ 255,701</u>
Total revenue from local sources	<u>\$ 25,172,768</u>	<u>\$ 25,294,738</u>	<u>\$ 26,315,415</u>	<u>\$ 1,020,677</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 101,308	\$ 61,308
Communication sales and use tax	860,000	860,000	780,400	(79,600)
Mobile home titling tax	57,000	57,000	26,883	(30,117)
Grantor's tax	20,000	20,000	36,383	16,383
State recordation tax	28,000	28,000	51,983	23,983
Personal property tax relief funds	1,500,000	1,500,000	1,500,814	814
Total noncategorical aid	<u>\$ 2,505,000</u>	<u>\$ 2,505,000</u>	<u>\$ 2,497,771</u>	<u>\$ (7,229)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 427,587	\$ 427,587	\$ 461,034	\$ 33,447
Sheriff	1,330,623	1,330,623	1,343,219	12,596
Commissioner of revenue	115,526	115,526	105,979	(9,547)
Treasurer	111,899	112,590	112,330	(260)
Registrar/electoral board	40,355	40,355	41,563	1,208
Clerk of the Circuit Court	307,484	307,484	322,869	15,385
Refund of State Comp. Board payments	(176,000)	(176,000)	(94,894)	81,106
Total shared expenses	<u>\$ 2,157,474</u>	<u>\$ 2,158,165</u>	<u>\$ 2,292,100</u>	<u>\$ 133,935</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 3,534,901	\$ 3,547,895	\$ 1,345,271	\$ (2,202,624)
Comprehensive Services Act program	-	-	1,352,536	1,352,536
Emergency medical services	25,500	25,500	28,073	2,573
Litter control grant	7,800	7,800	11,049	3,249
Fire program grant	59,000	92,029	55,733	(36,296)
Wireless E-911 grant	30,000	-	699,461	699,461

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

Schedule 1  
 Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Conservation and recreation grants	\$ -	\$ 33,842	\$ -	\$ (33,842)
Arts grant	5,000	5,000	5,000	-
Asset forfeiture collections	-	-	10,347	10,347
VJCCA	31,148	29,607	24,867	(4,740)
VDOT Fund	-	-	23,980	23,980
Victim witness grant	12,000	12,000	11,266	(734)
Local law enforcement block grant	60,600	62,186	12,347	(49,839)
Total other categorical aid	<u>\$ 3,765,949</u>	<u>\$ 3,815,859</u>	<u>\$ 3,579,930</u>	<u>\$ (235,929)</u>
 Total categorical aid	 <u>\$ 5,923,423</u>	 <u>\$ 5,974,024</u>	 <u>\$ 5,872,030</u>	 <u>\$ (101,994)</u>
 Total revenue from the Commonwealth	 <u>\$ 8,428,423</u>	 <u>\$ 8,479,024</u>	 <u>\$ 8,369,801</u>	 <u>\$ (109,223)</u>
 Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 50,000	\$ 50,000	\$ 70,258	\$ 20,258
Total noncategorical aid	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 70,258</u>	<u>\$ 20,258</u>
 Categorical aid:				
Public assistance and welfare administration	\$ 1,789,969	\$ 1,905,919	\$ 1,888,702	\$ (17,217)
Emergency management grant	-	49,287	68,171	18,884
Local law enforcement block grant	-	1,756	-	(1,756)
Victim witness grant	-	-	43,572	43,572
Violence against women formula grant	-	695	12,460	11,765
State and community highway safety grants	-	-	67,728	67,728
Rural Development grant	-	23,000	23,000	-
Total categorical aid	<u>\$ 1,789,969</u>	<u>\$ 1,980,657</u>	<u>\$ 2,103,633</u>	<u>\$ 122,976</u>
 Total revenue from the federal government	 <u>\$ 1,839,969</u>	 <u>\$ 2,030,657</u>	 <u>\$ 2,173,891</u>	 <u>\$ 143,234</u>
 Total General Fund	 <u>\$ 35,441,160</u>	 <u>\$ 35,804,419</u>	 <u>\$ 36,859,107</u>	 <u>\$ 1,054,688</u>
 Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 175,000	\$ 175,000	\$ 129,932	\$ (45,068)
Total revenue from use of money and property	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 129,932</u>	<u>\$ (45,068)</u>
 Charges for services:				
Charges for courthouse maintenance	\$ -	\$ 45,000	\$ 38,331	\$ (6,669)
Charges for jail processing	-	-	3,707	3,707
Total charges for services	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 42,038</u>	<u>\$ (2,962)</u>

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

Schedule 1  
 Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund: (Continued)</b>				
<b>County Capital Projects Fund: (Continued)</b>				
Miscellaneous revenue:				
Industrial development funds	\$ -	\$ -	\$ 244,694	\$ 244,694
Atmos Energy Contribution	-	-	1,726	1,726
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,420</u>	<u>\$ 246,420</u>
Total revenue from local sources	<u>\$ 175,000</u>	<u>\$ 220,000</u>	<u>\$ 418,390</u>	<u>\$ 198,390</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Virginia wireless grant	\$ -	\$ 30,000	\$ 3,333	\$ (26,667)
Total categorical aid	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 3,333</u>	<u>\$ (26,667)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 3,333</u>	<u>\$ (26,667)</u>
Total County Capital Improvements Fund	<u>\$ 175,000</u>	<u>\$ 250,000</u>	<u>\$ 421,723</u>	<u>\$ 171,723</u>
Total Primary Government	<u>\$ 35,616,160</u>	<u>\$ 36,054,419</u>	<u>\$ 37,280,830</u>	<u>\$ 1,226,411</u>
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	\$ -	\$ -	\$ 53,487	\$ 53,487
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,487</u>	<u>\$ 53,487</u>
Charges for services:				
Cafeteria sales	\$ 880,471	\$ 880,471	\$ 652,993	\$ (227,478)
Payments from other divisions	57,000	57,000	94,794	37,794
Transportation of pupils	36,000	36,000	29,116	(6,884)
Dual course credits	180,000	180,000	279,742	99,742
Charges for textbooks	-	-	1,443	1,443
Total charges for services	<u>\$ 1,153,471</u>	<u>\$ 1,153,471</u>	<u>\$ 1,058,088</u>	<u>\$ (95,383)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 1,379	\$ 1,379	\$ 28,380	\$ 27,001
Foundation for excellence	33,499	33,499	30,141	(3,358)
Total miscellaneous revenue	<u>\$ 34,878</u>	<u>\$ 34,878</u>	<u>\$ 58,521</u>	<u>\$ 23,643</u>
Recovered costs:				
JROTC	\$ 52,710	\$ 52,710	\$ 56,073	\$ 3,363
E-rate	172,000	172,000	153,359	(18,641)
Medicaid reimbursements	200,000	200,000	162,395	(37,605)
CCEC reimbursements	50,000	50,000	50,693	693
Sale of supplies	5,000	5,000	-	(5,000)
Insurance recoveries	-	-	17,652	17,652
Other recovered costs	20,000	20,000	24,914	4,914
Total recovered costs	<u>\$ 499,710</u>	<u>\$ 499,710</u>	<u>\$ 465,086</u>	<u>\$ (34,624)</u>
Total revenue from local sources	<u>\$ 1,688,059</u>	<u>\$ 1,688,059</u>	<u>\$ 1,635,182</u>	<u>\$ (52,877)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Wythe, Virginia	\$ 12,637,118	\$ 14,730,888	\$ 13,611,652	\$ (1,119,236)
Total revenues from local governments	<u>\$ 12,637,118</u>	<u>\$ 14,730,888</u>	<u>\$ 13,611,652</u>	<u>\$ (1,119,236)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Adult secondary education	\$ 15,717	\$ 15,717	\$ 15,717	\$ -
Alternative education	112,612	112,612	112,663	51
At risk four-year olds	338,441	338,441	338,441	-
At risk payments	392,984	392,984	391,182	(1,802)
Basic school aid	12,212,716	12,212,716	12,121,901	(90,815)
Early reading intervention	61,532	61,532	63,653	2,121
English as second language	16,614	16,614	8,104	(8,510)
Gifted and talented	132,080	132,080	131,533	(547)
Governor's school	26,572	26,572	26,572	-
Group life insurance instructional	45,941	45,941	45,751	(190)
Homebound education	42,373	42,373	66,227	23,854
Other state funds	364,508	364,508	251,385	(113,123)
Mentor teacher program	2,424	2,424	3,189	765
Reading recovery	72,900	72,900	42,502	(30,398)
Regional program tuition	103,965	103,965	80,620	(23,345)
Primary class size	492,363	492,363	498,423	6,060
Regular foster care	26,000	26,000	30,936	4,936
Remedial education	433,568	433,568	431,773	(1,795)
Remedial summer education	16,394	16,394	24,109	7,715
Retirement	1,464,609	1,464,609	1,459,450	(5,159)
School food	33,040	33,040	36,184	3,144
Share of state sales tax	3,982,653	3,982,653	3,998,029	15,376
Social security fringe benefits	746,541	746,541	743,450	(3,091)
Industry certification	-	-	5,404	5,404
Special education	907,334	907,334	903,578	(3,756)
Special education - foster children	27,587	27,587	32,896	5,309
Standards of Learning algebra readiness	54,255	54,255	58,600	4,345
National board certification	12,500	12,500	12,500	-
Technology resource	388,000	388,000	388,000	-
Textbook payment	257,643	257,643	256,576	(1,067)
Vocational education - adult	2,819	2,819	3,191	372
Vocational occupational preparedness	50,987	50,987	46,614	(4,373)
Vocational standards of quality payments	528,321	528,321	526,134	(2,187)
Total categorical aid	<u>\$ 23,365,993</u>	<u>\$ 23,365,993</u>	<u>\$ 23,155,287</u>	<u>\$ (210,706)</u>
Total revenue from the Commonwealth	<u>\$ 23,365,993</u>	<u>\$ 23,365,993</u>	<u>\$ 23,155,287</u>	<u>\$ (210,706)</u>



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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 73,000	\$ 73,000	\$ 68,132	\$ (4,868)
Title I	1,266,000	1,266,000	1,020,748	(245,252)
Title VI-B, special education flow-through	893,051	893,051	942,015	48,964
Vocational education	87,000	87,000	71,104	(15,896)
National school food program	1,125,000	1,125,000	1,019,706	(105,294)
School breakfast program	-	-	259,855	259,855
Improving teacher quality	215,000	215,000	209,474	(5,526)
Literacy challenge grant	-	-	4,085	4,085
Summer food	43,000	43,000	34,373	(8,627)
Total categorical aid	<u>\$ 3,702,051</u>	<u>\$ 3,702,051</u>	<u>\$ 3,629,492</u>	<u>\$ (72,559)</u>
Total revenue from the federal government	<u>\$ 3,702,051</u>	<u>\$ 3,702,051</u>	<u>\$ 3,629,492</u>	<u>\$ (72,559)</u>
Total School Operating Fund	<u>\$ 41,393,221</u>	<u>\$ 43,486,991</u>	<u>\$ 42,031,613</u>	<u>\$ (1,455,378)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 41,393,221</u>	<u>\$ 43,486,991</u>	<u>\$ 42,031,613</u>	<u>\$ (1,455,378)</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 202,430	\$ 302,071	\$ 253,186	\$ 48,885
General and financial administration:				
County administrator	\$ 400,818	\$ 440,818	\$ 383,436	\$ 57,382
Commissioner of revenue	252,503	252,503	249,652	2,851
Treasurer	308,427	330,534	331,089	(555)
Financial administration	242,667	252,667	203,393	49,274
Assessors	-	100,000	1,747	98,253
Mapping	35,105	35,105	8,298	26,807
Public information office	54,170	54,170	45,380	8,790
Technology	94,091	94,741	93,360	1,381
Total general and financial administration	<u>\$ 1,387,781</u>	<u>\$ 1,560,538</u>	<u>\$ 1,316,355</u>	<u>\$ 244,183</u>
Board of elections:				
Electoral board and officials	\$ 42,703	\$ 42,703	\$ 34,655	\$ 8,048
Registrar	81,651	81,651	77,443	4,208
Total board of elections	<u>\$ 124,354</u>	<u>\$ 124,354</u>	<u>\$ 112,098</u>	<u>\$ 12,256</u>
Total general government administration	<u>\$ 1,714,565</u>	<u>\$ 1,986,963</u>	<u>\$ 1,681,639</u>	<u>\$ 305,324</u>
Judicial administration:				
Courts:				
Circuit court	\$ 42,878	\$ 42,878	\$ 41,785	\$ 1,093
General district court	8,380	9,380	7,911	1,469
Juvenile & domestic relations court	11,350	11,351	5,177	6,174
Magistrates	1,830	1,830	1,438	392
Clerk of the circuit court	453,016	484,616	441,174	43,442
Commissioner of accounts	5,000	10,000	7,500	2,500
Law library	23,100	23,100	20,946	2,154
Total courts	<u>\$ 545,554</u>	<u>\$ 583,155</u>	<u>\$ 525,931</u>	<u>\$ 57,224</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 602,353	\$ 604,488	\$ 592,629	\$ 11,859
Total commonwealth's attorney	<u>\$ 602,353</u>	<u>\$ 604,488</u>	<u>\$ 592,629</u>	<u>\$ 11,859</u>
Total judicial administration	<u>\$ 1,147,907</u>	<u>\$ 1,187,643</u>	<u>\$ 1,118,560</u>	<u>\$ 69,083</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,011,154	\$ 4,083,315	\$ 3,690,386	\$ 392,929
Total law enforcement and traffic control	<u>\$ 4,011,154</u>	<u>\$ 4,083,315</u>	<u>\$ 3,690,386</u>	<u>\$ 392,929</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 250,234	\$ 385,514	\$ 331,755	\$ 53,759
Fort Chiswell emergency services	-	3,500	2,058	1,442
Consolidated dispatch	868,968	438,968	120,064	318,904
Ambulance and rescue services	116,499	116,500	115,487	1,013
Total fire and rescue services	<u>\$ 1,235,701</u>	<u>\$ 944,482</u>	<u>\$ 569,364</u>	<u>\$ 375,118</u>
Correction and detention:				
Jail	\$ 1,600,000	\$ 1,600,000	\$ 1,380,959	\$ 219,041
Probation office	3,232	8,232	2,595	5,637
Total correction and detention	<u>\$ 1,603,232</u>	<u>\$ 1,608,232</u>	<u>\$ 1,383,554</u>	<u>\$ 224,678</u>
Inspections:				
Building	\$ 82,737	\$ 82,794	\$ 79,790	\$ 3,004
Total inspections	<u>\$ 82,737</u>	<u>\$ 82,794</u>	<u>\$ 79,790</u>	<u>\$ 3,004</u>
Other protection:				
Animal control	\$ 132,676	\$ 135,041	\$ 118,528	\$ 16,513
Medical examiner	600	600	500	100
E-911 department	-	1,515,086	722,321	792,765
Wireless E-911 grant	30,805	111,005	70,954	40,051
Emergency services	60,810	85,310	75,848	9,462
Total other protection	<u>\$ 224,891</u>	<u>\$ 1,847,042</u>	<u>\$ 988,151</u>	<u>\$ 858,891</u>
Total public safety	<u>\$ 7,157,715</u>	<u>\$ 8,565,865</u>	<u>\$ 6,711,245</u>	<u>\$ 1,854,620</u>
Public works:				
Engineering				
Engineering	\$ 124,573	\$ 139,314	\$ 76,949	\$ 62,365
Total engineering	<u>\$ 124,573</u>	<u>\$ 139,314</u>	<u>\$ 76,949</u>	<u>\$ 62,365</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,363,251	\$ 1,390,751	\$ 1,360,159	\$ 30,592
Stormwater management	-	33,842	-	33,842
Total sanitation and waste removal	<u>\$ 1,363,251</u>	<u>\$ 1,424,593</u>	<u>\$ 1,360,159</u>	<u>\$ 64,434</u>
Maintenance of general buildings and grounds:				
Courthouse building	\$ 284,473	\$ 364,516	\$ 255,468	\$ 109,048
Health center	1,181	2,231	1,997	234
County administrative building	109,839	574,432	366,440	207,992
Sixth Street building	2,352	2,352	1,163	1,189
Building and grounds maintenance	69,292	78,031	56,470	21,561
Library building	3,464	8,549	8,549	-
Spiller Annex Building	1,600	1,600	-	1,600
Other properties	787	787	258	529
Total maintenance of general buildings and grounds	<u>\$ 472,988</u>	<u>\$ 1,032,498</u>	<u>\$ 690,345</u>	<u>\$ 342,153</u>
Total public works	<u>\$ 1,960,812</u>	<u>\$ 2,596,405</u>	<u>\$ 2,127,453</u>	<u>\$ 468,952</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 341,000	\$ 341,000	\$ 334,538	\$ 6,462
Total health	<u>\$ 341,000</u>	<u>\$ 341,000</u>	<u>\$ 334,538</u>	<u>\$ 6,462</u>
Mental health and mental retardation:				
Community services board	\$ 130,000	\$ 130,000	\$ 130,000	\$ -
Total mental health and mental retardation	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ -</u>
Welfare:				
Public assistance	\$ 7,023,675	\$ 7,152,099	\$ 5,975,877	\$ 1,176,222
Tax relief for the elderly	-	-	71,576	(71,576)
Family resource center	3,750	3,750	3,750	-
District III coop	26,514	26,514	26,514	-
Total welfare	<u>\$ 7,053,939</u>	<u>\$ 7,182,363</u>	<u>\$ 6,077,717</u>	<u>\$ 1,104,646</u>
Total health and welfare	<u>\$ 7,524,939</u>	<u>\$ 7,653,363</u>	<u>\$ 6,542,255</u>	<u>\$ 1,111,108</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 37,678	\$ 37,678	\$ 37,678	\$ -
Contribution to County School Board	12,637,118	14,730,888	13,611,652	1,119,236
Total education	<u>\$ 12,674,796</u>	<u>\$ 14,768,566</u>	<u>\$ 13,649,330</u>	<u>\$ 1,119,236</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation Commission	\$ 195,181	\$ 198,547	\$ 144,377	\$ 54,170
Rural Retreat Lake campground	111,025	158,836	137,717	21,119
Rural Retreat Lake swimming pool	50,948	54,364	39,132	15,232
Ager Park	17,364	31,541	25,912	5,629
Total parks and recreation	<u>\$ 374,518</u>	<u>\$ 443,288</u>	<u>\$ 347,138</u>	<u>\$ 96,150</u>
Library:				
Contribution to regional library	\$ 281,150	\$ 281,150	\$ 281,150	\$ -
Total library	<u>\$ 281,150</u>	<u>\$ 281,150</u>	<u>\$ 281,150</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 655,668</u>	<u>\$ 724,438</u>	<u>\$ 628,288</u>	<u>\$ 96,150</u>

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

**Schedule 2**  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 79,251	\$ 81,251	\$ 74,584	\$ 6,667
Regional water	-	152,804	152,805	(1)
Wythe county joint IDA	-	3,815,076	150,024	3,665,052
Small business incubator	10,000	10,000	10,000	-
Regional tourism	89,232	95,551	81,042	14,509
Smyth/Wythe airport commission	62,000	62,000	62,000	-
New River/Highlands RC&D	700	700	700	-
Total planning and community development	<u>\$ 241,183</u>	<u>\$ 4,217,382</u>	<u>\$ 531,155</u>	<u>\$ 3,686,227</u>
Environmental management:				
Contribution to soil and water district	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Total environmental management	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 53,744	\$ 57,996	\$ 46,384	\$ 11,612
Total cooperative extension program	<u>\$ 53,744</u>	<u>\$ 57,996</u>	<u>\$ 46,384</u>	<u>\$ 11,612</u>
Total community development	<u>\$ 305,927</u>	<u>\$ 4,286,378</u>	<u>\$ 588,539</u>	<u>\$ 3,697,839</u>
Capital projects: (1)				
Fort Chiswell emergency services building	\$ -	\$ 51,826	\$ 53,901	\$ (2,075)
County office building	-	1,693,567	75,222	1,618,345
Consolidated dispatch center	-	350,000	327,667	22,333
Progress park improvements	7,300	6,007,300	4,962,657	1,044,643
Total capital projects	<u>\$ 7,300</u>	<u>\$ 8,102,693</u>	<u>\$ 5,419,447</u>	<u>\$ 2,683,246</u>
Debt service:				
Principal retirement	\$ 2,031,701	\$ 2,040,781	\$ 5,165,301	\$ (3,124,520)
Interest and other fiscal charges	1,416,762	1,416,762	1,416,762	-
Total debt service	<u>\$ 3,448,463</u>	<u>\$ 3,457,543</u>	<u>\$ 6,582,063</u>	<u>\$ (3,124,520)</u>
Total General Fund	<u>\$ 36,598,092</u>	<u>\$ 53,329,857</u>	<u>\$ 45,048,819</u>	<u>\$ 8,281,038</u>
Total Primary Government	<u>\$ 36,598,092</u>	<u>\$ 53,329,857</u>	<u>\$ 45,048,819</u>	<u>\$ 8,281,038</u>

(1) Budgeted within departmental budgets

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,130,955	\$ 1,130,955	\$ 1,069,805	\$ 61,150
Total administration of schools	<u>\$ 1,130,955</u>	<u>\$ 1,130,955</u>	<u>\$ 1,069,805</u>	<u>\$ 61,150</u>
Instruction costs:				
Instruction	\$ 29,943,120	\$ 29,943,120	\$ 29,438,079	\$ 505,041
Technology instruction	1,249,950	1,249,950	1,254,853	(4,903)
Total instruction costs	<u>\$ 31,193,070</u>	<u>\$ 31,193,070</u>	<u>\$ 30,692,932</u>	<u>\$ 500,138</u>
Operating costs:				
Pupil transportation	\$ 2,585,661	\$ 2,585,661	\$ 2,663,114	\$ (77,453)
Operation and maintenance of school plant	3,727,427	3,750,427	4,004,787	(254,360)
Total operating costs	<u>\$ 6,313,088</u>	<u>\$ 6,336,088</u>	<u>\$ 6,667,901</u>	<u>\$ (331,813)</u>
School food services:				
Administration of school food program	\$ 2,081,511	\$ 2,081,511	\$ 1,864,923	\$ 216,588
Total school food services	<u>\$ 2,081,511</u>	<u>\$ 2,081,511</u>	<u>\$ 1,864,923</u>	<u>\$ 216,588</u>
Total education	<u>\$ 40,718,624</u>	<u>\$ 40,741,624</u>	<u>\$ 40,295,561</u>	<u>\$ 446,063</u>
Capital projects:				
School capital projects	\$ 674,597	\$ 672,482	\$ 312,214	\$ 360,268
Total capital projects	<u>\$ 674,597</u>	<u>\$ 672,482</u>	<u>\$ 312,214</u>	<u>\$ 360,268</u>
Total School Operating Fund	<u>\$ 41,393,221</u>	<u>\$ 41,414,106</u>	<u>\$ 40,607,775</u>	<u>\$ 806,331</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 41,393,221</u>	<u>\$ 41,414,106</u>	<u>\$ 40,607,775</u>	<u>\$ 806,331</u>

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## Other Statistical Information

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

Fiscal Year	General										Interest on Long-Term Debt	Water/Sewer Department	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development					
2012-13	\$ 1,187,678	\$ 1,119,156	\$ 6,372,381	\$ 2,419,128	\$ 6,468,123	\$ 14,422,799	\$ 6,10,551	\$ 787,448	\$ 1,284,699	\$ 3,519,922	\$ 38,191,885		
2011-12	1,512,480	1,086,359	6,180,621	2,289,730	7,058,798	12,836,648	626,033	492,238	1,425,958	3,295,194	36,804,059		
2010-11	1,114,168	1,113,061	6,044,161	2,260,019	6,792,651	13,486,880	501,448	340,134	1,491,857	3,039,478	36,183,856		
2009-10	1,430,893	1,121,160	5,730,414	2,256,629	6,611,511	9,430,330	525,341	1,005,579	1,402,162	2,570,803	32,084,822		
2008-09	1,638,876	1,037,073	5,364,813	2,457,234	6,391,877	10,236,820	585,718	538,549	1,308,787	2,595,395	32,155,142		
2007-08	1,102,068	1,130,051	5,241,651	2,212,679	5,936,838	11,084,184	583,244	1,139,697	1,398,504	2,326,133	32,155,049		
2006-07	1,173,193	992,656	4,980,926	4,663,802	5,908,253	11,026,573	583,031	3,016,335	1,391,274	1,979,890	35,715,933		
2005-06	1,360,376	813,383	4,522,067	2,560,585	5,091,607	9,807,061	570,524	4,407,878	1,185,422	1,853,986	32,172,889		
2004-05	1,266,445	500,504	4,091,425	2,125,423	4,438,493	9,408,235	534,905	2,423,396	1,275,969	1,787,290	27,852,085		
2003-04	1,258,218	446,885	4,181,721	1,776,941	4,228,680	8,141,075	553,592	1,286,266	1,354,490	1,542,077	24,769,945		



Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2012-13	\$ 4,743,836	\$ 7,955,016	\$ 2,282,618	\$ 16,817,889	\$ 5,483,817	\$ 1,342,421	\$ 437,423	\$ 2,568,029	\$ 41,631,049	
2011-12	4,244,008	7,596,199	1,289,131	16,761,296	6,101,266	1,439,970	569,158	1,721,897	39,722,925	
2010-11	4,740,137	8,417,319	4,017,436	16,413,526	5,875,452	1,165,451	211,242	1,715,976	42,556,539	
2009-10	4,238,317	7,546,764	1,470,916	16,239,400	5,784,144	1,001,236	368,416	1,747,887	38,397,080	
2008-09	4,670,134	7,341,206	18,525	16,095,756	5,992,791	1,423,635	-	1,805,916	37,347,963	
2007-08	5,422,562	8,501,323	56,287	15,190,799	6,455,989	1,542,199	477,152	1,759,298	39,405,609	
2006-07	4,336,231	9,338,190	214,941	12,958,011	6,432,895	2,100,588	82,238	1,875,583	37,338,677	
2005-06	3,040,194	8,475,098	1,483,543	12,882,908	6,190,995	1,876,830	6,427	1,924,510	35,880,505	
2004-05	3,173,548	5,501,294	1,877,284	12,881,627	5,907,406	410,629	282,181	1,621,395	31,655,364	
2003-04	2,795,267	6,628,887	-	11,754,967	5,613,402	250,305	1,165,179	2,727,203	30,935,210	

Table 3

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2012-13	\$ 1,681,639	\$ 1,118,560	\$ 6,711,245	\$ 2,127,453	\$ 6,542,255	\$ 40,333,239	\$ 628,288	\$ 588,539	\$ -	\$ 6,582,063	\$ 5,731,661	\$ 72,044,942
2011-12	1,636,064	1,085,673	6,077,487	2,050,075	7,210,950	40,136,400	634,687	3,144,429	-	13,408,608	3,094,561	78,478,934
2010-11	1,703,178	1,113,471	7,821,789	1,998,963	6,905,096	37,673,890	490,075	321,127	-	3,540,547	7,407,413	68,975,549
2009-10	1,504,404	1,120,632	5,683,068	2,055,263	6,714,792	41,660,550	541,329	809,283	162,427	3,307,881	1,565,615	65,125,244
2008-09	1,539,578	1,035,285	5,276,627	2,307,558	6,538,139	40,489,013	580,323	972,300	-	3,284,554	5,615,252	67,638,629
2007-08	1,417,942	1,128,376	5,307,665	2,025,909	6,073,447	39,972,881	575,398	973,616	-	6,898,299	277,555	64,651,088
2006-07	1,512,851	991,921	5,094,918	4,616,524	5,903,223	38,670,937	582,594	2,246,726	82	7,278,191	1,447,785	68,345,752
2005-06	1,381,442	818,211	4,967,687	2,705,898	5,080,497	36,059,821	562,903	4,407,734	-	3,187,705	4,645,650	63,817,548
2004-05	1,256,423	500,504	4,831,747	2,478,911	4,454,674	33,635,234	529,734	2,422,935	-	4,018,460	972,280	55,100,902
2003-04	1,251,024	446,885	4,396,199	1,969,733	4,109,237	31,528,248	545,846	1,325,692	-	11,373,044	2,379,069	59,324,977

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2012-13	\$ 17,063,127	\$ 5,483,817	\$ 76,747	\$ 1,486,658	\$ 1,192,266	\$ 1,387,282	\$ 495,944	\$ 1,183,146	\$ 37,331,804	\$ 65,700,791
2011-12	16,486,825	6,101,266	115,217	1,379,334	1,264,808	1,427,734	620,535	1,019,784	35,874,279	64,289,782
2010-11	16,464,384	5,875,452	81,452	1,347,286	1,032,789	1,368,655	270,860	1,592,502	40,077,460	68,110,840
2009-10	16,207,800	5,784,144	96,092	1,299,841	907,156	1,429,685	410,546	898,874	40,008,871	67,043,009
2008-09	15,725,637	5,992,791	87,501	1,203,414	1,334,434	1,418,220	2,675	1,152,933	40,335,213	67,252,818
2007-08	15,330,577	6,455,989	112,693	1,483,167	1,470,255	1,453,423	479,077	1,062,904	39,295,486	67,143,571
2006-07	13,318,383	6,432,895	185,507	1,329,068	1,451,377	1,389,051	348,783	1,163,702	39,356,996	64,975,752
2005-06	12,947,597	6,190,995	148,733	1,086,467	1,525,668	1,203,806	370,215	348,218	37,295,408	61,117,107
2004-05	12,662,170	5,907,406	116,878	1,109,379	425,078	1,004,725	803,882	347,332	33,460,859	55,837,709
2003-04	11,722,580	5,613,402	112,148	898,631	246,714	850,728	1,737,464	233,301	31,081,509	52,496,477

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2012-13	\$ 16,630,536	\$ 16,264,884	97.80%	\$ 514,040	\$ 16,778,924	100.89%	\$ 1,324,184	7.96%	
2011-12	16,469,488	15,896,576	96.52%	380,655	16,277,231	98.83%	1,499,609	9.11%	
2010-11	16,445,210	15,900,211	96.69%	312,712	16,212,923	98.59%	1,373,871	8.35%	
2009-10	16,032,364	15,492,730	96.63%	513,352	16,006,082	99.84%	1,460,821	9.11%	
2008-09	15,632,362	15,152,408	96.93%	363,918	15,516,326	99.26%	1,465,066	9.37%	
2007-08	15,389,398	14,878,139	96.68%	269,190	15,147,329	98.43%	1,336,406	8.68%	
2006-07	15,261,404	14,444,360	94.65%	298,517	14,742,877	96.60%	1,297,569	8.50%	
2005-06	14,288,119	14,034,766	98.23%	304,216	14,338,982	100.36%	1,200,460	8.40%	
2004-05	14,059,147	13,259,515	94.31%	615,516	13,875,031	98.69%	1,255,928	8.93%	
2003-04	13,063,042	12,695,723	97.19%	313,349	13,009,072	99.59%	986,877	7.55%	

(1) Exclusive of penalties and interest, includes penalty beginning fiscal year 2005-06. Reduced for tax remittances to Crossroads Regional IFA.

Table 6

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

Fiscal Year	Real Estate	Personal Property	Public Service Companies	Total
2012-13	\$ 2,259,165,524	\$ 478,834,582	\$ 187,095,907	\$ 2,925,096,013
2011-12	2,260,390,881	471,509,420	159,110,024	2,891,010,325
2010-11	2,249,458,695	471,521,559	156,715,339	2,877,695,593
2009-10	2,210,517,580	500,123,110	162,428,985	2,873,069,675
2008-09	2,181,140,120	503,080,112	143,965,550	2,828,185,782
2007-08	2,137,176,630	440,104,314	179,339,116	2,756,620,060
2006-07	1,478,984,752	422,437,107	120,231,024	2,021,652,883
2005-06	1,403,938,970	387,025,032	138,305,024	1,929,269,026
2004-05	1,372,932,485	382,561,623	131,674,744	1,887,168,852
2003-04	1,332,331,545	328,379,094	116,826,731	1,777,537,370

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2012-13	\$ 0.44	\$ 2.08	\$ 1.50	\$ 0.56
2011-12	0.44	2.08	1.50	0.56
2010-11	0.44	2.08	1.50	0.56
2009-10	0.43	2.08	1.50	0.56
2008-09	0.43	2.08	1.50	0.56
2007-08	0.43	2.08	1.50	0.56
2006-07	0.54	2.08	1.50	0.56
2005-06	0.54	2.08	1.50	0.56
2004-05	0.54	2.08	1.50	0.56
2003-04	0.54	2.08	1.50	0.56

(1) Per \$100 of assessed value.

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012-13	29,235	\$ 2,925,096,013	\$ 55,704,496	1.90%	\$ 1,905
2011-12	29,235	2,891,010,325	57,445,157	1.99%	1,965
2010-11	29,235	2,877,695,593	51,005,571	1.77%	1,745
2009-10	29,235	2,873,069,675	45,521,384	1.58%	1,557
2008-09	27,599	2,828,185,782	42,750,112	1.51%	1,549
2007-08	27,599	2,756,620,060	40,072,092	1.45%	1,452
2006-07	27,599	2,021,652,883	40,928,550	2.02%	1,483
2005-06	27,599	1,929,269,026	43,599,986	2.26%	1,580
2004-05	27,599	1,887,168,852	29,773,651	1.58%	1,079
2003-04	27,599	1,777,537,370	27,696,308	1.56%	1,004

(1) United States Bureau of the Census

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2012-13 (4)	\$ 5,165,301	\$ 1,416,762	6,582,063	\$ 72,044,942	9.136%
2011-12 (4)	11,944,430	1,464,178	13,408,608	78,478,934	17.086%
2010-11	1,990,809	1,549,738	3,540,547	68,975,549	5.133%
2009-10	1,822,011	1,485,870	3,307,881	65,125,244	5.079%
2008-09	1,889,349	1,395,205	3,284,554	67,638,629	4.856%
2007-08(4)	5,443,269	1,455,030	6,898,299	64,651,088	10.670%
2006-07(3)	1,854,614	1,323,577	3,178,191	68,345,752	4.650%
2005-06	1,777,483	1,410,222	3,187,705	63,817,548	4.995%
2004-05	2,425,698	1,592,762	4,018,460	55,100,902	7.293%
2003-04	10,100,013	1,273,031	11,373,044	59,324,977	19.171%

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

(2) Includes capital project expenditures.

(3) Excludes temporary loans.

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



## COMPLIANCE SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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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*

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To the Members of the Board of Supervisors  
County of Wythe, Virginia  
Wytheville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Wythe, Virginia's basic financial statements, and have issued our report thereon dated November 12, 2013.

## Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [2013-1]

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wythe, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

### Purpose of this Report

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

*Robinson, Fauser, Cox Associates*

Blacksburg, Virginia  
November 12, 2013

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

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

### Report on Compliance for Each Major Federal Program

We have audited the County of Wythe, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Wythe, Virginia's major federal programs for the year ended June 30, 2013. The County of Wythe, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditors' Responsibility*

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

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

#### *Opinion on Each Major Federal Program*

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

## Report on Internal Control Over Compliance

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

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

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

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

*Robinson, Farmer, Co. Associates*

Blacksburg, Virginia  
November 12, 2013

Schedule of Expenditures of Federal Awards  
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
<b>DEPARTMENT OF AGRICULTURE:</b>			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 3,611,388
Community Facilities Loans and Grants	10.766	N/A	23,000
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
<i>State Department of Agriculture:</i>			
Food Distribution-Summer Food Service Program for Children (Note C)	10.559	Not available	34,373
Food Distribution (Note C)	10.555	Not available	\$ 138,305
<i>Department of Education:</i>			
National School Lunch Program	10.555	40623	<u>1,141,256</u> 1,279,561
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	393,224
<i>Department of Education:</i>			
Schools and Roads - Grants to States	10.665	43841	68,132
Total Department of Agriculture			<u>\$ 5,409,678</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950110/0950111	\$ 24,011
Temporary Assistance for Needy Families	93.558	0400111	319,146
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111	1,200
Low-Income Home Energy Assistance	93.568	0600410/0600411	27,523
Chafee Education and Training Vouchers Program	93.599	9160110	4,955
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900110/0900111	1,703
Social Services Block Grant	93.667	1000110/1000111	232,798
Chafee Foster Care Independence Program	93.674	9150110/9150111	11,564
Children's Health Insurance Program	93.767	0540110/0540111	9,187
Medical Assistance Program	93.778	1200110/1200111	235,881
<i>Child Care and Development Funds Cluster:</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	51,644
Foster Care - Title IV-E	93.658	1100110/1100111	369,752
Adoption Assistance	93.659	1120110/1120111	206,114
Total Department of Health and Human Services			<u>\$ 1,495,478</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>			
Pass Through Payments:			
<i>Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	52749/52740	\$ 68,171
Total Department of Homeland Security			<u>\$ 68,171</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50326	\$ 67,728
Total Department of Transportation			<u>\$ 67,728</u>
<b>DEPARTMENT OF JUSTICE:</b>			
Pass Through Payments:			
<i>Department of Criminal Justice Services:</i>			
Violence Against Women - Formula Grants	16.588	09WFAX0037	\$ 12,460
Crime Victim Assistance	16.575	05VAGX0031	43,572
Total Department of Justice			<u>\$ 56,032</u>

Schedule of Expenditures of Federal Awards  
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
<i>DEPARTMENT OF EDUCATION:</i>			
Pass Through Payments:			
<i>Department of Education:</i>			
Career and Technical Education-Basic Grants to States	84.048	61095	\$ 71,104
Improving Teacher Quality State Grants	84.367	61480	209,474
School Improvement Grants	84.377	43040	34,271
Education Technology State Grants	84.318	86756/86758	4,085
<i>Title I, Part A:</i>			
Title I Grants to Local Educational Agencies	84.010	42901	986,477
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States	84.027	73071	912,093
Special Education-Preschool Grants	84.173	62521	29,922
Total Department of Education			\$ 2,247,426
Total Expenditure of Federal Awards			\$ 9,344,513

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Wythe 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, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the County of Wythe, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Wythe.

Note B -- Summary of Significant Accounting Policies

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

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

Note C -- Food Donation

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

Note D -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,103,633
Water and Sewer Fund Loans/Grants	3,611,388
Component Unit School Board:	
School Operating Fund	<u>\$ 3,629,492</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 9,344,513</u></u>
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County of Wythe, Virginia

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

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Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities
10.555/10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Education Agencies

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

County of Wythe, Virginia

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

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Section II - Financial Statement Findings

2013-1

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Criteria:	Per Statement on Auditing Standards 115, identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The County's financial statements required material adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles. It is noted that the number of entries required has decreased significantly from prior fiscal years.
Cause of Condition:	The County has experienced significant turnover in financial staff, as a result, the County does not have staff on hand with historical perspective.
Effect of Condition:	There is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	The County's closing process improved significantly over prior years as current staff gained an understanding of the year-end closing process and related reconciliations and adjustments that are necessary. Staff should review the current year adjusting entries and consider same during the next fiscal year close.
Management's Response:	The County has reduced its' reliance on external consultants and current staff have a good understanding of the County's books and accounting processes. It is anticipated that the number of audit adjustments will continue to decrease in future periods.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

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