

COUNTY OF PAGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013



COUNTY OF PAGE, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

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

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COUNTY OF PAGE, VIRGINIA

BOARD OF SUPERVISORS

Johnny Woodward, Chairman

J.D. Cave
David Wiatrowski
Robert Griffith

Darrell Short
Jeff Vaughan

Mark Lauzier, County Administrator

OFFICIALS

Judge of the Circuit Court James V. Lane
Judge of the General District Court..... W. Dale Houff
Judge of the Juvenile & Domestic Relations District Court..... William W. Sharp
Clerk of the Circuit Court..... Ron Wilson
Commonwealth’s Attorney John T. Hennessy
Commissioner of the Revenue..... Charles L. Campbell
Treasurer Penny Gray
Sheriff..... John Thomas
Superintendent of Schools..... Randall W. Thomas
Director of Department of Social Services Peter J. Creaturo

SCHOOL BOARD

Morgan S. Phenix, Chairman

Larry W. Foltz, Vice Chairman
Melissa S. Deibert
Jackie Sullivan-Smoot

Randy J. Bailey
Sharon K. Lucas
Ellen H. Fields, Clerk

FINANCE BOARD

Members, Page County Board of Supervisors
Penny Gray

BOARD OF SOCIAL SERVICES

Louise Kyger, Chairman

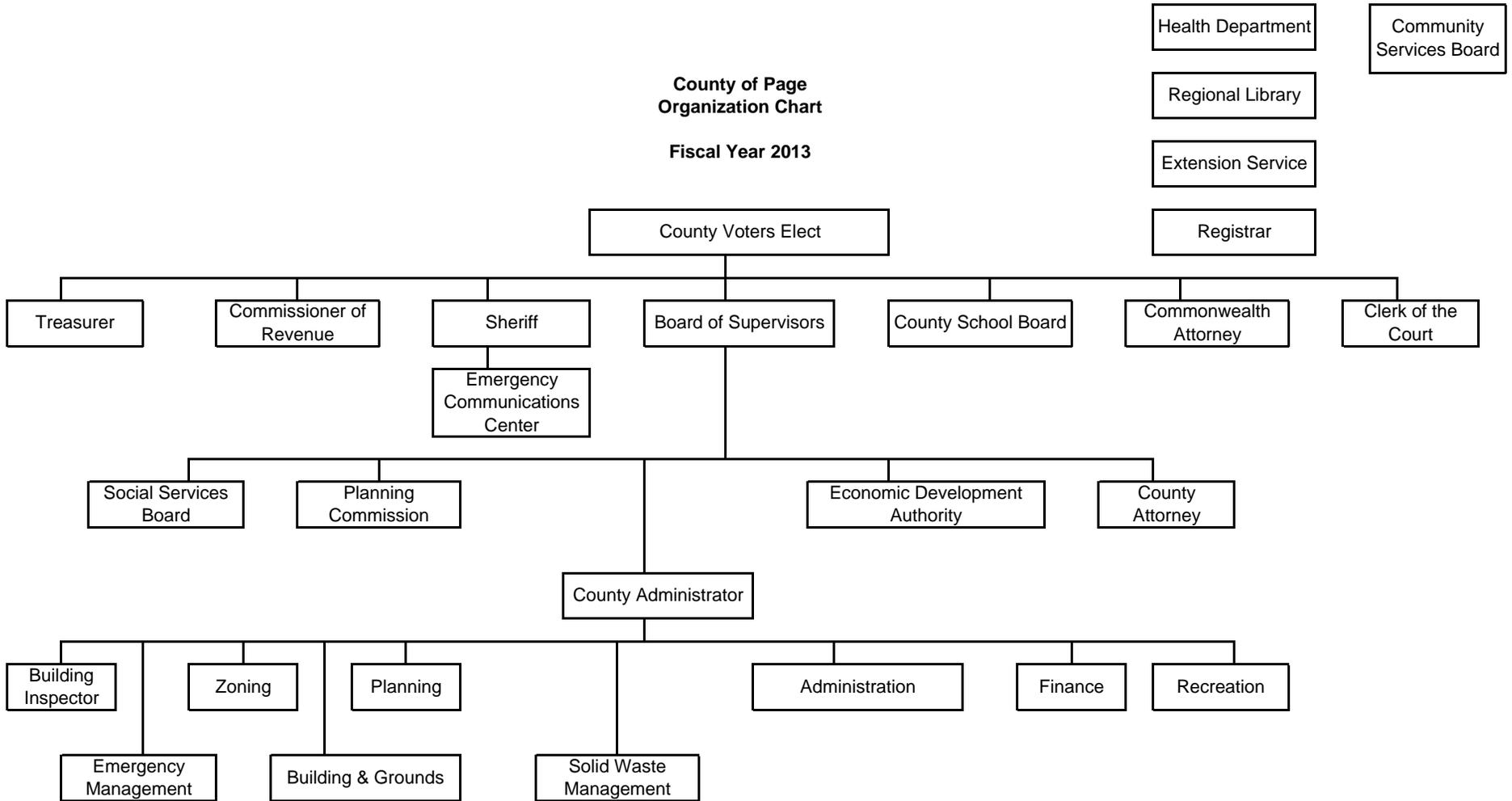
Gary Breeden
Donnie Roudabush

Fred Fielding
Darrell Short

Jan Sletten

**County of Page
Organization Chart
Fiscal Year 2013**

State Regional Agencies



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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, VIRGINIA

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Page, Virginia's basic financial statements. The introductory section, the 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.

Other Information (continued)

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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2013, on our consideration of the County of Page, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Page, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 29, 2013

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Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Page, Virginia for the fiscal year ended June 30, 2013.

Financial Highlights

The assets of the County of Page, Virginia were short of its liabilities at the close of the most recent fiscal year by \$(1,988,509). Of this amount, \$(3,435,256) is unrestricted. The School Board's net position was \$20,010,999 of which \$187,119 is unrestricted.

At the end of the fiscal year, unassigned fund balance for the general fund was \$6,986,977.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$13,790,487, an increase of \$3,714,214 in comparison to the prior year. \$6,986,977 is available for spending at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

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

Local governmental accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability, now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statements users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, liabilities deferred inflows/outflows of resources and net position. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various governmental functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services and not as an end unto itself.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Taxes and intergovernmental revenues principally support governmental activities. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows no business-type activities.

The government-wide financial statements include, in addition to the primary government or County, three component units; the Page County School Board, the Page County EDA and the Luray-Page Airport Commission. Although the component units are legally separate entities, the County is financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuance, rate structure and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation of the two methods is provided in Exhibits 4 & 6 in this report.

Proprietary Funds

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business.

The County of Page has one internal service fund: Health Insurance Fund. The Health Insurance Fund accounts for insurance premiums paid by the School Board for all departments. Individual fund data for the internal funds is provided in Exhibits 20-22 in this report.

Fiduciary Funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the Financial Statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. The County of Page's assets failed to exceed its liabilities and deferred inflows of resources by \$(1,988,509) at fiscal year end.

The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

COUNTY OF PAGE'S NET POSITION

	Governmental Activities	
	2013	2012
Current and other assets	\$ 29,875,593	\$ 25,456,585
Capital assets	53,333,503	54,646,392
Total assets	<u>\$ 83,209,096</u>	<u>\$ 80,102,977</u>
Long-term liabilities	\$ 71,282,115	\$ 69,044,462
Other liabilities	4,739,754	13,322,347
Total liabilities	<u>\$ 76,021,869</u>	<u>\$ 82,366,809</u>
Deferred inflows of resources		
Unavailable revenue-property taxes	<u>\$ 9,175,736</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 928,108	\$ 1,614,736
Restricted	518,639	445,608
Unrestricted	(3,435,256)	(4,324,176)
Total net position	<u>\$ (1,988,509)</u>	<u>\$ (2,263,832)</u>

The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. All \$518,639 of the restricted net position is restricted for debt service and bond covenants.

At the end of the fiscal year, the County is able to report positive balances in two of the three categories of net position.

Governmental Activities

Governmental activities have increased the County's net position by \$275,323 due in large part to tax collection.

COUNTY OF PAGE'S CHANGES IN NET POSITION For the Year Ended June 30, 2013

	Governmental Activities	
	2013	2012
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 2,461,284	\$ 2,349,005
Operating grants & contributions	5,081,557	5,546,582
General revenues:		
General property taxes	19,586,968	19,396,791
Other local taxes	2,974,154	3,332,411
Use of money & property	59,792	58,428
Miscellaneous	49,754	144,457
Grants and cont. not restricted	2,345,875	1,809,987
Total revenues	<u>\$ 32,559,384</u>	<u>\$ 32,637,661</u>
<u>Expenses:</u>		
General government	\$ 2,833,213	\$ 2,256,222
Judicial administration	1,105,308	1,115,093
Public safety	7,520,179	7,072,258
Health and welfare	3,101,854	3,582,940
Education	11,606,179	11,437,383
Parks, recreation and cultural	273,795	271,922
Community development	537,342	645,888
Public works	2,384,891	1,530,469
Interest on long-term debt	2,921,300	3,057,354
Total expenses	<u>\$ 32,284,061</u>	<u>\$ 30,969,529</u>
Changes in net position	\$ 275,323	\$ 1,668,132
Net position, beginning	(2,263,832)	(3,931,964)
Net position, ending	<u>\$ (1,988,509)</u>	<u>\$ (2,263,832)</u>

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the year end, the County's governmental funds reported combined ending fund balances of \$13,790,487, an increase of \$3,714,214 over the prior year. \$518,639 is restricted to indicate that it is not available for new spending because it has already been committed to bond covenants for the USDA loan for improvements to Battlecreek Landfill. \$3,564,664 was restricted for future capital projects fund expenditures.

The general fund is the chief operating fund of the County. As of June 30, 2013, the total fund balance was \$7,153,763, of which \$6,986,977 was unassigned.

General Fund Budgetary Highlights

Differences between the original expenditure budgeted appropriations and the final amended budgeted appropriations totaled \$556,081.

Capital Asset and Debt Administration

Capital Assets

Investments in capital assets may be made in five different categories, which include land, buildings and major subsystems, machinery and equipment, infrastructure or construction in process.

COUNTY OF PAGE, VIRGINIA CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES (Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 1,970,464	\$ 1,970,464
Buildings and system	47,504,588	50,679,506
Machinery and equipment	1,764,027	1,634,821
Construction in progress	2,094,424	361,601
Totals	<u>\$ 53,333,503</u>	<u>\$ 54,646,392</u>

Additional information on the County's assets can be found in the notes to the financial statements.

Long-term debt: At fiscal year end the County had the following outstanding debt:

COUNTY OF PAGE'S OUTSTANDING DEBT For Year Ended June 30, 2013

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$ 61,859,642	\$ 63,791,048
Revenue notes	4,167,159	374,399
Landfill closure/post closure	3,193,616	3,035,431
Capital leases	276,638	-
Premiums on bond issuance	695,022	732,225
Net OPEB obligation	521,000	454,000
Compensated absences	569,038	657,359
Totals	<u>\$ 71,282,115</u>	<u>\$ 69,044,462</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets

The annual unemployment rate has been as high as 10 percent but for the month of November it is 8.2 percent, which is lower than the rate a year ago. This is high in comparison with the state's average of 5.3 percent and the national average of 7.3 percent. These factors will be considered when preparing the County's budget for the 2014 fiscal year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Page's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Finance Department, 103 South Court Street, Suite F, Luray, Virginia, 22835.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2013

	Primary Government	Component Unit	Component Unit	Component Unit
	Governmental Activities	School Board	Economic Development Authority	Luray-Page Airport Commission
ASSETS				
Cash and cash equivalents	\$ 11,893,411	\$ 1,681,139	\$ 219,381	\$ 132,638
Receivables (net of allowance for uncollectibles):				
Taxes receivable	12,239,549	-	-	-
Accounts receivable	473,310	6,319	1,625,177	121,965
Notes receivable	-	-	4,000	-
Due from primary government	-	2,257,913	-	-
Due from other governmental units	1,058,620	767,637	-	-
Inventories	-	66,295	-	-
Prepaid items	127,400	210,544	1,331	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	4,083,303	-	-	-
Capital assets (net of accumulated depreciation):				
Land	1,970,464	885,591	2,751,000	1,936,386
Buildings and improvements	47,504,588	17,720,679	-	5,576,971
Machinery and equipment	1,764,027	1,200,158	-	177,524
Construction in progress	2,094,424	17,452	-	190,798
Total assets	<u>\$ 83,209,096</u>	<u>\$ 24,813,727</u>	<u>\$ 4,600,889</u>	<u>\$ 8,136,282</u>
LIABILITIES				
Accounts payable	\$ 923,948	\$ 268,640	\$ 7,339	\$ 33,158
Accrued liabilities	314,490	3,084,908	-	-
Retainage payable	146,724	-	-	-
Accrued interest payable	1,096,679	-	-	-
Due to component unit	2,257,913	-	-	-
Long-term liabilities:				
Due within one year	2,425,850	-	19,213	-
Due in more than one year	68,856,265	1,449,180	1,605,964	-
Total liabilities	<u>\$ 76,021,869</u>	<u>\$ 4,802,728</u>	<u>\$ 1,632,516</u>	<u>\$ 33,158</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>\$ 9,175,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 928,108	\$ 19,823,880	\$ 2,751,000	\$ 7,881,679
Restricted for:				
Debt service and bond covenants	518,639	-	-	-
Unrestricted (deficit)	<u>(3,435,256)</u>	<u>187,119</u>	<u>217,373</u>	<u>221,445</u>
Total net position	<u>\$ (1,988,509)</u>	<u>\$ 20,010,999</u>	<u>\$ 2,968,373</u>	<u>\$ 8,103,124</u>

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

County of Page, Virginia

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,833,213	\$ 127,291	\$ 267,567	\$ -
Judicial administration	1,105,308	127,832	548,997	-
Public safety	7,520,179	855,455	2,494,639	-
Public works	2,384,891	1,305,472	14,096	-
Health and welfare	3,101,854	9,645	1,755,258	-
Education	11,606,179	-	-	-
Parks, recreation, and cultural	273,795	35,589	-	-
Community development	537,342	-	1,000	-
Interest on long-term debt	2,921,300	-	-	-
Total governmental activities	<u>\$ 32,284,061</u>	<u>\$ 2,461,284</u>	<u>\$ 5,081,557</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 36,036,794	\$ 2,042,528	\$ 23,228,458	\$ -
Economic Development Authority	134,133	-	140,525	-
Luray-Page Airport Commission	316,079	67,180	-	839,764
Total component units	<u>\$ 36,487,006</u>	<u>\$ 2,109,708</u>	<u>\$ 23,368,983</u>	<u>\$ 839,764</u>

General revenues:

General property taxes
Local sales tax
Motor vehicle licenses
Transient occupancy taxes
Meals tax
Tax on recordation and wills
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Total general revenues
Change in net position
Net position - beginning
Net position - ending

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

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

Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA	Component Unit Luray-Page Airport Commission
\$ (2,438,355)	\$ -	\$ -	\$ -
(428,479)	-	-	-
(4,170,085)	-	-	-
(1,065,323)	-	-	-
(1,336,951)	-	-	-
(11,606,179)	-	-	-
(238,206)	-	-	-
(536,342)	-	-	-
(2,921,300)	-	-	-
<u>\$ (24,741,220)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (10,765,808)	\$ -	\$ -
-	-	6,392	-
-	-	-	590,865
<u>\$ -</u>	<u>\$ (10,765,808)</u>	<u>\$ 6,392</u>	<u>\$ 590,865</u>
\$ 19,586,968	\$ -	\$ -	\$ -
1,424,298	-	-	-
312,916	-	-	-
605,616	-	-	-
269,595	-	-	-
151,932	-	-	-
209,797	-	-	-
59,792	176	1,632	3,316
49,754	-	-	-
2,345,875	11,587,554	-	-
<u>\$ 25,016,543</u>	<u>\$ 11,587,730</u>	<u>\$ 1,632</u>	<u>\$ 3,316</u>
\$ 275,323	\$ 821,922	\$ 8,024	\$ 594,181
(2,263,832)	19,189,077	2,960,349	7,508,943
<u>\$ (1,988,509)</u>	<u>\$ 20,010,999</u>	<u>\$ 2,968,373</u>	<u>\$ 8,103,124</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2013

	General	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 8,845,926	\$ 2,964,181	\$ 83,304	\$ 11,893,411
Receivables (net of allowance for uncollectibles):				
Taxes receivable	12,239,549	-	-	12,239,549
Accounts receivable	473,310	-	-	473,310
Due from other funds	137,583	-	-	137,583
Due from other governmental units	874,121	-	184,499	1,058,620
Prepaid items	127,400	-	-	127,400
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	4,083,303	-	4,083,303
Total assets	\$ 22,697,889	\$ 7,047,484	\$ 267,803	\$ 30,013,176
LIABILITIES				
Accounts payable	\$ 531,830	\$ 344,932	\$ 47,186	\$ 923,948
Accrued liabilities	312,348	-	2,142	314,490
Retainage payable	-	146,724	-	146,724
Due to other funds	-	-	137,583	137,583
Due to component unit	2,257,913	-	-	2,257,913
Total liabilities	\$ 3,102,091	\$ 491,656	\$ 186,911	\$ 3,780,658
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 12,442,031	-	-	\$ 12,442,031
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 127,400	-	-	\$ 127,400
Restricted:				
Debt service	-	518,639	-	518,639
Capital projects	-	3,564,664	-	3,564,664
Committed:				
Parks and recreation	-	-	80,892	80,892
Assigned:				
Page County water quality	14,710	-	-	14,710
Local dare	2,049	-	-	2,049
Crime victim witness	10,352	-	-	10,352
Department of Justice VJCAA	11,299	-	-	11,299
DHCD	980	-	-	980
Capital projects	-	2,472,525	-	2,472,525
Unassigned, reported in:				
General fund	6,986,977	-	-	6,986,977
Total fund balances	\$ 7,153,767	\$ 6,555,828	\$ 80,892	\$ 13,790,487
Total liabilities, deferred inflows of resources and fund balances	\$ 22,697,889	\$ 7,047,484	\$ 267,803	\$ 30,013,176

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 13,790,487
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	53,333,503
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	3,266,295
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(72,378,794)</u>
Net position of governmental activities	<u>\$ (1,988,509)</u>

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

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

	General	Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 19,510,388	\$ -	\$ -	\$ 19,510,388
Other local taxes	2,974,154	-	-	2,974,154
Permits, privilege fees, and regulatory licenses	249,634	-	-	249,634
Fines and forfeitures	124,325	-	-	124,325
Revenue from the use of money and property	51,609	8,183	-	59,792
Charges for services	2,042,091	-	45,234	2,087,325
Miscellaneous	49,754	-	-	49,754
Intergovernmental revenues:				
Commonwealth	5,390,292	-	861,523	6,251,815
Federal	281,882	-	893,735	1,175,617
Total revenues	<u>\$ 30,674,129</u>	<u>\$ 8,183</u>	<u>\$ 1,800,492</u>	<u>\$ 32,482,804</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,102,193	\$ -	\$ -	\$ 2,102,193
Judicial administration	1,110,754	-	-	1,110,754
Public safety	7,556,394	-	-	7,556,394
Public works	2,403,072	-	-	2,403,072
Health and welfare	630,997	-	2,470,296	3,101,293
Education	9,049,489	-	-	9,049,489
Parks, recreation, and cultural	250,154	-	22,760	272,914
Community development	537,342	-	-	537,342
Nondepartmental	104,938	-	-	104,938
Capital projects	-	1,674,799	-	1,674,799
Debt service:				
Principal retirement	2,172,308	-	-	2,172,308
Interest and other fiscal charges	2,993,394	-	-	2,993,394
Total expenditures	<u>\$ 28,911,035</u>	<u>\$ 1,674,799</u>	<u>\$ 2,493,056</u>	<u>\$ 33,078,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,763,094</u>	<u>\$ (1,666,616)</u>	<u>\$ (692,564)</u>	<u>\$ (596,086)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 73,031	\$ 705,393	\$ 778,424
Transfers out	(778,424)	-	-	(778,424)
Capital leases	310,300	-	-	310,300
Issuance of lease revenue bonds	-	4,000,000	-	4,000,000
Total other financing sources (uses)	<u>\$ (468,124)</u>	<u>\$ 4,073,031</u>	<u>\$ 705,393</u>	<u>\$ 4,310,300</u>
Net change in fund balances	\$ 1,294,970	\$ 2,406,415	\$ 12,829	\$ 3,714,214
Fund balances - beginning	5,858,797	4,149,413	68,063	10,076,273
Fund balances - ending	<u>\$ 7,153,767</u>	<u>\$ 6,555,828</u>	<u>\$ 80,892</u>	<u>\$ 13,790,487</u>

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

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

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

Net change in fund balances - total governmental funds	\$ 3,714,214
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.	(725,478)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.	(587,411)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	76,580
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,258,974)
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.	<u>56,392</u>
Change in net position of governmental activities	<u>\$ 275,323</u>

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

Statement of Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>196,658</u>
Total assets	\$ <u><u>196,658</u></u>
LIABILITIES	
Amounts held for social services clients	\$ 1,562
Amounts held for others	174,020
Amounts held for inmates	<u>21,076</u>
Total liabilities	\$ <u><u>196,658</u></u>

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The County of Page, Virginia (government) is a municipal corporation governed by an elected five-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 Page County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Board is presented as a governmental fund type.

The Economic Development Authority of Page County, Virginia is included as a component unit because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The Economic Development Authority of Page County, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 440E Kenrick Lane, Front Royal, Virginia 22835.

The Luray-Page Airport Commission is included as a component unit because the Commission's primary use of funds is to provide for airport for the County of Page and County of Luray, VA, thereby benefiting the County even though it does not provide services directly to the County. The Luray-Page Airport Commission does prepare separate financial statements. The Commission's fiscal year ends on December 31st, accordingly, the financial information on Exhibits 1 and 2 are for the year ended December 31, 2012. Complete financial statements for the Authority may be obtained at the Commission's administrative offices at 270 Circle View Road, Luray, Virginia 22630.

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.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (continued)

The Statement of Net Position 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 are reported as separate columns in the fund financial statements.

C. 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. The Board of Supervisors appoints the board members of the Economic Development Authority of Page County, Virginia.

D. Jointly Governed Organizations

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Rockingham Library Association — The County of Page, the County of Rockingham, and the City of Harrisonburg participate in the Rockingham County Library Association which provides library services to its participants. The Rockingham Library Association is governed by a Board of Trustees consisting of 19 members, who are elected at the annual meeting each year of the Rockingham Library Association. Each locality's contribution is set by contractual agreement with the Rockingham Library Association. The County of Page contributed \$172,758 to the Association for operating purposes for the year ended June 30, 2013.

The County, in conjunction with other localities, has created the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$71,100 to the Northwestern Community Services Board.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

Property taxes, other local 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 another fund. The General Fund includes the activities of Department of Justice VJCCCA, Community Development, Crime Victim Witness Program, Local DARE, and Water Quality Funds.

The *capital projects fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County capital projects fund is considered a major fund.

Additionally, the government reports the following fund types:

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds included Virginia Public Assistance, Comprehensive Services Act, E-911 and Parks and Recreation funds.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare, cash bonds fund, neutering/spaying and jail inmate and Luray/Page Airport Hangar are the County's agency funds.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service funds are charges to funds for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Assets, liabilities, deferred outflows/inflows 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.

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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance was \$346,990 or equal to 3 percent of outstanding property taxes at June 30, 2013.

Property is assessed at its value on January 1. Property taxes attached as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5th and December 5th. The County bills and collects its own property taxes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

4. Capital assets

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

The 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

5. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

6. 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, 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.

7. 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.

8. Net position flow assumption

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

9. Fund equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

9. Fund equity (continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

10. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

G. Investments

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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.

I. Deferred Outflows/Inflows of Resources

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

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 2,278,773	\$ 298,911
Depreciation expense	(1,309,977)	(913,774)
Primary government capital asset allocation	<u>(1,694,274)</u>	<u>1,694,274</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>(725,478)</u></u>	\$ <u><u>1,079,411</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.” The details of this difference are as follows:

In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

\$ (587,411)

Net adjustment to decrease *total governmental funds* to arrive at *changes in net position of governmental activities*

\$ (587,411)

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these differences are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Debt issued or incurred:		
Issuance of bonds	\$ (4,000,000)	\$ -
Capital leases	(310,300)	-
Principal repayments:		
General obligation debt	\$ 1,931,406	\$ -
Capital lease	33,662	-
Lease revenue bond	207,240	-
Increase in landfill closure and post-closure costs	(158,185)	-
Amortization of bond premium	<u>37,203</u>	<u>-</u>
Net adjustment to (decrease) increase <i>net changes in balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (2,258,974)</u>	<u>\$ -</u>

Another element of that reconciliation states that “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.” The details of these differences are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ 88,321	\$ (23,970)
Net OPEB obligation	(67,000)	(282,700)
Accrued interest payable	<u>35,071</u>	<u>-</u>
Net adjustment to (decrease) increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 56,392</u>	<u>\$ (306,670)</u>

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the activity level within each department. The appropriation for each department or activity can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are 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.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

NOTE 4—DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Investments)

The County of Page sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Page shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

Credit Risk of Debt Securities

The County of Page may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government, including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
5. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
6. U.S. dollar denominated Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40% of the total funds available for investment may be invested in banker's acceptances.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.
8. The County's rated debt investments as of June 30, 2013 were rated by Moody and/or an equivalent national rating organization and the ratings are presented below using the Moody rating scale.

County's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government	
Investment Pool	\$ 5
SNAP	2,746,318
Total	<u>\$ 2,746,323</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED)

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:

Note: All deposits of the health insurance fund were allocated to the component unit school board on the government-wide financial statements — Exhibit 1.

NOTE 5—INTERFUND OBLIGATIONS

Fund	Interfund Receivable Primary Government/ Component Unit	Interfund Payable Primary Government/ Component Unit	Due From Other Funds	Due To Other Funds
Primary Government:				
General Fund	\$ -	\$ 2,257,913	\$ 137,583	\$ -
Virginia Public Assistance Fund	-	-	-	124,443
Comprehensive Services Act	-	-	-	13,140
Sub-total	\$ -	\$ 2,257,913	\$ 137,583	\$ 137,583
Discretely Presented Component Units:				
School Fund	\$ 2,257,913	\$ -	\$ -	\$ -
Total reporting entity	\$ 2,257,913	\$ 2,257,913	\$ 137,583	\$ 137,583

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 6—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	\$ -	\$ 778,424
Virginia Public Assistance Fund	390,702	-
Comprehensive Services Act	314,691	-
County Capital Projects Fund	73,031	-
Total reporting entity	<u>\$ 778,424</u>	<u>\$ 778,424</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 7—DUE FROM OTHER GOVERNMENTAL UNITS

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 592,511
Local sales taxes	265,983	-
Compensation board	217,182	-
Comprehensive Services Act funds	60,056	-
Public assistance and welfare	51,321	-
Other funds	345,578	979
Federal Government:		
Public assistance and welfare	73,123	-
School funds	-	174,147
Other funds	45,377	-
Total	<u>\$ 1,058,620</u>	<u>\$ 767,637</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 8—CAPITAL ASSETS

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,970,464	\$ -	\$ -	\$ 1,970,464
Construction in progress	<u>361,601</u>	<u>1,760,468</u>	<u>(27,645)</u>	<u>2,094,424</u>
Total capital assets not being depreciated	<u>\$ 2,332,065</u>	<u>\$ 1,760,468</u>	<u>\$ (27,645)</u>	<u>\$ 4,064,888</u>
Capital assets being depreciated				
Buildings	\$ 54,863,121	\$ -	\$ (2,396,613)	\$ 52,466,508
Machinery and equipment	<u>5,422,700</u>	<u>545,950</u>	<u>(24,675)</u>	<u>5,943,975</u>
Total capital assets being depreciated	<u>\$ 60,285,821</u>	<u>\$ 545,950</u>	<u>\$ (2,421,288)</u>	<u>\$ 58,410,483</u>
Accumulated depreciation				
Buildings	\$ (4,183,615)	\$ (1,048,435)	\$ 270,130	\$ (4,961,920)
Machinery and equipment	<u>(3,787,879)</u>	<u>(416,744)</u>	<u>24,675</u>	<u>(4,179,948)</u>
Total accumulated depreciation	<u>\$ (7,971,494)</u>	<u>\$ (1,465,179)</u>	<u>\$ 294,805</u>	<u>\$ (9,141,868)</u>
Total capital assets being depreciated, net	<u>\$ 52,314,327</u>	<u>\$ (919,229)</u>	<u>\$ (2,126,483)</u>	<u>\$ 49,268,615</u>
Governmental activities capital assets, net	<u>\$ 54,646,392</u>	<u>\$ 841,239</u>	<u>\$ (2,154,128)</u>	<u>\$ 53,333,503</u>

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

Governmental activities:	
General government administration	\$ 34,221
Judicial administration	2,259
Public safety	188,054
Public works	220,364
Health and welfare	12,391
Education	1,007,890
Total depreciation expense-governmental activities:	<u>\$ 1,465,179</u>

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 8—CAPITAL ASSETS (CONTINUED)

Discretely presented component unit-School Board

Activity for the School Board for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 885,591	\$ -	\$ -	\$ 885,591
Construction in progress	-	17,452	-	17,452
Total capital assets not being depreciated	<u>\$ 885,591</u>	<u>\$ 17,452</u>	<u>\$ -</u>	<u>\$ 903,043</u>
Capital assets being depreciated				
Buildings and improvements	\$ 22,831,757	\$ 1,694,274	\$ -	\$ 24,526,031
Machinery and equipment	5,435,751	281,459	(78,360)	5,638,850
Total capital assets being depreciated	<u>\$ 28,267,508</u>	<u>\$ 1,975,733</u>	<u>\$ (78,360)</u>	<u>\$ 30,164,881</u>
Accumulated depreciation				
Buildings and improvements	\$ (6,180,453)	\$ (1,632,789)	\$ 1,007,890	\$ (6,805,352)
Machinery and equipment	(4,228,177)	(288,875)	78,360	(4,438,692)
Total accumulated depreciation	<u>\$ (10,408,630)</u>	<u>\$ (1,921,664)</u>	<u>\$ 1,086,250</u>	<u>\$ (11,244,044)</u>
Total capital assets being depreciated, net	<u>\$ 17,858,878</u>	<u>\$ 54,069</u>	<u>\$ 1,007,890</u>	<u>\$ 18,920,837</u>
School Board capital assets, net	<u>\$ 18,744,469</u>	<u>\$ 71,521</u>	<u>\$ 1,007,890</u>	<u>\$ 19,823,880</u>

Depreciation expense for the year ended June 30, 2013 totaled \$1,921,664.

Discretely presented component unit-Economic Development Authority of Page County

Activity for the Authority for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Land	\$ 2,751,000	\$ -	\$ -	\$ 2,751,000
Capital assets, net	<u>\$ 2,751,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,751,000</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 8—CAPITAL ASSETS (CONTINUED)

Discretely presented component unit-Luray-Page County Airport Commission

Activity for the Commission for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,368,977	\$ 567,409	\$ -	\$ 1,936,386
Construction in progress	800	189,998	-	190,798
Total capital assets not being depreciated	<u>\$ 1,369,777</u>	<u>\$ 757,407</u>	<u>\$ -</u>	<u>\$ 2,127,184</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 7,276,946	\$ -	\$ -	\$ 7,276,946
Equipment	160,040	122,178	-	282,218
Total capital assets being depreciated	<u>\$ 7,436,986</u>	<u>\$ 122,178</u>	<u>\$ -</u>	<u>\$ 7,559,164</u>
Accumulated depreciation:				
Buildings and improvements	\$ (1,519,572)	\$ (180,403)	\$ -	\$ (1,699,975)
Machinery and equipment	(85,969)	(18,725)	-	(104,694)
Total accumulated depreciation	<u>\$ (1,605,541)</u>	<u>\$ (199,128)</u>	<u>\$ -</u>	<u>\$ (1,804,669)</u>
Total capital assets being depreciated, net	<u>\$ 5,831,445</u>	<u>\$ (76,950)</u>	<u>\$ -</u>	<u>\$ 5,754,495</u>
Total capital assets, net	<u>\$ 7,201,222</u>	<u>\$ 680,457</u>	<u>\$ -</u>	<u>\$ 7,881,679</u>

NOTE 9—DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

NOTE 9— DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Plan Description (continued)

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

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 9— DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. **Plan Description (continued)**

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

B. **Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County’s and School Board’s non-professional employee contribution rates for the fiscal year ended 2013 were 12.87% and 11.85%, respectively, of annual covered payroll.

The School Board’s contributions for professional employees were \$2,052,803, \$1,629,233, and \$1,573,854 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 11.33%, and 8.93% respectively, of current covered payroll.

C. **Annual Pension Cost**

For fiscal year 2013, the County’s annual pension cost of \$765,738 was equal to the County’s required and actual contributions.

For fiscal year 2013, the School Board’s annual pension cost for the School Board’s non-professional employees was \$210,852 which was equal to the board’s required and actual contributions.

Three-Year Trend Information				
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/11	\$ 574,279	100%	\$ -
	6/30/12	548,974	100%	-
	6/30/13	765,738	100%	-
Discretely Presented Component Unit:				
School Board				
Non-Professional	6/30/11	153,953	100%	-
	6/30/12	200,481	100%	-
	6/30/13	210,852	100%	-

NOTE 9— DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Annual Pension Cost (continued)

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress:

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 75.60% funded. The actuarial accrued liability for benefits was \$24,182,333 and the actuarial value of assets was \$18,282,123, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,900,210. The covered payroll (annual payroll of active employees covered by the plan) was \$5,474,304, and ratio of the UAAL to the covered payroll was 107.78%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's non-professional plan was 75.59% funded. The actuarial accrued liability for benefits was \$7,369,702, and the actuarial value of assets was \$5,570,948, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,798,754. The covered payroll (annual payroll of active employees covered by the plan) was \$1,700,166, and ratio of the UAAL to the covered payroll was 105.80%.

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

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS

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

A. Plan Description

The County of Page provides post-retirement health care insurance benefits for employees who are eligible. To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 15 years prior to retirement.

B. Funding Policy

The Page County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The county also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of their premiums, less a subsidy of 4% per year for each year of service with Page County up to a maximum of 30 years. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other postemployment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$163,900 for fiscal year 2013. The County has elected not to pre-fund OPEB liabilities. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

County (continued)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

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

Annual Required Contribution (ARC)	\$ 164,600
Interest on OPEB Obligation	18,200
Adjustment to ARC	<u>(18,900)</u>
Annual OPEB cost	\$ 163,900
Contributions Made	<u>(96,900)</u>
Increase in Net OPEB Obligation	\$ 67,000
Net OPEB Obligation - beginning of year	<u>454,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 521,000</u></u>

For 2013, the County's expected cash payment of \$96,900 was \$67,700 less than the OPEB cost (expense) of \$163,900. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 228,400	38%	\$ 384,300
June 30, 2012	159,200	56%	454,000
June 30, 2013	163,900	59%	521,000

D. Funded Status and Funding Progress

The funded status of the plan as of April 1, 2011, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 1,834,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 1,834,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	5,316,600
UAAL as a percentage of covered payroll	34.50%

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information 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 (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

E. Actuarial Methods and Assumptions

Cost Method

In the April 1, 2011 actuarial valuation, the projected unit credit method, with linear pro-ration to assumed benefit commencement was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 1, 2011, the date of the most recent actuarial valuation, was 30 years.

Actuarial Assumptions	Not funded
Discount rate	4.0%
Payroll growth	2.5%

School Board

A. Plan Description

The School Board provides post-retirement health care insurance benefits for employees who are eligible. The plan is administered by the School Board. Retired employees, who were employed by Page County Public Schools with at least 26 years of service, who have attained the age of 55, and who retire under the VRS plan are eligible to receive a subsidy from the post-retirement medical plan. The plan has no separate financial report.

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Retirees pay 100% of premiums for themselves and spouses. Coverage ceases when retirees reach the age of 65.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

School Board (continued)

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post-employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits was \$405,200 for fiscal year 2013. The School Board has elected not to pre-fund OPEB liabilities. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual Required Contribution (ARC)	\$	406,600
Interest on OPEB Obligation		33,600
Adjustment to ARC		(35,000)
Annual OPEB cost	\$	<u>405,200</u>
Estimated Contributions Made During FY11		<u>(122,500)</u>
Increase in Net OPEB Obligation	\$	282,700
Net OPEB Obligation - beginning of year		840,800
Net OPEB Obligation - end of year	\$	<u><u>1,123,500</u></u>

For 2013, the School Board’s expected cash payment of \$122,500 was \$282,700 less than the OPEB cost (expense) of \$405,200. The Government’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 388,000	62%	\$ 628,300
June 30, 2012	403,600	47%	840,800
June 30, 2013	405,200	30%	1,123,500

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

School Board (continued)

D. Funded Status and Funding Progress The funded status of the plan as of July 1, 2012, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$	4,236,700
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	4,236,700
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		18,606,100
UAAL as a percentage of covered payroll		22.77%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information 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 (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

E. Actuarial Methods and Assumptions

Cost Method

In the July 1, 2012 actuarial valuation, the date of the most recent actuarial valuation, the projected unit credit method, with linear pro-rata to assumed benefit commencement was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll as an open basis. The remaining amortization period at July 1, 2012 was 30 years.

Interest Assumptions

Interest Assumptions	Not funded
Discount rate	4.0%
Payroll growth	2.5%

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

School Board (continued)

Health Insurance Credit Program

A. Plan description

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

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.1% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$184,023, \$86,279, and \$105,746, respectively and equaled the required contributions for each year.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS

Primary Government Obligations

Changes in Long-Term Liabilities

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

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
Compensated absences	\$ 657,359	\$ 55,300	\$ 143,621	\$ 569,038
Landfill closure and post-closure care costs	3,035,431	158,185	-	3,193,616
Lease revenue bonds	374,399	4,000,000	207,240	4,167,159
Capital lease	-	310,300	33,662	276,638
Tax anticipation note	-	1,500,000	1,500,000	-
Net OPEB obligation	454,000	163,900	96,900	521,000
Revenue bonds	11,866,018	-	237,133	11,628,885
General obligation bonds	51,925,030	-	1,694,273	50,230,757
Premiums on bond issue	732,225	-	37,203	695,022
	<u>69,044,462</u>	<u>6,187,685</u>	<u>3,950,032</u>	<u>71,282,115</u>
Total	\$ <u>69,044,462</u>	\$ <u>6,187,685</u>	\$ <u>3,950,032</u>	\$ <u>71,282,115</u>

(1) Note: Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2002, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS (CONTINUED)

Primary Government Obligations (continued)

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

Year Ending June 30,	Governmental Activities			
	Lease Revenue Bonds		General Obligation/Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 286,106	\$ 110,998	\$ 2,013,974	\$ 2,816,198
2015	292,116	102,416	2,083,737	2,713,864
2016	298,286	93,672	2,174,132	2,607,552
2017	304,623	84,762	2,265,756	2,496,696
2018	313,126	75,683	2,350,939	2,388,629
2019	255,743	67,716	2,439,949	2,282,520
2020	262,603	60,856	2,530,400	2,171,378
2021	269,647	53,812	2,505,519	2,056,032
2022	276,881	46,579	2,522,334	1,938,694
2023	284,308	39,152	2,621,776	1,820,985
2024	291,934	31,525	2,731,897	1,699,645
2025	299,765	23,694	2,843,401	1,572,482
2026	307,806	15,653	2,961,553	1,438,682
2027	316,063	7,064	3,086,082	1,297,891
2028	108,152	-	2,457,716	1,170,598
2029	-	-	2,564,968	1,042,234
2030	-	-	2,682,751	926,896
2031	-	-	2,806,088	805,111
2032	-	-	2,935,004	676,581
2033	-	-	3,069,522	540,900
2034	-	-	1,114,669	433,719
2035	-	-	1,165,473	382,610
2036	-	-	1,221,962	329,091
2037	-	-	1,274,166	273,133
2038	-	-	1,337,115	206,160
2039	-	-	450,841	166,619
2040	-	-	470,380	147,080
2041	-	-	490,765	126,695
2042	-	-	512,034	105,426
2043	-	-	534,224	83,236
2044	-	-	557,376	60,084
2045	-	-	581,532	35,928
2046	-	-	501,606	10,726
Totals	\$ 4,167,159	\$ 813,582	\$ 61,859,642	\$ 36,824,075

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 11—LONG-TERM OBLIGATIONS (CONTINUED)

Details of Long-Term Liabilities

Governmental Activities

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:		
<u>Virginia Public School Authority (V.P.S.A.) Bonds:</u>		
\$1,000,000 Virginia Public School Authority Bond Series 1993 due in annual installments of \$5,000 to \$95,000 through 2014. Interest payable annually at varying interest rates of 4.475% to 5.0%.	\$ 5,000	\$ 5,000
\$1,500,000 Virginia Public School Authority Bond issued November 16, 2000, due in annual installments of \$80,000 to \$85,000 through July 15, 2020. Interest payable semi-annually at varying interest rates of 4.975% to 5.85%.	650,000	85,000
\$30,695,000 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$305,572 due in annual installments of \$655,000 to \$2,005,000 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%.	27,070,000	845,000
\$12,019,506 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$331,039 due in annual installments of \$458,384 to \$740,470 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%.	8,980,757	552,104
\$13,790,000 Virginia Public School Authority Bond issued May 2, 2008, at a premium of \$210,714, due in annual installments of \$444,193 to \$925,815 through July 15, 2037. Interest is payable semi-annually at 4.6% to 5.1%.	<u>13,525,000</u>	<u>280,000</u>
Total general obligation bonds	\$ <u>50,230,757</u>	\$ <u>1,767,104</u>
<u>Lease Revenue Bonds:</u>		
\$931,000 lease revenue bonds issued January 15, 2003 due in annual installments of \$62,067 through January 15, 2018. Interest payable annually at 4.11%.	\$ <u>312,332</u>	\$ <u>62,067</u>
\$4,000,000 lease revenue bonds issued October 15, 2012 due in annual installments of \$108,152 to \$316,063 through October 15, 2027. Interest payable annually at 2.65%.	\$ <u>3,854,827</u>	\$ <u>224,039</u>
Total lease revenue bonds	\$ <u>4,167,159</u>	\$ <u>286,106</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS (CONTINUED)

Details of Long-Term Liabilities (Continued)

Governmental Activities (Continued)

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>Series 2006 Revenue Bonds</u>		
\$13,000,000 bonds issued June 16, 2006 , payments vary throughout the life of the loan. Interest on the bonds is 2.76% through June 2046. These bonds were issued in connection with the Battle Creek landfill.	\$ 11,628,885	\$ 246,870
<u>Capital Lease Payable</u>		
\$310,300 capital lease payable for the purchase of a 725 Caterpillar truck dated October 17, 2012 payable in annual installments of \$66,743 including interest at 2.9% through October 2018.	\$ 276,638	\$ 59,972
Net OPEB obligation	\$ 521,000	\$ -
Compensated absences	\$ 569,038	\$ -
Landfill closure and post closure monitoring care	\$ 3,193,616	\$ 37,023
Unamortized premium on bond issues	\$ 695,022	\$ 28,775
Total Long-term liabilities	<u>\$ 71,282,115</u>	<u>\$ 2,425,850</u>

Change in Component Unit-School Board Long-Term Liabilities

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

	<u>Balance July 1, 2012</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>
Compensated absences	\$ 301,710	\$ 97,095	\$ 73,125	\$ 325,680
Net OPEB obligation	840,800	405,200	122,500	1,123,500
Total	<u>\$ 1,142,510</u>	<u>\$ 502,295</u>	<u>\$ 195,625</u>	<u>\$ 1,449,180</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS (CONTINUED)

Details of Long-Term Liabilities Component Unit – Economic Development Authority of Page County, Virginia

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

\$1,672,600 Revenue Bond issued on October 14, 2009 by USDA (the lender) with monthly payments of \$7,326, and an interest rate of 4.25%, balance at June 30, 2012	1,625,177
Less: current portion	<u>(19,213)</u>
Total Long-term obligations	<u>\$ 1,605,964</u>

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COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2013 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS (CONTINUED)

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

Years Ending June 30,	Revenue Bond	
	Principal	Interest
2014	\$ 19,213	\$ 68,699
2015	20,046	67,866
2016	20,915	66,997
2017	21,821	66,091
2018	22,767	65,145
2019	23,754	64,158
2020	24,783	63,129
2021	25,857	62,055
2022	26,978	60,934
2023	28,147	59,765
2024	29,367	58,545
2025	30,639	57,273
2026	31,967	55,945
2027	33,352	54,560
2028	34,798	53,114
2029	36,306	51,606
2030	37,879	50,033
2031	39,521	48,391
2032	41,234	46,678
2033	43,021	44,891
2034	44,885	43,027
2035	46,830	41,082
2036	48,860	39,052
2037	50,977	36,935
2038	53,187	34,725
2039	55,492	32,420
2040	57,896	30,016
2041	60,406	27,506
2042	63,023	24,889
2043	65,755	22,157
2044	68,604	19,308
2045	71,577	16,335
2046	74,679	13,233
2047	77,916	9,996
2048	81,293	6,619
2049	84,816	3,096
2050	26,616	224
Total	\$ <u>1,625,177</u>	\$ <u>1,566,495</u>

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 12—RISK MANAGEMENT

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. The County is also a member of the Virginia Association of Counties Risk Pool for general property liability insurance. These programs are administered by servicing contractors that furnish claims review and processing.

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

The Component Unit School Board administers the health insurance program for the Health Insurance Fund (an Internal Service Fund) by charging the various fund types a portion of the premium.

NOTE 13—CONTINGENT LIABILITIES

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. The Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 14—UNAVAILABLE REVENUE-PROPERTY TAXES

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue totaling \$12,442,031 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2013, but paid in advance by the taxpayers totaled \$564,389 at June 30, 2013.
- B. Unbilled Property Taxes – Property taxes for the second half of 2013 that had not been billed as of June 30, 2013 amounted to \$8,611,347.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,266,295 at June 30, 2013.

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 15—HEALTH INSURANCE FUND

The County maintains an internal service fund entitled Health Insurance Fund that has been included in the fund financial statements. The purpose of this fund is to disclose the County’s self-insured health insurance transactions for the fiscal year as required by GASB 10. The County was self-insured for health insurance purposes in prior years, but is no longer self-insured and has retained Anthem to administer the program. The School Board uses Anthem as the administrator of their self-insured plan. The Health Insurance fund pays Anthem an administrative fee for these services. This fund serves the School Board component unit and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the County.

Significant losses, over \$50,000 with a maximum of \$60,000, are covered by commercial insurance. There have been no changes in coverage for the last three years, nor have settlement amounts exceeded coverage during this time period.

The County records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on historical experience.

Anthem has established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2013 the plan liability was \$28,823. The net position, \$691,467 of the Plan maintained by the School Board can be found on Exhibit 20. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year <u>(Surplus)</u> <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal Year End <u>(Surplus)</u> <u>Liability</u>
2012-2013	\$ 5,509	\$ 6,446,343	\$ 6,423,029	\$ 28,823
2011-2012	18,397	5,881,457	5,894,345	5,509
2010-2011	476,524	6,194,888	6,653,015	18,397
2009-2010	(320,099)	4,612,469	3,815,846	476,524
2008-2009	90,684	3,784,964	4,195,747	(320,099)

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 16—SURETY BONDS

Fidelity and Deposit Company of Maryland - Surety:	
Ron Wilson, Clerk of the Circuit Court	\$ 25,000
Penny Gray, Treasurer	400,000
Charles L. Campbell, Commissioner of the Revenue	3,000
John Thomas, Sheriff	30,000
All Constitutional Officer's Employees - Blanket Bond	50,000
The Travelers Indemnity Company - Surety:	
Randall Thomas, Superintendent of Schools	100,000
Michelle Miller, Director of Finance	100,000
All School Board Employees - Blanket Bond	100,000
Fidelity and Deposit Company of Maryland - Surety:	
All County Employees - Blanket Bond	10,000
Fidelity and Deposit Company of Maryland - Surety:	
Johnny Woodward, Chairman	1,000
Robert Griffith, Supervisor	1,000
David Wiatrowski, Supervisor	1,000
J.D. Cave, Supervisor	1,000
Darrell Short, Supervisor	1,000
Jeff Vaughan, Supervisor	1,000
Department of Social Services	1,000

NOTE 17—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require that the County place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts wastes. The recognition of these landfill closure and post-closure care costs are based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care cost is attributable to the Stanley landfill, which was closed in February 1999 and Battle Creek landfill which was acquired in June 2005.

The post-closure and thirty year monitoring costs for the Stanley landfill are estimated at \$2,157,322. The estimated total current cost of the landfill closure and post-closure care of \$2,157,322 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2013. Included in the County's post-closure and thirty year monitoring costs of \$2,157,322 is \$1,349,318 for corrective action costs for exceeding groundwater protection standards. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2013 (Continued)**

NOTE 17—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (CONTINUED)

During June of 2005, the County acquired Battle Creek landfill. The post-closure and thirty year monitoring costs are estimated at \$5,129,306. The estimated total current cost of the landfill closure and post-closure care of \$1,036,294 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2013. The estimated useful life of the Battle Creek landfill is 35 years. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

The County will finance the closure and post-closure care from future revenues earned by the General Fund and charges derived from the use of the landfill. No assets have been restricted at this time to pay these costs. The anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or laws and regulations, for example) may need to be covered from future tax revenue.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 18—CONSTRUCTION CONTRACTS OUTSTANDING

The Primary Government had the following material contracts outstanding at June 30, 2013:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent as of June 30, 2013</u>	<u>Amount of Contract Remaining at Year End</u>
County Administration building	\$ <u>3,364,521</u>	\$ <u>1,315,891</u>	\$ <u>2,048,630</u>

NOTE 19—LITIGATION

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

NOTE 20—UPCOMING PRONOUNCEMENTS

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

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REQUIRED SUPPLEMENTARY INFORMATION

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 -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 19,281,331	\$ 19,281,331	\$ 19,510,388	\$ 229,057
Other local taxes	2,730,666	2,730,666	2,974,154	243,488
Permits, privilege fees, and regulatory licenses	209,268	209,268	249,634	40,366
Fines and forfeitures	88,700	88,700	124,325	35,625
Revenue from the use of money and property	51,884	51,884	51,609	(275)
Charges for services	2,106,673	2,110,465	2,042,091	(68,374)
Miscellaneous	58,361	58,361	49,754	(8,607)
Intergovernmental revenues:				
Commonwealth	5,227,928	5,321,611	5,390,292	68,681
Federal	199,199	393,245	281,882	(111,363)
Total revenues	\$ 29,954,010	\$ 30,245,531	\$ 30,674,129	\$ 428,598
EXPENDITURES				
Current:				
General government administration	\$ 2,198,656	\$ 2,198,656	\$ 2,102,193	\$ 96,463
Judicial administration	1,147,680	1,147,680	1,110,754	36,926
Public safety	7,548,226	8,104,307	7,556,394	547,913
Public works	2,324,246	2,324,246	2,403,072	(78,826)
Health and welfare	386,399	386,399	630,997	(244,598)
Education	9,064,233	9,064,233	9,049,489	14,744
Parks, recreation, and cultural	254,192	254,192	250,154	4,038
Community development	588,097	588,097	537,342	50,755
Nondepartmental	394,862	394,862	104,938	289,924
Debt service:				
Principal retirement	2,195,335	2,195,335	2,172,308	23,027
Interest and other fiscal charges	2,993,394	2,993,394	2,993,394	-
Total expenditures	\$ 29,095,320	\$ 29,651,401	\$ 28,911,035	\$ 740,366
Excess (deficiency) of revenues over (under) expenditures	\$ 858,690	\$ 594,130	\$ 1,763,094	\$ 1,168,964
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (858,690)	\$ (594,130)	\$ (778,424)	\$ (184,294)
Capital leases	-	-	310,300	310,300
Total other financing sources (uses)	\$ (858,690)	\$ (594,130)	\$ (468,124)	\$ 126,006
Net change in fund balances	\$ -	\$ -	\$ 1,294,970	\$ 1,294,970
Fund balances - beginning	-	-	5,858,797	5,858,797
Fund balances - ending	\$ -	\$ -	\$ 7,153,767	\$ 7,153,767

COUNTY OF PAGE, VIRGINIA
 Schedule of Pension Funding Progress
 As of June 30, 2013

Exhibit 9

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 18,282,123	\$ 24,182,333	\$ 5,900,210	75.60%	\$ 5,474,304	107.78%
06/30/11	18,507,221	23,291,085	4,783,864	79.46%	5,726,771	83.54%
06/30/10	17,989,301	22,199,959	4,210,658	81.03%	5,961,522	70.63%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 5,570,948	\$ 7,369,702	\$ 1,798,754	75.59%	\$ 1,700,166	105.80%
06/30/11	5,591,047	7,267,424	1,676,377	76.93%	1,696,745	98.80%
06/30/10	5,517,582	6,908,711	1,391,129	79.86%	1,905,201	73.02%

Schedule of OPEB Funding Progress
As of June 30, 2013

PRIMARY GOVERNMENT:**County Other Postemployment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/2008	\$ -	\$ 986,500	\$ 986,500	0.00%	\$ 6,297,100	15.67%
6/30/2008 (as updated for FY2010)	-	1,543,200	1,543,200	0.00%	6,454,500	23.91%
6/30/2008 (as updated for FY2011)	-	1,669,500	1,669,500	0.00%	6,615,900	25.23%
4/1/2011 (as updated for FY 2013)	-	1,834,500	1,834,500	0.00%	5,316,600	34.51%

DISCRETELY PRESENTED COMPONENT UNIT:**School Board Other Postemployment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/2008	\$ -	\$ 2,832,700	\$ 2,832,700	0.00%	19,661,300	14.41%
6/30/2008 (as updated for FY2010)	-	3,036,000	3,036,000	0.00%	20,152,800	15.06%
7/1/2010	-	3,926,600	3,926,600	0.00%	18,606,100	21.10%
7/1/2010 (as updated for FY2012)	-	4,176,500	4,176,500	0.00%	18,606,100	22.45%
7/1/2012	-	4,236,700	4,236,700	0.00%	18,606,100	22.77%

Note:

Fiscal Year 2009 is the first year of implementation of GASB 45 for the Primary Government and Discretely Presented Component Unit School Board.

OTHER SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 8,183	\$ 8,183
Total revenues	\$ -	\$ -	\$ 8,183	\$ 8,183
EXPENDITURES				
Current:				
Capital projects	\$ 351,054	\$ 351,054	\$ 1,674,799	\$ (1,323,745)
Total expenditures	\$ 351,054	\$ 351,054	\$ 1,674,799	\$ (1,323,745)
Excess (deficiency) of revenues over (under) expenditures	\$ (351,054)	\$ (351,054)	\$ (1,666,616)	\$ (1,315,562)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 73,031	\$ 73,031
Issuance of lease revenue bonds	-	-	4,000,000	4,000,000
Total other financing sources (uses)	\$ -	\$ -	\$ 4,073,031	\$ 4,073,031
Net change in fund balances	\$ (351,054)	\$ (351,054)	\$ 2,406,415	\$ 2,757,469
Fund balances - beginning	351,054	351,054	4,149,413	3,798,359
Fund balances - ending	\$ -	\$ -	\$ 6,555,828	\$ 6,555,828

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2013

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 644	\$ 82,660	\$ 83,304
Due from other governmental units	124,443	60,056	-	-	184,499
Total assets	<u>\$ 124,443</u>	<u>\$ 60,056</u>	<u>\$ 644</u>	<u>\$ 82,660</u>	<u>\$ 267,803</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 44,774	\$ -	\$ 2,412	\$ 47,186
Accrued liabilities	-	2,142	-	-	2,142
Due to other funds	124,443	13,140	-	-	137,583
Total liabilities	<u>\$ 124,443</u>	<u>\$ 60,056</u>	<u>\$ -</u>	<u>\$ 2,412</u>	<u>\$ 186,911</u>
Fund balances:					
Committed:					
For subsequent expenditure	\$ -	\$ -	\$ 644	\$ 80,248	\$ 80,892
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 80,248</u>	<u>\$ 80,892</u>
Total liabilities and fund balances	<u>\$ 124,443</u>	<u>\$ 60,056</u>	<u>\$ 644</u>	<u>\$ 82,660</u>	<u>\$ 267,803</u>

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

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
REVENUES					
Charges for services	\$ 9,645	\$ -	\$ -	\$ 35,589	\$ 45,234
Intergovernmental revenues:					
Commonwealth	536,320	325,203	-	-	861,523
Federal	893,735	-	-	-	893,735
Total revenues	\$ 1,439,700	\$ 325,203	\$ -	\$ 35,589	\$ 1,800,492
EXPENDITURES					
Current:					
Health and welfare	\$ 1,830,402	\$ 639,894	\$ -	\$ -	\$ 2,470,296
Parks, recreation, and cultural	-	-	-	22,760	22,760
Total expenditures	\$ 1,830,402	\$ 639,894	\$ -	\$ 22,760	\$ 2,493,056
Excess (deficiency) of revenues over (under) expenditures	\$ (390,702)	\$ (314,691)	\$ -	\$ 12,829	\$ (692,564)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 390,702	\$ 314,691	\$ -	\$ -	\$ 705,393
Total other financing sources (uses)	\$ 390,702	\$ 314,691	\$ -	\$ -	\$ 705,393
Net change in fund balances	\$ -	\$ -	\$ -	\$ 12,829	\$ 12,829
Fund balances - beginning	-	-	644	67,419	68,063
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 80,248</u>	<u>\$ 80,892</u>

County of Page, Virginia

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

	VPA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 9,645	\$ 9,645
Intergovernmental revenues:				
Commonwealth	765,442	765,442	536,320	(229,122)
Federal	1,049,930	1,049,930	893,735	(156,195)
Total revenues	<u>\$ 1,815,372</u>	<u>\$ 1,815,372</u>	<u>\$ 1,439,700</u>	<u>\$ (375,672)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,288,739	\$ 2,288,739	\$ 1,830,402	\$ 458,337
Total expenditures	<u>\$ 2,288,739</u>	<u>\$ 2,288,739</u>	<u>\$ 1,830,402</u>	<u>\$ 458,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (473,367)</u>	<u>\$ (473,367)</u>	<u>\$ (390,702)</u>	<u>\$ 82,665</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 473,367	\$ 473,367	\$ 390,702	\$ (82,665)
Total other financing sources and (uses)	<u>\$ 473,367</u>	<u>\$ 473,367</u>	<u>\$ 390,702</u>	<u>\$ (82,665)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Comprehensive Services Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
1,359,486	1,359,486	325,203	(1,034,283)
-	-	-	-
<u>\$ 1,359,486</u>	<u>\$ 1,359,486</u>	<u>\$ 325,203</u>	<u>\$ (1,034,283)</u>
\$ 1,744,809	\$ 1,744,809	\$ 639,894	\$ 1,104,915
<u>\$ 1,744,809</u>	<u>\$ 1,744,809</u>	<u>\$ 639,894</u>	<u>\$ 1,104,915</u>
\$ (385,323)	\$ (385,323)	\$ (314,691)	\$ 70,632
\$ 385,323	\$ 385,323	\$ 314,691	\$ (70,632)
<u>\$ 385,323</u>	<u>\$ 385,323</u>	<u>\$ 314,691</u>	<u>\$ (70,632)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Parks and Recreation Fund</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 35,589	\$ 5,589
Total revenues	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 35,589</u>	<u>\$ 5,589</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 30,000	\$ 30,000	\$ 22,760	\$ 7,240
Total expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 22,760</u>	<u>\$ 7,240</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 12,829	\$ 12,829
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 12,829	\$ 12,829
Fund balances - beginning	-	-	67,419	67,419
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,248</u>	<u>\$ 80,248</u>

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

	Agency Funds					Total
	Special Welfare	Cash Bonds Fund	Neutering/ Spaying Fund	Jail Inmate	Luray/Page Airport Hangar	
ASSETS						
Cash and cash equivalents	\$ 1,562	\$ 35,562	\$ 16,493	\$ 21,076	\$ 121,965	\$ 196,658
Total assets	\$ 1,562	\$ 35,562	\$ 16,493	\$ 21,076	\$ 121,965	\$ 196,658
LIABILITIES						
Amounts held for social services clients	\$ 1,562	\$ -	\$ -	\$ -	\$ -	\$ 1,562
Amounts held for others	-	35,562	16,493	-	121,965	174,020
Amounts held for inmates	-	-	-	21,076	-	21,076
Total liabilities	\$ 1,562	\$ 35,562	\$ 16,493	\$ 21,076	\$ 121,965	\$ 196,658

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 136	\$ 5,730	\$ 4,304	\$ 1,562
LIABILITIES				
Amounts held for social services clients	\$ 136	\$ 5,730	\$ 4,304	\$ 1,562
Neutering/Spaying Fund:				
ASSETS				
Cash and cash equivalents	\$ 16,135	\$ 1,658	\$ 1,300	\$ 16,493
LIABILITIES				
Amounts held for neutering/spaying	\$ 16,135	\$ 1,658	\$ 1,300	\$ 16,493
Cash Bonds Fund:				
ASSETS				
Cash and cash equivalents	\$ 35,562	\$ -	\$ -	\$ 35,562
LIABILITIES				
Amounts held for bonds fund	\$ 35,562	\$ -	\$ -	\$ 35,562
Jail Inmate Fund:				
ASSETS				
Cash in custody of others	\$ 14,472	\$ 163,952	\$ 157,348	\$ 21,076
LIABILITIES				
Amounts held for inmates	\$ 14,472	\$ 163,952	\$ 157,348	\$ 21,076
Luray/Page Airport Hangar Fund:				
ASSETS				
Cash and cash equivalents	\$ 144,958	\$ 67,180	\$ 90,173	\$ 121,965
LIABILITIES				
Amounts held for Airport	\$ 144,958	\$ 67,180	\$ 90,173	\$ 121,965
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 196,791	\$ 74,568	\$ 95,777	\$ 175,582
Cash in custody of others	14,472	163,952	157,348	21,076
Total assets	<u>\$ 211,263</u>	<u>\$ 238,520</u>	<u>\$ 253,125</u>	<u>\$ 196,658</u>
LIABILITIES				
Amounts held for social services clients	\$ 136	\$ 5,730	\$ 4,304	\$ 1,562
Amounts held for neutering/spaying	16,135	1,658	1,300	16,493
Amounts held for bonds fund	35,562	-	-	35,562
Amounts held for inmates	14,472	163,952	157,348	21,076
Amounts held for Airport	144,958	67,180	90,173	121,965
Total liabilities	<u>\$ 211,263</u>	<u>\$ 238,520</u>	<u>\$ 253,125</u>	<u>\$ 196,658</u>

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 989,672	\$ 989,672
Receivables (net of allowance for uncollectibles):			
Accounts receivable	6,319	-	6,319
Due from primary government	2,257,913	-	2,257,913
Due from other governmental units	765,132	2,505	767,637
Inventories	-	66,295	66,295
Prepaid items	210,544	-	210,544
Total assets	<u>\$ 3,239,908</u>	<u>\$ 1,058,472</u>	<u>\$ 4,298,380</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 249,735	\$ 18,905	\$ 268,640
Accrued liabilities	2,990,173	94,735	3,084,908
Total liabilities	<u>\$ 3,239,908</u>	<u>\$ 113,640</u>	<u>\$ 3,353,548</u>
Fund balances:			
Nonspendable:			
Inventories	\$ -	\$ 66,295	\$ 66,295
Prepaid items	210,544	-	210,544
Assigned:			
School lunch program	-	878,537	878,537
Unassigned:			
School operating fund	(210,544)	-	(210,544)
Total fund balances	<u>\$ -</u>	<u>\$ 944,832</u>	<u>\$ 944,832</u>
Total liabilities and fund balances	<u>\$ 3,239,908</u>	<u>\$ 1,058,472</u>	<u>\$ 4,298,380</u>

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

Total fund balances per above	\$ 944,832
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,823,880
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	691,467
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,449,180)</u>
Net position of governmental activities	<u>\$ 20,010,999</u>

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ -	\$ 176	\$ 176
Charges for services	1,454,605	587,923	2,042,528
Intergovernmental revenues:			
Local government	9,040,592	-	9,040,592
Commonwealth	20,123,696	39,708	20,163,404
Federal	1,922,502	1,142,552	3,065,054
Total revenues	<u>\$ 32,541,395</u>	<u>\$ 1,770,359</u>	<u>\$ 34,311,754</u>
EXPENDITURES			
Current:			
Education	\$ 32,541,395	\$ 1,787,455	\$ 34,328,850
Total expenditures	<u>\$ 32,541,395</u>	<u>\$ 1,787,455</u>	<u>\$ 34,328,850</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (17,096)	\$ (17,096)
Net change in fund balances	\$ -	\$ (17,096)	\$ (17,096)
Fund balances - beginning	-	961,928	961,928
Fund balances - ending	<u>\$ -</u>	<u>\$ 944,832</u>	<u>\$ 944,832</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 \$ (17,096)

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. 1,079,411

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. (306,670)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 66,277

Change in net position of governmental activities \$ 821,922

County of Page, 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		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,454,360	1,454,360	1,454,605	245
Intergovernmental revenues:				
Local government	9,055,336	9,055,336	9,040,592	(14,744)
Commonwealth	20,584,800	20,584,800	20,123,696	(461,104)
Federal	1,744,928	1,744,928	1,922,502	177,574
Total revenues	<u>\$ 32,839,424</u>	<u>\$ 32,839,424</u>	<u>\$ 32,541,395</u>	<u>\$ (298,029)</u>
EXPENDITURES				
Current:				
Education	\$ 32,839,424	\$ 32,839,424	\$ 32,541,395	\$ 298,029
Total expenditures	<u>\$ 32,839,424</u>	<u>\$ 32,839,424</u>	<u>\$ 32,541,395</u>	<u>\$ 298,029</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 176	\$ 176
735,630	735,630	587,923	(147,707)
-	-	-	-
38,681	38,681	39,708	1,027
1,012,123	1,012,123	1,142,552	130,429
<u>\$ 1,786,434</u>	<u>\$ 1,786,434</u>	<u>\$ 1,770,359</u>	<u>\$ (16,075)</u>
\$ 1,786,434	\$ 1,786,434	\$ 1,787,455	\$ (1,021)
<u>\$ 1,786,434</u>	<u>\$ 1,786,434</u>	<u>\$ 1,787,455</u>	<u>\$ (1,021)</u>
\$ -	\$ -	\$ (17,096)	\$ (17,096)
\$ -	\$ -	\$ (17,096)	\$ (17,096)
-	-	961,928	961,928
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 944,832</u>	<u>\$ 944,832</u>

Statement of Net Position
Proprietary Funds
Discretely Presented Component Unit - School Board
June 30, 2013

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 691,467
Total assets	<u>\$ 691,467</u>
 NET POSITION	
Unrestricted	\$ 691,467
Total net position	<u><u>\$ 691,467</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	Internal Service Funds
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>6,446,343</u>
Total operating revenues	\$ <u>6,446,343</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 6,391,317
Total operating expenses	\$ <u>6,391,317</u>
Operating income (loss)	\$ <u>55,026</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ <u>11,251</u>
Total nonoperating revenues (expenses)	\$ <u>11,251</u>
Change in net position	\$ 66,277
Total net position - beginning	<u>625,190</u>
Total net position - ending	<u><u>\$ 691,467</u></u>

Statement of Cash Flows
 Proprietary Funds
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 6,446,343
Payments for premiums	(6,391,317)
Net cash provided by (used for) operating activities	<u>\$ 55,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 11,251
Net cash provided by (used for) investing activities	<u>\$ 11,251</u>
Net increase (decrease) in cash and cash equivalents	\$ 66,277
Cash and cash equivalents - beginning	<u>625,190</u>
Cash and cash equivalents - ending	<u><u>\$ 691,467</u></u>

SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,634,790	\$ 12,634,790	\$ 12,626,989	\$ (7,801)
Real and personal public service corporation taxes	360,000	360,000	613,850	253,850
Personal property taxes	5,846,919	5,846,919	5,759,922	(86,997)
Penalties	243,323	243,323	270,153	26,830
Interest	196,299	196,299	239,474	43,175
Total general property taxes	<u>\$ 19,281,331</u>	<u>\$ 19,281,331</u>	<u>\$ 19,510,388</u>	<u>\$ 229,057</u>
Other local taxes:				
Local sales and use taxes	\$ 1,355,463	\$ 1,355,463	\$ 1,424,298	\$ 68,835
Business licenses	123,426	123,426	157,439	34,013
Consumption taxes	59,123	59,123	52,358	(6,765)
Motor vehicle licenses	306,161	306,161	312,916	6,755
Taxes on recordation and wills	94,000	94,000	151,932	57,932
Transient occupancy taxes	557,355	557,355	605,616	48,261
Meals taxes	235,138	235,138	269,595	34,457
Total other local taxes	<u>\$ 2,730,666</u>	<u>\$ 2,730,666</u>	<u>\$ 2,974,154</u>	<u>\$ 243,488</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,617	\$ 9,617	\$ 10,012	\$ 395
Land use application fees	2,755	2,755	70,221	67,466
Transfer fees	666	666	707	41
Permits and other licenses	196,230	196,230	168,694	(27,536)
Total permits, privilege fees, and regulatory licenses	<u>\$ 209,268</u>	<u>\$ 209,268</u>	<u>\$ 249,634</u>	<u>\$ 40,366</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 88,700	\$ 88,700	\$ 124,325	\$ 35,625
Total fines and forfeitures	<u>88,700</u>	<u>88,700</u>	<u>124,325</u>	<u>35,625</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 6,884	\$ 6,884	\$ 2,638	\$ (4,246)
Revenue from use of property	45,000	45,000	48,971	3,971
Total revenue from use of money and property	<u>\$ 51,884</u>	<u>\$ 51,884</u>	<u>\$ 51,609</u>	<u>\$ (275)</u>
Charges for services:				
Sheriff's fees	\$ 17,430	\$ 21,222	\$ 18,097	\$ (3,125)
Ambulance and rescue service	550,000	550,000	507,569	(42,431)
Charges for Animal Protection	12,000	12,000	12,088	88
Charges for Commonwealth's Attorney	1,400	1,400	3,507	2,107
Work release and other inmate fees	125,300	125,300	149,007	23,707
Charges for sanitation and waste removal	1,370,700	1,370,700	1,305,472	(65,228)
Other charges for services	29,843	29,843	46,351	16,508
Total charges for services	<u>\$ 2,106,673</u>	<u>\$ 2,110,465</u>	<u>\$ 2,042,091</u>	<u>\$ (68,374)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 58,361	\$ 58,361	\$ 49,754	\$ (8,607)
Total miscellaneous revenue	<u>\$ 58,361</u>	<u>\$ 58,361</u>	<u>\$ 49,754</u>	<u>\$ (8,607)</u>
Total revenue from local sources	<u>\$ 24,526,883</u>	<u>\$ 24,530,675</u>	<u>\$ 25,001,955</u>	<u>\$ 471,280</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ -	\$ -	\$ 8,669	\$ 8,669
State recordation tax	24,000	24,000	39,319	15,319
Railroad rolling stock tax	35,376	35,376	78,418	43,042
Communication taxes	509,876	509,876	459,323	(50,553)
Motor vehicle rental tax	1,697	1,697	2,789	1,092
Personal property tax relief funds	1,640,791	1,640,791	1,640,791	-
Total noncategorical aid	<u>\$ 2,211,740</u>	<u>\$ 2,211,740</u>	<u>\$ 2,229,309</u>	<u>\$ 17,569</u>

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

Fund, Major and Minor Revenue Source	Original Budget		Variance with Final Budget - Positive (Negative)	
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 267,708	\$ 267,708	\$ 257,765	\$ (9,943)
Sheriff	2,016,345	2,016,345	1,923,322	(93,023)
Commissioner of revenue	130,224	130,224	124,785	(5,439)
Treasurer	104,744	104,744	97,987	(6,757)
Registrar/electoral board	39,281	39,281	33,549	(5,732)
Clerk of the Circuit Court	237,270	237,270	241,351	4,081
Total shared expenses	<u>\$ 2,795,572</u>	<u>\$ 2,795,572</u>	<u>\$ 2,678,759</u>	<u>\$ (116,813)</u>
Other categorical aid:				
CJS GTS grant	\$ 29,939	\$ 29,939	\$ 1,832	\$ (28,107)
Virginia Juvenile Community Crime Control Act	-	-	27,771	27,771
ICAC Mapping	-	-	85,931	85,931
PSAP grant	8,784	8,784	99,577	90,793
Litter control	9,900	9,900	13,954	4,054
Fire programs funds	42,000	42,000	43,023	1,023
Gang grant	24,526	24,526	53,244	28,718
Victims witness grant	48,903	48,903	49,881	978
Two-for-life grant	24,000	24,000	23,918	(82)
School resource officer grant	-	5,000	3,197	(1,803)
Crime against kids grant	32,228	120,911	68,650	(52,261)
Other	336	336	11,246	10,910
Total other categorical aid	<u>\$ 220,616</u>	<u>\$ 314,299</u>	<u>\$ 482,224</u>	<u>\$ 167,925</u>
Total categorical aid	<u>\$ 3,016,188</u>	<u>\$ 3,109,871</u>	<u>\$ 3,160,983</u>	<u>\$ 51,112</u>
Total revenue from the Commonwealth	<u>\$ 5,227,928</u>	<u>\$ 5,321,611</u>	<u>\$ 5,390,292</u>	<u>\$ 68,681</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 103,788	\$ 103,788	\$ 116,566	\$ 12,778
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 1,009	\$ 1,009
Local law enforcement	-	-	757	757
Economic development	-	-	1,000	1,000
Byrne grant	-	20,313	8,865	(11,448)
Emergency services grant	-	-	174	174
DMV ground transportation safety grant	-	-	11,766	11,766
Mobile command unit	-	4,000	3,999	(1)
Bullet proof vest grant	9,331	9,331	-	(9,331)
Homeland Security	-	3,800	-	(3,800)
Maintenance EMS	-	-	131	131
USDA equipment grant	-	25,000	25,000	-
Great grant	30,000	30,000	-	(30,000)
Crime records expansion grant	14,580	14,580	-	(14,580)
Emergency management planning grant	-	33,679	45,015	11,336
Community oriented police	-	120,324	61,457	(58,867)
Community coalition grant	10,000	10,000	-	(10,000)
Citizens corp	13,000	18,430	1,747	(16,683)
Disaster recovery grant	18,500	-	4,254	4,254
DEQ royalties	-	-	142	142
Total categorical aid	<u>\$ 95,411</u>	<u>\$ 289,457</u>	<u>\$ 165,316</u>	<u>\$ (124,141)</u>
Total revenue from the federal government	<u>\$ 199,199</u>	<u>\$ 393,245</u>	<u>\$ 281,882</u>	<u>\$ (111,363)</u>
Total General Fund	<u>\$ 29,954,010</u>	<u>\$ 30,245,531</u>	<u>\$ 30,674,129</u>	<u>\$ 428,598</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ -	\$ -	\$ 9,645	\$ 9,645
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 765,442	\$ 765,442	\$ 536,320	\$ (229,122)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,049,930	\$ 1,049,930	\$ 893,735	\$ (156,195)
Total Virginia Public Assistance Fund	<u>\$ 1,815,372</u>	<u>\$ 1,815,372</u>	<u>\$ 1,439,700</u>	<u>\$ (375,672)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Comprehensive Services Act Fund:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act program	\$ 1,358,486	\$ 1,358,486	\$ 322,605	\$ (1,035,881)
Child support public assistance funds	1,000	1,000	2,598	1,598
Total categorical aid	<u>\$ 1,359,486</u>	<u>\$ 1,359,486</u>	<u>\$ 325,203</u>	<u>\$ (1,034,283)</u>
Total revenue from the Commonwealth	<u>\$ 1,359,486</u>	<u>\$ 1,359,486</u>	<u>\$ 325,203</u>	<u>\$ (1,034,283)</u>
Total Comprehensive Services Act Fund	<u>\$ 1,359,486</u>	<u>\$ 1,359,486</u>	<u>\$ 325,203</u>	<u>\$ (1,034,283)</u>
Parks and Recreation Fund:				
Revenue from local sources:				
Charges for services:				
Parks and recreation fees	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 35,589</u>	<u>\$ 5,589</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,183</u>	<u>\$ 8,183</u>
Total Primary Government	<u>\$ 33,158,868</u>	<u>\$ 33,450,389</u>	<u>\$ 32,482,804</u>	<u>\$ (967,585)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Charges for services:				
Charges for education	<u>\$ 1,454,360</u>	<u>\$ 1,454,360</u>	<u>\$ 1,454,605</u>	<u>\$ 245</u>
Total revenue from local sources	<u>\$ 1,454,360</u>	<u>\$ 1,454,360</u>	<u>\$ 1,454,605</u>	<u>\$ 245</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Page, Virginia	<u>\$ 9,055,336</u>	<u>\$ 9,055,336</u>	<u>\$ 9,040,592</u>	<u>\$ (14,744)</u>
Total revenues from local governments	<u>\$ 9,055,336</u>	<u>\$ 9,055,336</u>	<u>\$ 9,040,592</u>	<u>\$ (14,744)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,425,526	\$ 3,425,526	\$ 3,433,050	\$ 7,524
Basic school aid	10,603,132	10,603,132	10,407,721	(195,411)
GED funding	15,717	15,717	15,717	-
Regular foster children education	50,762	50,762	37,206	(13,556)
Remedial summer education	78,165	78,165	53,191	(24,974)
Gifted and talented	108,821	108,821	107,333	(1,488)
Remedial education	397,432	397,432	391,998	(5,434)
Special education	797,229	797,229	786,329	(10,900)
Textbook payments	212,271	212,271	209,369	(2,902)
Vocational standards of quality payments	463,670	463,670	457,331	(6,339)
Social security	617,439	617,439	608,997	(8,442)
Retirement fringe benefits	1,031,430	1,031,430	1,017,328	(14,102)
Vocational occupational technical education	39,976	39,976	37,854	(2,122)
Early reading intervention	66,366	66,366	57,802	(8,564)
Group life instructional	37,851	37,851	37,333	(518)
Adult literacy	2,880	2,880	-	(2,880)
Homebound education	8,283	8,283	12,266	3,983
Regional program tuition	774,241	774,241	571,791	(202,450)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental Revenues: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
At risk payments	\$ 411,025	\$ 411,025	\$ 405,515	\$ (5,510)
Primary class size	530,306	530,306	505,044	(25,262)
Technology	284,000	284,000	284,000	-
Standards of Learning algebra readiness	48,218	48,218	50,461	2,243
At risk four-year olds	366,164	366,164	366,164	-
English as a second language	17,989	17,989	13,901	(4,088)
Admin software support	-	-	7,814	7,814
Other state funds	195,907	195,907	248,181	52,274
Total categorical aid	<u>\$ 20,584,800</u>	<u>\$ 20,584,800</u>	<u>\$ 20,123,696</u>	<u>\$ (461,104)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 50,000	\$ 50,000	\$ 5,848	\$ (44,152)
Adult literacy	60,000	60,000	-	(60,000)
Title I	797,480	797,480	887,609	90,129
Title VI-B, special education flow-through	600,000	600,000	732,771	132,771
Vocational education	70,537	70,537	68,416	(2,121)
Title VI-B, special education pre-school	16,109	16,109	13,410	(2,699)
Title III	-	-	3,583	3,583
Title II Part A	138,149	138,149	163,492	25,343
Education technology	-	-	3,548	3,548
State fiscal stabilization fund	12,653	12,653	-	(12,653)
Literacy challenge grant	-	-	43,825	43,825
Total categorical aid	<u>\$ 1,744,928</u>	<u>\$ 1,744,928</u>	<u>\$ 1,922,502</u>	<u>\$ 177,574</u>
Total revenue from the federal government	<u>\$ 1,744,928</u>	<u>\$ 1,744,928</u>	<u>\$ 1,922,502</u>	<u>\$ 177,574</u>
Total School Operating Fund	<u>\$ 32,839,424</u>	<u>\$ 32,839,424</u>	<u>\$ 32,541,395</u>	<u>\$ (298,029)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 176	\$ 176
Charges for services:				
Cafeteria sales	\$ 735,630	\$ 735,630	\$ 587,923	\$ (147,707)
Total revenue from local sources	<u>\$ 735,630</u>	<u>\$ 735,630</u>	<u>\$ 588,099</u>	<u>\$ (147,531)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 38,681	\$ 38,681	\$ 39,708	\$ 1,027
Total revenue from the Commonwealth	<u>\$ 38,681</u>	<u>\$ 38,681</u>	<u>\$ 39,708</u>	<u>\$ 1,027</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,012,123	\$ 1,012,123	\$ 1,024,780	\$ 12,657
USDA commodities	-	-	117,772	117,772
Total categorical aid	<u>1,012,123</u>	<u>1,012,123</u>	<u>1,142,552</u>	<u>130,429</u>
Total revenue from the federal government	<u>1,012,123</u>	<u>1,012,123</u>	<u>1,142,552</u>	<u>130,429</u>
Total School Cafeteria Fund	<u>\$ 1,786,434</u>	<u>\$ 1,786,434</u>	<u>\$ 1,770,359</u>	<u>\$ (16,075)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 34,625,858</u>	<u>\$ 34,625,858</u>	<u>\$ 34,311,754</u>	<u>\$ (314,104)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 111,341	\$ 111,341	\$ 100,918	\$ 10,423
General and financial administration:				
County administrator	\$ 282,909	\$ 282,909	\$ 295,512	\$ (12,603)
Accounting	225,193	225,193	212,207	12,986
Legal services	101,000	101,000	132,133	(31,133)
Commissioner of revenue	487,857	487,857	480,384	7,473
Geographic information systems	163,107	163,107	127,731	35,376
Treasurer	425,672	425,672	418,587	7,085
Data processing	240,000	240,000	194,898	45,102
Total general and financial administration	<u>\$ 1,925,738</u>	<u>\$ 1,925,738</u>	<u>\$ 1,861,452</u>	<u>\$ 64,286</u>
Board of elections:				
Electoral board and officials	\$ 63,645	\$ 63,645	\$ 45,359	\$ 18,286
Registrar	97,932	97,932	94,464	3,468
Total board of elections	<u>\$ 161,577</u>	<u>\$ 161,577</u>	<u>\$ 139,823</u>	<u>\$ 21,754</u>
Total general government administration	<u>\$ 2,198,656</u>	<u>\$ 2,198,656</u>	<u>\$ 2,102,193</u>	<u>\$ 96,463</u>
Judicial administration:				
Courts:				
Circuit court	\$ 9,750	\$ 9,750	\$ 8,990	\$ 760
General district court	18,140	18,140	11,957	6,183
Special magistrates	4,200	4,200	1,666	2,534
Juvenile and domestic relations court	10,820	10,820	12,204	(1,384)
Sheriff	228,914	228,914	207,270	21,644
Victim witness program	57,166	57,166	63,368	(6,202)
Clerk of the circuit court	401,997	401,997	391,263	10,734
Total courts	<u>\$ 730,987</u>	<u>\$ 730,987</u>	<u>\$ 696,718</u>	<u>\$ 34,269</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 416,693	\$ 416,693	\$ 414,036	\$ 2,657
Total judicial administration	<u>\$ 1,147,680</u>	<u>\$ 1,147,680</u>	<u>\$ 1,110,754</u>	<u>\$ 36,926</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,696,688	\$ 3,028,652	\$ 2,654,465	\$ 374,187
Virginia Juvenile Community Crime Control Act	27,757	27,757	17,740	10,017
Total law enforcement and traffic control	<u>\$ 2,724,445</u>	<u>\$ 3,056,409</u>	<u>\$ 2,672,205</u>	<u>\$ 384,204</u>
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 812,500	\$ 812,500	\$ 735,367	\$ 77,133
Fire and rescue services	547,295	605,860	578,446	27,414
Total fire and rescue services	<u>\$ 1,359,795</u>	<u>\$ 1,418,360</u>	<u>\$ 1,313,813</u>	<u>\$ 104,547</u>
Correction and detention:				
Jail	\$ 1,642,847	\$ 1,642,847	\$ 1,773,565	\$ (130,718)
Juvenile detention	385,478	385,478	385,621	(143)
Total correction and detention	<u>\$ 2,028,325</u>	<u>\$ 2,028,325</u>	<u>\$ 2,159,186</u>	<u>\$ (130,861)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 218,506	\$ 218,506	\$ 203,364	\$ 15,142
Zoning	109,866	109,866	103,098	6,768
Total inspections	<u>\$ 328,372</u>	<u>\$ 328,372</u>	<u>\$ 306,462</u>	<u>\$ 21,910</u>
Other protection:				
Animal control	\$ 358,428	\$ 358,428	\$ 318,677	\$ 39,751
Medical examiner	500	500	280	220
Concern hotline	2,000	2,000	-	2,000
Emergency services	746,361	911,913	785,771	126,142
Total other protection	<u>\$ 1,107,289</u>	<u>\$ 1,272,841</u>	<u>\$ 1,104,728</u>	<u>\$ 168,113</u>
Total public safety	<u>\$ 7,548,226</u>	<u>\$ 8,104,307</u>	<u>\$ 7,556,394</u>	<u>\$ 547,913</u>
Public works:				
Sanitation and waste removal:				
Compactor sites	\$ 75,001	\$ 75,001	\$ 68,237	\$ 6,764
Landfill	1,829,036	1,829,036	1,962,591	(133,555)
Total sanitation and waste removal	<u>\$ 1,904,037</u>	<u>\$ 1,904,037</u>	<u>\$ 2,030,828</u>	<u>\$ (126,791)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 420,209	\$ 420,209	\$ 372,244	\$ 47,965
Total public works	<u>\$ 2,324,246</u>	<u>\$ 2,324,246</u>	<u>\$ 2,403,072</u>	<u>\$ (78,826)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 240,682	\$ 240,682	\$ 235,953	\$ 4,729
Total health	<u>\$ 240,682</u>	<u>\$ 240,682</u>	<u>\$ 235,953</u>	<u>\$ 4,729</u>
Mental health and mental retardation:				
Community services board	\$ 71,100	\$ 71,100	\$ 71,100	\$ -
Choices	5,000	5,000	5,000	-
Total mental health and mental retardation	<u>\$ 76,100</u>	<u>\$ 76,100</u>	<u>\$ 76,100</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 4,522	\$ 4,522	\$ 3,769	\$ 753
Shenandoah Area Agency on Aging	45,000	45,000	45,000	-
Shen-Paco industries	2,250	2,250	2,250	-
Other	17,845	17,845	17,845	-
Tax relief for the elderly	-	-	250,080	(250,080)
Total welfare	<u>\$ 69,617</u>	<u>\$ 69,617</u>	<u>\$ 318,944</u>	<u>\$ (249,327)</u>
Total health and welfare	<u>\$ 386,399</u>	<u>\$ 386,399</u>	<u>\$ 630,997</u>	<u>\$ (244,598)</u>
Education:				
Other instructional costs:				
Contributions to L.F. Community College	\$ 8,897	\$ 8,897	\$ 8,897	\$ -
Contribution to County School Board	9,055,336	9,055,336	9,040,592	14,744
Total education	<u>\$ 9,064,233</u>	<u>\$ 9,064,233</u>	<u>\$ 9,049,489</u>	<u>\$ 14,744</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 81,434	\$ 81,434	\$ 77,396	\$ 4,038
Total parks and recreation	<u>\$ 81,434</u>	<u>\$ 81,434</u>	<u>\$ 77,396</u>	<u>\$ 4,038</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Regional library	\$ 172,758	\$ 172,758	\$ 172,758	\$ -
Total parks, recreation, and cultural	\$ 254,192	\$ 254,192	\$ 250,154	\$ 4,038
Community development:				
Planning and community development:				
Planning	\$ 29,080	\$ 29,080	\$ 30,768	\$ (1,688)
Northern Shenandoah Planning Commission	13,141	13,141	11,385	1,756
Zoning	3,909	3,909	2,261	1,648
Economic development	188,490	188,490	161,935	26,555
Airport Commission	9,800	9,800	5,982	3,818
Chamber of Commerce	266,283	266,283	266,283	-
Total planning and community development	\$ 510,703	\$ 510,703	\$ 478,614	\$ 32,089
Environmental management:				
Other environmental management	\$ 76,394	\$ 76,394	\$ 57,728	\$ 18,666
Total environmental management	\$ 76,394	\$ 76,394	\$ 57,728	\$ 18,666
Cooperative extension program:				
4-H center	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total cooperative extension program	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total community development	\$ 588,097	\$ 588,097	\$ 537,342	\$ 50,755
Nondepartmental:				
Miscellaneous	\$ 394,862	\$ 394,862	\$ 104,938	\$ 289,924
Debt service:				
Principal retirement	\$ 2,195,335	\$ 2,195,335	\$ 2,172,308	\$ 23,027
Interest and other fiscal charges	2,993,394	2,993,394	2,993,394	-
Total debt service	\$ 5,188,729	\$ 5,188,729	\$ 5,165,702	\$ 23,027
Total General Fund	\$ 29,095,320	\$ 29,651,401	\$ 28,911,035	\$ 740,366
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,288,739	\$ 2,288,739	\$ 1,830,402	\$ 458,337
Total Virginia Public Assistance Fund	\$ 2,288,739	\$ 2,288,739	\$ 1,830,402	\$ 458,337
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 1,744,809	\$ 1,744,809	\$ 639,894	\$ 1,104,915
Total Comprehensive Services Act Fund	\$ 1,744,809	\$ 1,744,809	\$ 639,894	\$ 1,104,915

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 30,000	\$ 30,000	\$ 22,760	\$ 7,240
Total Parks and Recreation fund	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 22,760</u>	<u>\$ 7,240</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
School construction	\$ -	\$ -	\$ 9,728	\$ (9,728)
County office building	351,054	351,054	1,665,071	(1,314,017)
Total capital projects	<u>\$ 351,054</u>	<u>\$ 351,054</u>	<u>\$ 1,674,799</u>	<u>\$ (1,323,745)</u>
Total Capital Projects Fund	<u>\$ 351,054</u>	<u>\$ 351,054</u>	<u>\$ 1,674,799</u>	<u>\$ (1,323,745)</u>
Total Primary Government	<u>\$ 33,509,922</u>	<u>\$ 34,066,003</u>	<u>\$ 33,078,890</u>	<u>\$ 987,113</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instructional	\$ 24,615,633	\$ 24,615,633	\$ 24,339,240	\$ 276,393
Administration, attendance and health services	1,608,529	1,608,529	1,682,533	(74,004)
Pupil transportation	2,128,877	2,128,877	2,218,313	(89,436)
Operation and maintenance	3,476,400	3,476,400	3,301,178	175,222
Facilities	57,500	57,500	4,540	52,960
Technology	952,485	952,485	995,591	(43,106)
Total education	<u>\$ 32,839,424</u>	<u>\$ 32,839,424</u>	<u>\$ 32,541,395</u>	<u>\$ 298,029</u>
Total Operating School Fund	<u>\$ 32,839,424</u>	<u>\$ 32,839,424</u>	<u>\$ 32,541,395</u>	<u>\$ 298,029</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,786,434	\$ 1,786,434	\$ 1,787,455	\$ (1,021)
Total School Cafeteria Fund	<u>\$ 1,786,434</u>	<u>\$ 1,786,434</u>	<u>\$ 1,787,455</u>	<u>\$ (1,021)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 34,625,858</u>	<u>\$ 34,625,858</u>	<u>\$ 34,328,850</u>	<u>\$ 297,008</u>

STATISTICAL INFORMATION

County of Page, Virginia

Government-Wide Expenses by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
2004	\$ 1,775,099	\$ 536,525	\$ 4,119,161	\$ 1,402,309	\$ 3,410,508
2005	2,242,701	567,197	5,130,121	3,645,202	5,023,348
2006	2,391,188	912,629	5,562,040	4,237,339	4,797,023
2007	2,721,418	1,031,210	6,326,121	2,284,169	5,010,637
2008	2,594,416	1,127,851	6,465,844	2,632,231	5,124,721
2009	2,958,084	1,084,091	6,721,986	3,485,849	4,864,647
2010	2,581,708	1,088,426	7,054,231	1,864,433	4,450,952
2011	3,036,414	1,119,582	6,755,169	3,393,399	3,804,608
2012	2,256,222	1,115,093	7,072,258	1,530,469	3,582,940
2013	2,833,213	1,105,308	7,520,179	2,384,891	3,101,854

Includes the primary government and component unit school board.

Table 1

<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Interest on Long- Term Debt</u>	<u>Total</u>
\$ 31,550,735	\$ 239,088	\$ 1,237,918	\$ 279,279	\$ 44,550,622
33,832,956	260,385	895,947	292,062	51,889,919
39,170,831	304,228	1,042,107	518,790	58,936,175
41,076,429	355,263	843,537	2,057,773	61,706,557
43,792,754	361,870	1,167,563	2,741,544	66,008,794
47,448,393	372,810	2,394,702	3,000,078	72,330,640
54,783,120	280,664	1,009,738	3,130,944	76,244,216
46,251,934	237,294	491,427	3,038,008	68,127,835
47,171,896	271,922	645,888	3,057,354	66,704,042
47,642,973	273,795	537,342	2,921,300	68,320,855

County of Page, Virginia

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes
2004	\$ 2,019,634	\$ 12,344,452	\$ 953,309	\$ 11,874,051	\$ 2,740,223
2005	2,051,081	14,382,906	175,370	10,938,203	2,949,991
2006	3,234,225	27,467,464	440,382	13,906,915	3,326,249
2007	3,337,956	30,146,101	152,368	14,274,262	2,749,063
2008	3,357,231	33,534,523	151,763	17,042,154	3,323,138
2009	4,350,698	31,739,721	148,953	17,161,221	3,294,671
2010	4,807,491	29,524,205	275,594	17,648,296	3,139,321
2011	4,474,002	28,916,943	-	18,577,570	3,148,384
2012	4,260,003	29,045,124	-	19,396,791	3,332,411
2013	4,503,812	28,310,015	-	19,586,968	2,974,154

Includes the primary government and component unit school board.

Table 2

GENERAL REVENUES					
Permits, Privilege Fees, Regulatory Licenses	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Extraordinary item	Total
\$ -	\$ 82,081	\$ 126,951	\$ 18,060,211	\$ -	\$ 48,200,912
-	242,075	481,585	19,707,978	(7,967,220)	42,961,969
-	245,063	266,186	10,494,961	-	59,381,445
-	2,054,857	113,272	9,862,420	-	62,690,299
-	2,214,945	192,889	10,976,833	-	70,793,476
-	610,312	291,172	13,314,721	-	70,911,469
-	69,257	191,687	18,088,385	-	73,744,236
-	61,542	204,922	13,066,031	-	68,449,394
-	58,599	144,457	12,999,469	-	69,236,854
-	59,968	49,754	13,933,429	-	69,418,100

County of Page, Virginia

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2004	\$ 1,748,387	\$ 534,265	\$ 4,064,554	\$ 1,444,263	\$ 3,397,920
2005	2,045,242	552,205	5,101,149	2,618,203	4,301,745
2006	2,154,250	918,482	5,561,815	2,175,521	4,793,577
2007	2,351,468	1,029,276	6,447,115	1,974,751	4,980,512
2008	2,261,845	1,117,154	6,448,574	2,225,291	5,121,971
2009	2,749,489	1,074,252	6,628,711	3,121,167	4,863,039
2010	2,320,872	1,064,870	6,809,527	2,325,513	4,424,999
2011	2,788,787	1,101,332	6,534,815	2,099,341	3,779,579
2012	2,039,067	1,103,368	7,252,991	2,437,670	3,599,674
2013	2,102,193	1,110,754	7,556,394	2,403,072	3,101,293

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.

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

Table 3

<u>Education (2)</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non- departmental</u>	<u>Debt Service</u>	<u>Total</u>
\$ 26,294,403	\$ 238,320	\$ 1,042,445	\$ -	\$ 904,860	\$ 39,669,417
27,068,031	261,496	657,747	177,861	876,320	43,659,999
30,265,796	302,498	1,031,354	193,941	11,115,864	58,513,098
32,937,411	354,933	833,154	159,074	1,446,480	52,514,174
34,049,948	359,460	1,168,975	121,073	4,143,954	57,018,245
35,985,627	370,641	2,391,289	175,749	5,018,670	62,378,634
36,483,139	282,782	1,004,646	218,375	5,101,331	60,036,054
33,957,085	237,294	514,911	189,029	5,072,539	56,274,712
34,414,140	271,698	643,068	138,650	4,773,473	56,673,799
34,337,747	272,914	537,342	104,938	5,165,702	56,692,349

County of Page, Virginia

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services
2004	\$ 11,484,813	\$ 2,740,223	\$ 159,776	\$ 10,629	\$ 57,614	\$ 1,849,229
2005	11,281,113	2,949,991	246,273	17,087	214,488	1,682,675
2006	12,987,869	3,326,249	263,136	20,355	245,063	2,624,771
2007	14,484,551	3,349,730	409,010	54,251	571,946	2,837,064
2008	16,761,743	3,323,138	312,018	86,630	455,588	2,958,583
2009	16,636,631	3,294,671	240,406	112,288	172,526	3,998,004
2010	17,076,620	3,139,321	200,275	89,120	69,257	4,518,096
2011	18,277,353	3,148,384	181,311	78,282	61,542	4,214,409
2012	19,256,025	3,332,411	162,688	91,632	51,375	4,005,683
2013	19,510,388	2,974,154	249,634	124,325	51,785	4,129,853

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

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

Table 4

<u>Miscellaneous</u>	<u>Inter- governmental (2)</u>	<u>Total</u>
\$ 126,951	\$ 25,111,708	\$ 41,540,943
493,262	27,560,147	44,445,036
266,986	29,871,104	49,605,533
113,272	32,194,834	54,014,658
192,889	32,871,171	56,961,760
291,172	33,828,946	58,574,644
191,687	31,646,717	56,931,093
204,922	30,745,848	56,912,051
144,457	30,855,111	57,899,382
49,754	30,655,890	57,745,783

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected Current	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2004	\$ 12,540,769	\$ 11,334,556	90.38%	\$ 1,165,342	\$ 12,499,898	99.67%	\$ 40,871	0.33%
2005	12,283,947	11,309,130	92.06%	927,382	12,236,512	99.61%	47,435	0.39%
2006	15,810,214	12,863,380	81.36%	2,901,159	15,764,539	99.71%	45,675	0.29%
2007	15,621,561	14,668,962	93.90%	814,898	15,483,860	99.12%	137,701	0.88%
2008	17,742,263	16,109,021	90.79%	1,452,450	17,561,471	98.98%	180,792	1.02%
2009	18,041,342	16,605,832	92.04%	1,168,784	17,774,616	98.52%	266,726	1.48%
2010	18,389,681	17,476,832	95.04%	536,599	18,013,431	97.95%	376,250	2.05%
2011	19,403,213	18,204,086	93.82%	643,410	18,847,496	97.14%	555,717	2.86%
2012	18,716,329	17,595,707	94.01%	132,989	17,728,696	94.72%	987,633	5.28%
2013	18,978,746	17,803,281	93.81%	-	17,803,281	93.81%	1,175,465	6.19%

(1) Exclusive of penalties and interest.

Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property & Mobile Homes	Machinery and Tools	Public Service		Total
				Real Estate	Personal Property	
2004	\$ 1,129,510,700	\$ 151,925,285	\$ 40,227,075	\$ 55,715,193	\$ 48,915	\$ 1,377,427,168
2005	1,152,721,350	148,838,075	26,230,035	51,768,150	61,131	1,379,618,741
2006 (2)	1,180,515,800	276,822,073	35,212,565	50,947,774	40,143	1,543,538,355
2007	1,711,515,700	191,693,126	22,404,153	40,687,398	26,289	1,966,326,666
2008	2,242,856,500	188,690,673	22,227,076	59,930,248	29,710	2,513,734,207
2009	2,264,983,200	174,593,871	24,618,443	67,861,578	23,725	2,532,080,817
2010	2,280,983,900	181,124,448	24,955,483	72,698,741	16,025	2,559,778,597
2011	2,134,124,400	168,781,100	24,648,928	75,016,471	16,025	2,402,586,924
2012	1,981,271,373	172,938,572	24,212,520	56,601,652	474,580	2,235,498,697
2013	1,987,973,023	173,845,772	22,857,550	67,700,556	482,994	2,252,859,895

(1) Assessment at 100% of value.

(2) 2006 was the first year the County implemented semi-annual billing for personal property.

Property Tax Rates (1)
Last Ten Fiscal Years

<u>Fiscal Years</u>	<u>Real Estate/ Mobile Homes (2)</u>	<u>Personal Property</u>	<u>Machinery and Tools/ Motor Carrier</u>	<u>Farm Machinery</u>
2004	\$ 0.67	\$ 3.00	\$ 2.00	\$ 0.60
2005	0.67	3.00	2.00	0.60
2006	0.67	3.00	2.00	0.60
2007	0.67/0.48	3.00/3.90	2.00	0.60/.30
2008	0.48	3.90	2.00	0.30
2009	0.48	4.64/3.90	2.00	0.30
2010	0.48	4.64	2.00	0.30
2011	0.48/0.64	4.64	2.00	0.30
2012	0.48/0.64	4.64	2.00	0.30
2013	0.64	4.64	2.00	0.30

(1) Per \$100 of assessed value.

(2) The rates shown are for the second half/first half of the respective years.

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004	23,177	\$ 1,129,510,700	\$ 4,758,933	0.42%	\$ 205
2005	23,177	1,152,721,350	14,236,867	1.24%	614
2006	23,177	1,180,515,800	14,429,005	1.22%	623
2007	23,177	1,711,515,700	57,653,918	3.37%	2,488
2008	23,177	2,242,856,500	70,872,719	3.16%	3,058
2009	24,164	2,264,983,200	69,800,007	3.08%	2,889
2010	24,164	2,280,983,900	68,254,645	2.99%	2,825
2011	24,042	2,134,124,400	66,382,718	3.11%	2,761
2012	24,042	1,981,271,373	64,523,273	3.26%	2,684
2013	24,215	1,987,973,023	62,554,664	3.15%	2,583

(1) Bureau of the Census.

(2) From Table 6-Real Estate Assessment.

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes revenue bonds, capital leases, compensated absences.

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

Fiscal Year	Principal (4)	Interest	Total Debt Service (2)	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
2004	\$ 615,018	\$ 289,842	\$ 904,860	\$ 39,669,417	2.28%
2005	606,826	269,494	876,320	43,659,999	2.01%
2006	599,369	516,495	1,115,864	58,513,098	1.91%
2007	649,837	796,643	1,446,480	52,514,174	2.75%
2008	888,384	2,473,509	3,361,893	57,018,245	5.90%
2009	1,597,801	2,486,408	4,084,209	62,378,634	6.55%
2010	1,901,841	3,199,490	5,101,331	60,036,054	8.50%
2011	1,947,591	3,124,948	5,072,539	56,274,712	9.01%
2012	1,900,636	2,872,837	4,773,473	56,673,799	8.42%
2013	2,172,308	2,993,394	5,165,702	56,692,349	9.11%

(1) Includes General Obligation Bonds, State Literary Fund Loans, and Capital Leases.

(2) Excludes bond issuance and other costs.

(3) Includes General and Special Revenue Funds of the Primary Government and Discretely Presented Component Unit - School Board. Excludes contribution from Primary Government to Discretely Presented Component Unit.

(4) Does not include \$10,000,000 loan paid off with 2006 bond issue.

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, 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 discretely presented component units, each major fund and the aggregate remaining fund information of County of Page, 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 Page, Virginia's basic financial statements, and have issued our report thereon dated November 29, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 29, 2013

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

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, VIRGINIA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 29, 2013

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit School Board
 Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>PRIMARY GOVERNMENT:</u>			
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.766	n/a	\$ 25,000
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants For the Supplemental Nutrition Assistance Program	10.561	0010110	\$ <u>220,334</u>
Total Department of Agriculture			\$ <u>245,334</u>
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality: DEQ Rent Royalties	66.000	n/a	\$ <u>142</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Foster Care - Title IV-E	93.658	1100111	\$ 68,219
Adoption Assistance	93.659	1120111	96,546
Temporary Assistance for Needy Families	93.558	0400111	185,488
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	702
Low-Income Home Energy Assistance	93.568	0600411	15,044
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	973
Social Services Block Grant	93.667	1000111	127,350
Chafee Foster Care Independence Program	93.674	9150110	881
Promoting Safe and Stable Families	93.556	0950110	13,245
Medical Assistance Program (Title XIX)	93.778	1200111	132,263
Children's Health Insurance Program	93.767	0540111	5,562
Child Care - Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	<u>27,128</u>
Total Department of Health and Human Services			\$ <u>673,401</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	n/a	\$ <u>1,000</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Criminal Justice Triad Grant	16.592	n/a	\$ 62,214
Edward Bryne Memorial Justice Assistance Grant Program	16.738	39001-41000 39001-51000 39001-61000	8,865
Asset seizure proceeds	16.000	n/a	<u>1,009</u>
Total Department of Justice			\$ <u>72,088</u>

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 Primary Government and Discretely Presented Component Unit School Board
 Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Homeland Security Grant Program	97.067	n/a	\$
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	4,254
Emergency Management Performance Grant	97.042	n/a	45,189
State Homeland Security Program	97.073	n/a	<u>5,877</u>
Total Department of Homeland Security			\$ <u>55,320</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety Program	20.600	60507-50212 60507-50292 60507-59101 60507-50102	\$ <u>11,766</u>
Total Expenditures of Federal Awards - Primary Government			\$ <u><u>1,059,051</u></u>
<u>COMPONENT UNIT SCHOOL BOARD:</u>			
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster			
Department of Education:			
School Breakfast Program	10.553	17901-40591	\$ 19,060
Department of Education:			
National School Lunch Program	10.555	17901-40623	\$ 1,005,720
Department of Agriculture:			
Food Distribution-School Lunch	10.555	17901-40623	<u>117,772</u>
Total School Lunch Program			\$ <u>1,142,552</u>
Schools and Roads Grants to States	10.665	n/a	<u>5,848</u>
Total Department of Agriculture			\$ <u>1,148,400</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education Basic Grants to States	84.002	17901-42801 17901-61380	\$ 68,416
Title I Grants to Local Educational Agencies	84.010	17901-42901	887,609
Title III Higher Education - Institutional Aid	84.031	n/a	3,583

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 Primary Government and Discretely Presented Component Unit School Board
 Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education (Continued):			
Special Education (IDEA) Cluster			
Special Education - Grants to States	84.027	17901-43071	732,771
Special Education - Preschool Grant	84.173	17901-62521	13,410
Career and Technical Education:			
Basic Grants to States	84.048	17901-61095	3,548
Education Technology State Grant	84.318	n/a	43,825
Improving Teacher Quality State Grants	84.367	n/a	<u>163,492</u>
Total Department of Education			\$ <u>1,916,654</u>
Total Expenditures of Federal Awards - Component Unit School Board			\$ <u>3,065,054</u>
Total Expenditures of Federal Awards - Reporting Entity			\$ <u>4,124,105</u>

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGFNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the County had food commodities totaling \$66,295 in inventory.

NOTE 4-RELATIONSHIP TO FINANCIAL STATEMENTS

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund		\$ 281,882
Special Revenue Fund:		
Virginia Public Assistance Fund		893,735
Less payments in lieu of taxes not included in federal expenditures		(116,566)
Total primary government		<u>\$ 1,059,051</u>
Discretely presented component unit - School Board:		
School operating fund		\$ 1,922,502
School cafeteria fund		<u>1,142,552</u>
Total discretely presented component unit - School Board		<u>\$ 3,065,054</u>
Total federal expenditures per the Schedule of Expenditures of Federal awards		<u>\$ 4,124,105</u>

COUNTY OF PAGE, VIRGINIA

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

Section I-Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Identification of major programs:

CFDA Numbers Name of Federal Program or Cluster

Nutrition Cluster:

- 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 Food Distribution

Title I Part A Cluster:

- 84.010 Title I Grants to Local Education Agencies
84.389 ARRA-Title I Grants to Local Education Agencies

Special Education Cluster (IDEA):

- 84.027 Special Education-Grants to States
84.173 Special Education-Preschool Grants

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Findings

Finding: 2012-1 ARRA State Fiscal Stabilization Funds (SFSF)

Status: The finding is no longer valid due to the following:

- (i) The program is no longer in existence.