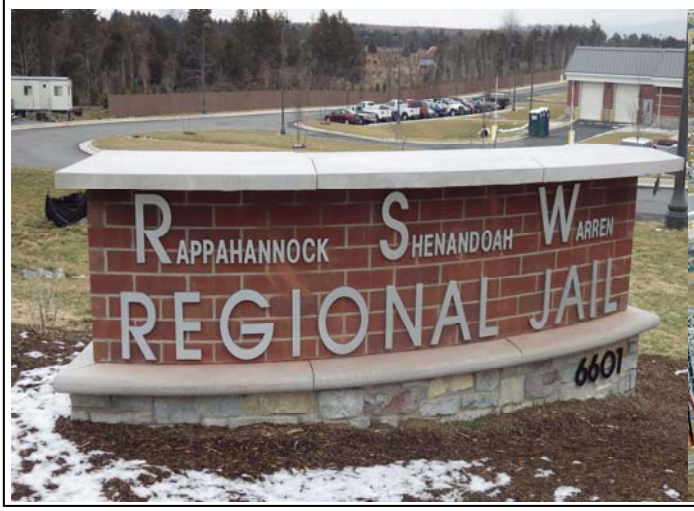
County of Warren, Virginia

Comprehensive Annual Financial Report
Year Ended June 30, 2014



County of Warren, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2014

COUNTY OF WARREN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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COUNTY OF WARREN, VIRGINIA

FINANCIAL REPORT
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COUNTY OF WARREN

County Administrator's Office
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Email: dstanley@warrencountyva.net

Douglas P. Stanley
County Administrator

BOARD OF SUPERVISORS

*****

CHAIRMAN
Daniel J. Murray, Jr.
North River District

VICE-CHAIRMAN
Linda P. Glavis
South River District

Tony F. Carter
Happy Creek District

Archie A. Fox
Fork District

Richard H. Traczyk
Shenandoah District

December 30, 2014

To the Honorable Members of the Board of Supervisors
To the Citizens of Warren County
County of Warren, Virginia

We are pleased to present the Comprehensive Annual Financial Report of the County of Warren, Virginia, (the "County"), for the fiscal year ended June 30, 2014. This report was prepared by the County's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County of Warren report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board and the Industrial Development Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The EDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors and Town of Front Royal.

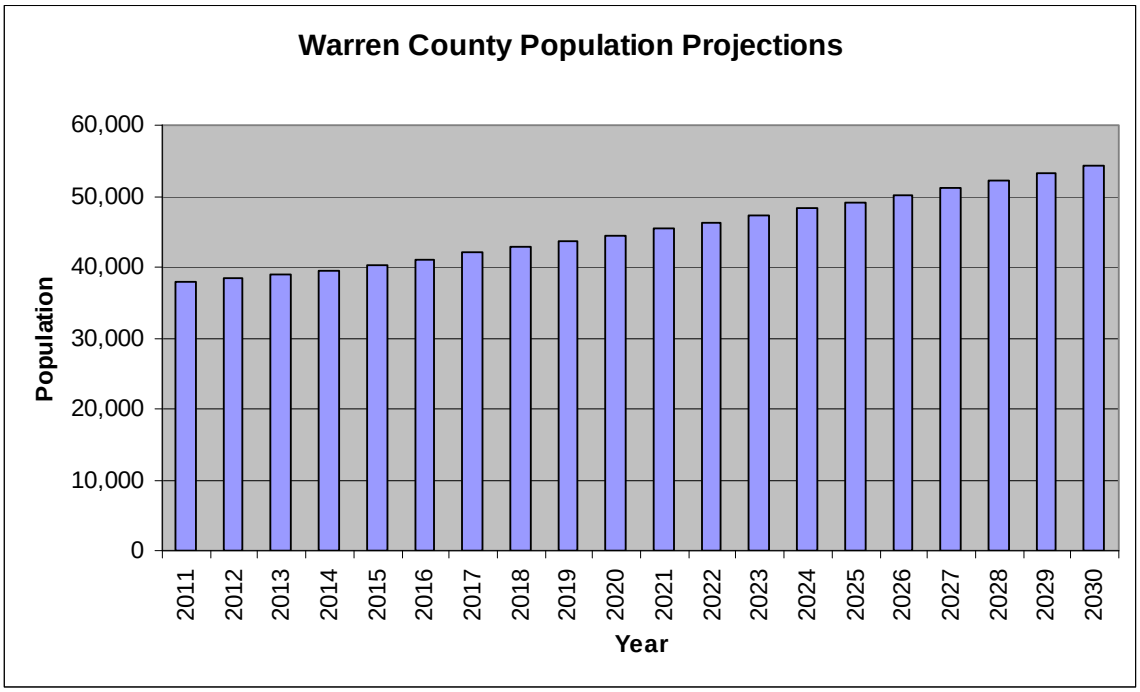
COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

Warren County's existing industrial sectors include but are not limited to agricultural, automotive, banking/finance, call centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile, higher education and trucking.

During FY 2014, Warren County's unemployment rate was 5.5% which was even with the 5.5% of September FY 2013. The FY 2014 rate of 5.5% was slightly higher than the unemployment rate of Virginia (5.3%), but significantly lower than the national average (6.5%).

The total reported value of new construction for permits issued in FY 2014 was down 43.3% from $70,368,837.98 to $39,896,712.10. The decrease was due to the fact that the County experienced significant permit activity in FY 2013 from the Dominion Power Plant and RSW Regional Jail projects. The FY 2014 figure is 58.53% higher than FY 2012. The number of total building permits was up in FY 2013 by 1.02% over FY 2012 from 2,028 to 2,097 and is 32.81% over FY 2011.

The 2010 Census showed that Warren County's population increased from 31,584 to 37,439 for an increase of 5,855 persons (18.53%). Warren County's U. S. Census estimated population for 2013 was 38,699 up from the 2012 count of 38,077 (1.63% increase). The County Planning Department projections show a steady conservative population growth of 1.25% to 2.00% over the next 20 years.



As the Washington Metropolitan area continues to expand, Warren County and the surrounding area will continue to see additional residential growth pressures and an influx of new homeowners. This will be somewhat offset with the rise of fuel costs which make commuting to work in the Northern Virginia area less attractive to our residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. The project that will have the largest single impact on the County's tax base is Dominion Power's Warren County Power Plant. On May 31, 2012, Dominion Virginia Power officially broke ground on the Warren County Power Station. The Station is being built on a 39-acre site in the Warren Industrial Park, approximately 3 miles north of Front Royal. The close proximity to Northern Virginia will enable the Station to serve a growing, high-demand region in Dominion's service area. The Station will generate 1,329 megawatts of electricity, or enough energy to provide power to approximately 325,000 homes. The Station will be powered solely by natural gas and will be among the cleanest fossil-fuel fired facilities in the nation, with 3 combustion turbines and a steam turbine. Construction of the Station included the installation of a 2.5 mile natural gas pipeline.

During the first full year of construction, (FY 2013-14), Dominion paid the County about $1 million in property tax. In FY 2014-15, property tax payments will increase to about $3 million. Once construction is completed, the County expects to enjoy a net financial benefit from the Station of $4+ million per year. As part of the incentive package for the project, the County agreed to contribute up to $1 million per year for years 6-10 to offset the facility's water and sewer fees. Construction work provided approximately 1,500 jobs at the peak of construction and currently provides approximately 300 jobs. Once the Power Station is online in late 2015, Dominion will employ an estimated 30 full-time staff members and will have invested approximately $1.1 billion.

There are currently a couple projects that the County is working on at this time that will enhance the County's tax base. These include:

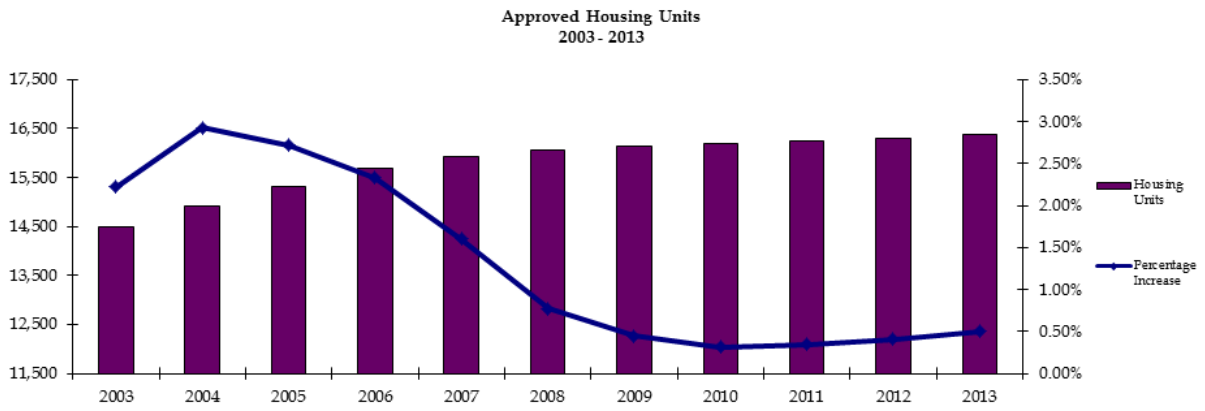
Marriott Hotel
- Marriott has announced plans to break ground within the next twelve months on a new 60-room hotel in the County.
- The hotel is planned to open in the spring or summer of 2016.
- Upon completion, the hotel will provide an estimated 23 new jobs.

"Project Nature"
- Importing and packaging of frozen foods for distribution throughout the United States to customers such as Welch's Foods.
- The company will house a new food-packaging operation in the existing InterChange facility.
- "Project Nature" will invest $1.2 million of equipment in the facility, which will open on January 1, 2015.
- The packaging facility will create an estimated 25 jobs during its first year of operation and an additional 15 jobs during the second year.

"Project Yard"
- Build robust agricultural/forest products.
- Will be leasing 3 acres at the Virginia Inland Port.
- "Project Yard" will create an estimated 35 jobs during its first year of operation.

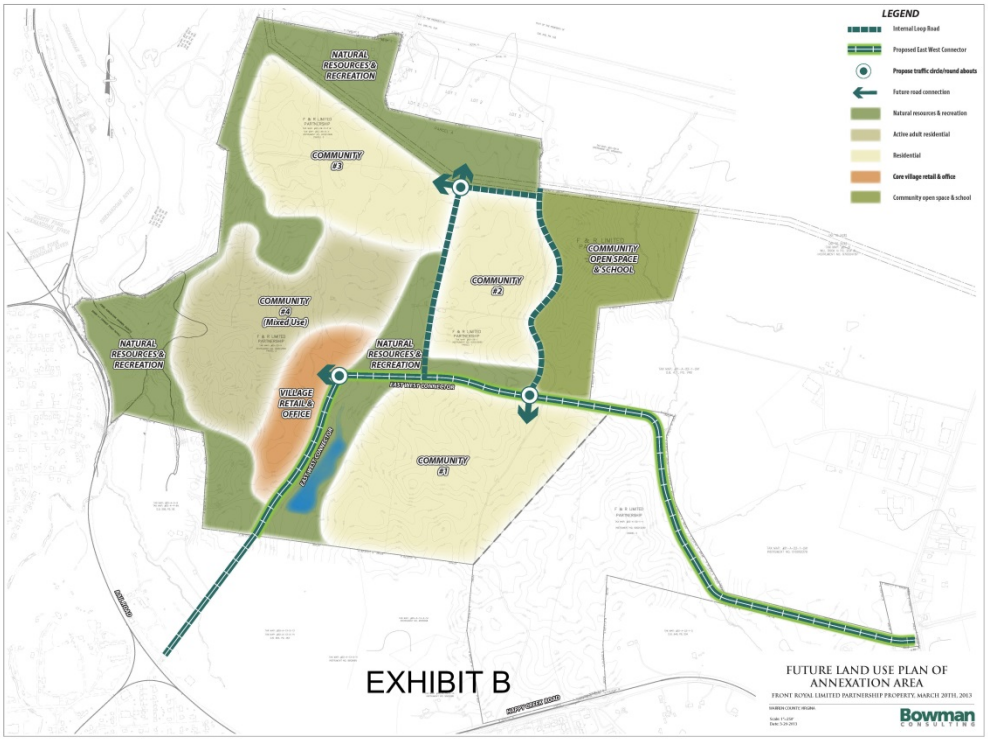
Commercial development has grown significantly over the past four years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. These two shopping centers are providing significant sales, meals and real estate taxes to the community. The County currently is reviewing plans for an Aldi Grocery Store within the next 12 months.

Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the 10-year average has been 289 permits per year. The housing construction market bottomed out with 52 new home starts issued in 2010. Since that time we have seen a steady increase from year to year to 82 starts in 2013. The following chart shows the increase in the number of units and the percentage growth in the County since 2000.



In late September 2014, Warren County and the Town of Front Royal reached an agreement in which the Town will annex 604 acres of land on November 1, 2014.

The annexation will allow a developer to move forward with the construction of new housing, including:
- Up to 808 market-rate single-family housing units; and
- An anticipated 400 senior housing units.



FY 2014 Other Economic Development Accomplishments:

- **Grant Program** - The EDA chose three local businesses to receive cash grants during business appreciation week in 2014. The Award program was designed in 2011 in observance of Virginia's Business Appreciation Week. The awards are made to local small businesses showing excellence in business practices and contributing to the community in some way. This year's recipients were J's Gourmet ($1,000), Little Rugratz Daycare ($750), and Bearfoot Enterprises ($500).

- **Avtex Redevelopment Project** – FMC completed the remediation of 148 acres in 2013 and EPA released the site in September 2014 by issuing the EDA a letter of no further interest which has cleared the way for marketing and redevelopment of the site.

  In early 2014 the EDA sold 5.24 acres to the Town of Front Royal for construction of its new Police headquarters.

  The EDA also worked with the Department of Justice, EPA, and other stakeholders in revising the restrictive covenants placed on the site in 1999. The revisions were signed and recorded in September 2014.

  The EDA received a $5,000 grant from FMC for creating the legacy museum.

- **Infrastructure Development** – **The** EDA has worked with the Town and County on construction of the Leach Run Parkway. The EDA has secured most of the properties needed for the construction and plans to bid the project in late 2014. The EDA continues to work with the Town to determine the best location of a local connector road that will connect Kendrick Lane to Kerfoot Avenue.

- **Business Attraction:** In conjunction with the Town, EDA, utility providers, Health Department, and VDOT, the County created the Business Development Review Committee which allows business owners an opportunity to address each entity at the same time in order to help alleviate any problems throughout the process. The businesses that have benefitted from this committee within the past year are as follows; Aldi Grocery Store, Marriott Hotel, Shenandoah Storage, Royal Vapor, Dollar General, Holtzman Property, Tractor Supply, short term tourist rentals, Applewood Center, Baked Bagels and More, Virginia International Academy, The County's new middle school, Vino 125 (PaveMint), Blue Ridge Shadows, Cross Fit Gym, bed and breakfast, Hooka lounge, Downhome Comfort Bakery, ABC Insurance, Naughty Girls Donuts, The Rusty Den, Hess, Blue Wing Frog, TitleMax, Essroc property, Riverton Substation, Cedarville Vet Clinic, IHOP, electric car charging station, gas station(natural gas), InterChange, and MedExpress.

  Working with the Town and County, the Committee is the start point for any new business or existing business that may be expanding. Executive Director, Health Inspector, Town Planner, and County Building Inspector participate in site visits with individuals looking at a particular space. The purpose of this meeting is to make sure the individual has found an appropriate location for their type of business. This has been a very successful program for the EDA, Town, and County.

- **EDA Financing Programs**: The EDA was awarded $500,000 in loan funds through the U.S. Department of Agriculture's Intermediary Relending Program. The EDA can draw up to $150,000 or 25% of the total project cost. The EDA has loaned a total of $250,000 and is evaluating another application in the amount of $150,000. This program has created 12 new jobs and retained 34 jobs.

  The EDA also administers the Rural Enterprise Loan Program. In 2014, the EDA loaned $19,500 to two start-up businesses.

- **Virginia Jobs Investment Program (VJIP):** The EDA worked with the Virginia Economic Development Partnership to promote the VJIP program. Through this program Warren County industries retrained and retained more than 1,000 jobs.

- **Marketing Campaigns:** The EDA continues its quarterly newsletter, issues press releases to the media on new or expanding businesses, participates in a bi-monthly radio show "Valley Business Today", developed a 60 second public service announcement on EDA activities that is broadcast on a local radio station and maintains a Facebook page, and website.

- **Education: The** EDA has participated in several education projects throughout the year including; student entrepreneurship programs, Project Lead The Way support, Chamber's Leadership Program, EDA Scholarship and Education Fund, Ethics Workshop, reality store, student interviews, and new teacher reception. The EDA will continue its support of education within the community as it plays a vital role to economic development.

County Vision Statement

Our community's vision is to maintain and enhance the quality of life for the residents of Warren County. To do so, the quality and character of Warren County's natural resources should be preserved, conserved, and used effectively to ensure that future citizens will enjoy the benefits of:

- An adequate, sustainable, clean, and potable supply of both surface water and ground water;
- Clean air;
- Farming and open spaces;
- The beauty of our rivers, mountains, and scenic views;
- Protection of our rural character;
- Quality educational facilities and system;
- A balanced tax base; and
- Sound fiscal management.

This mandates that we plan for sustainable growth based on these limited resources. This can be translated to say our annual residential growth rate should be maintained at approximately 2%, no more than 3% annually and our industrial/commercial tax base sustained at 20 to 25%.

Only by doing so can we provide quality schools, safety on our roads and in our communities, a balanced tax base, equitable paying jobs, reduced out-of-county commuting, and other social amenities associated with our quality of life expectations.

Future Capital Improvements

There are a number of projects either in the planning or implementation stages that will improve the services that are provided by the County. These projects include:

The County has completed design work for a proposed second middle school. A site off the proposed Leach Run Parkway has been approved and construction plans have been completed. In addition, the County closed on approximately $44.5 million in bonds sold through the Virginia Public School Authority on December 4, 2014 to finance the project. It is anticipated that the project will be advertised in January 2015 with bids due in February and the contract awarded in March. The facility is expected to be completed in the spring of 2017 in time for a fall 2017 opening.

The second middle school will allow the school system to provide an ideal grade structure of K-5 (Elementary), 6-8 (Middle School) and 9-12 (High School) and will allow the 8th grade to be moved out of Warren County and Skyline High Schools – thereby creating additional capacities at each of those schools. The reconfiguration of grades will create capacity at the secondary level for the next 15-20 years. Beginning in FY 2012-2013 the County started setting funds aside in the budget for the project. In the FY 2014-2015 budget, $1,300,000 is included as a debt service payment reserve.

The County is starting the renovation and conversion of the former Warren County Middle School facility to the Warren County Health and Human Services Complex. In May 2013 a project to install a new roof and remove asbestos from the building was completed at a cost of $2,485,368. In November 2014 the Board approved a contract for parking lot improvements in the amount of $1,178,000. The project will increase the number of paved and striped spaces from 200-225 to 358 and add required landscaping, stormwater management and handicap spaces for the ultimate development of the facility. The County is bidding the renovation of portions of the building for the Warren County Department of Social Services and Warren County Health Department. It is anticipated that construction will start in the early 2015 and be completed by the fall of 2015. The total current estimated cost of construction is $5,765,549 which includes renovation of the Health Department and Social Services Department areas and placement of EFIS on the exterior of the building. The project will be financed through County reserves with the cost repaid by lease payments from the Health Department and Social Services Department.

The County, in conjunction with Shenandoah and Rappahannock Counties, recently completed a regional jail project to alleviate overcrowding at the County's current jail located on Jackson Street. The $55,674,800 177,360 square-foot facility was completed in June 2014. The County, which had started to build a fund reserve for the project in the FY 2009-2010 budget, increased funding to $2,250,000 in FY 2014-2015. The County will need to start paying debt service on the project in FY 2015-2016.

Over the past several years, the Parks and Recreation Department has completed a number of significant projects including a restroom building at Fantasyland, Eastham Trail Phases I and II, practice fields at Eastham Park, and a practice field at the Skyline Soccerplex. The next major project involves the development of Rockland Park as a regional park facility complete with hiking trails, playing fields, disc golf course, playground and camping facilities and eventually a stage and recreation center. Phase I of the project, which includes a playground complex, shelter, disc golf course, parking area and the access road is set to open in January 2015. County staff is currently working on securing grant opportunities for the park to begin implementation of the development plan. Other smaller projects include the replacement of the construction of Phase III of Eastham Trail and Phase III of the Carson Trail; both of which should be completed by the fall of 2015 and the development of a park at the proposed Thompson kiss-and-ride location on Freezeland Road.

County officials, staff and the community need to continue to work together to promote and enhance the County in which we live and the quality of life for its residents. It is a continuing goal that Warren County remains a productive and promising community as well as maintaining fiscal stability for many, many years to come.

PROPERTY TAX RATES

The County increased the real estate tax rate from $0.59 to $0.61 for the FY 2014 tax year. $0.01 of that increase was designated for the County's share of operating cost for the regional jail and $0.01 to offset the loss in State Compensation Board funding to the Warren County Sheriff's Office due to the closing of the Warren County Jail. All other local tax rates and fees for services impacting FY 2014-2015 revenue remained the same as the previous year.

GOVERNMENT'S FINANCIAL POLICIES

The County experienced significant reductions in funding from the State from FY 2009 through FY 2012. This reduction in funding was addressed by the County tightly monitoring expenditures to ensure they were reduced in direct proportion to the reduction in State funding. The County has adhered to its adopted financial policies and has maintained its undesignated fund balance at or near the required 15% of the total operating budget.

OTHER INFORMATION

Management's Discussion and Analysis: Generally accepted accounting principles require management, provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Warren's MD&A can be found immediately following the report of the independent auditors.

Independent Audit: The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. The audit compiled with these requirements and the auditor's opinion is included in this report.

Certificate of Achievement: The County is a proud recipient of the GFOA *Distinguished Budget Presentation Award.* The *Distinguished Budget Presentation Award* issued by the Government Finance Officers Association requires that a government prepare and present a budget document that exceeds guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's best practices on budgeting. The County has received this award for the previous four years.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the Finance Department. We would also like to thank the Board of Supervisors for its interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition we would like to thank the Planning Department, Economic Development Authority and other employees for their assistance in the preparation of this report.

Respectfully submitted,

Douglas P. Stanley, AICP ICMA-CM
County Administrator

Carolyn Stimmel,
Director of Finance

COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Daniel J. Murray, Chair
Linda P. Glavis, Vice-Chair
Tony F. Carter
Archie A. Fox
Richard H. Traczyck

County School Board

Catherine R. Bower, Chair
Kimberly M. Athey, Vice-Chair
Roy K. Boyles
Joanne F. Cherefko
James S. Wells

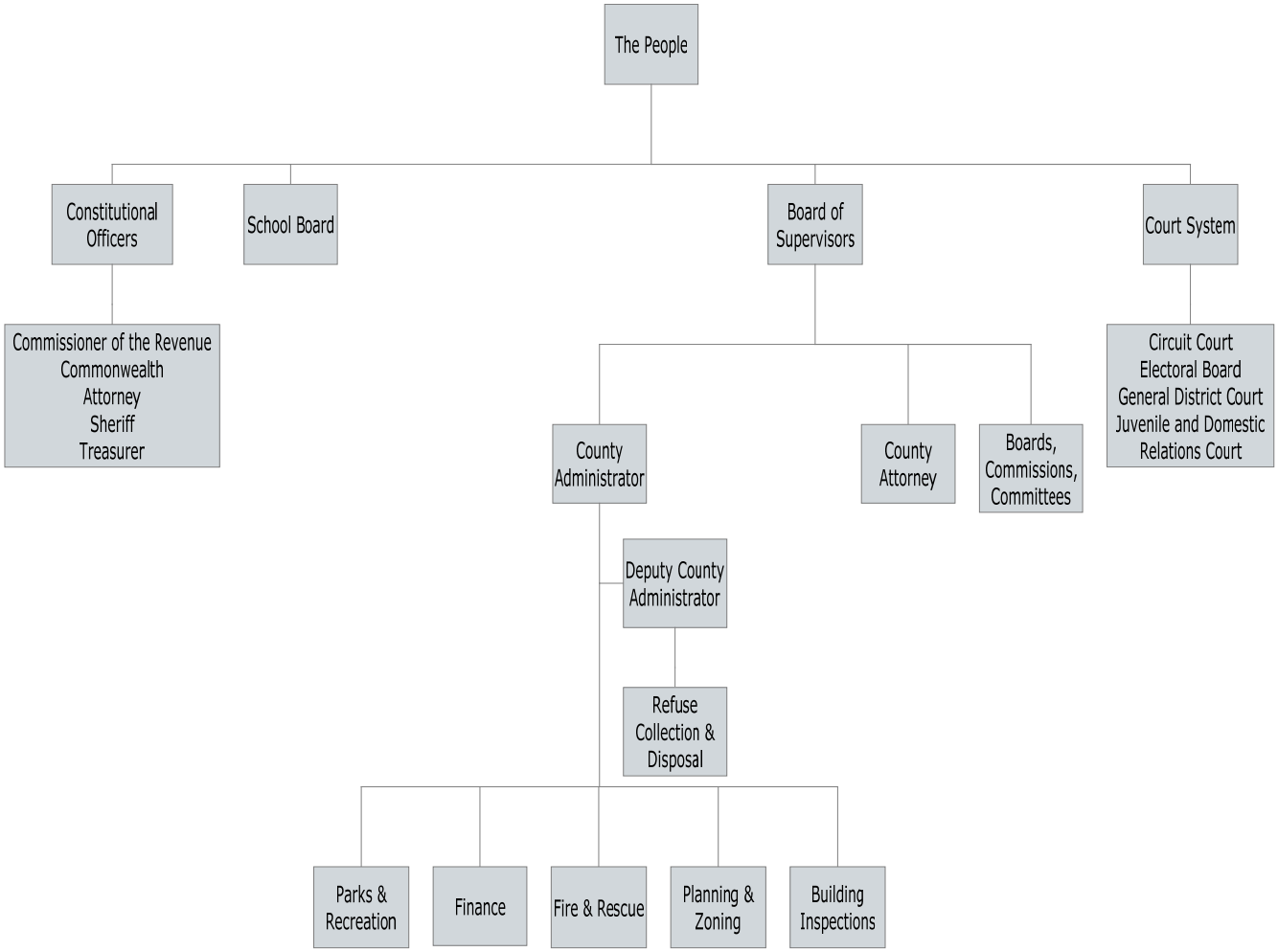
Advisory Board for Warren County Social Services

Staige F. Miller, Chair
Christine C. Hartman, Vice-Chair
William W. Crawford
Richard L. Swanson
Robert M. Cullers

Other Officials

Judge of Circuit Court..... Dennis L. Hupp
Judge of Circuit Court..... John E. Wetsel, Jr.
Chief Judge of Circuit Court ..... Thomas J. Wilson, IV
Judge of Circuit Court..... Clifford L. Athey, Jr.
Judge of Circuit Court..... Bruce D. Albertson
Clerk of Circuit Court ..... Jennifer R. Sims
Chief Judge of General District Court ..... Richard A. Claybrook, Jr.
Judge of Juvenile and Domestic..... William W. Sharp
Judge of Juvenile and Domestic..... Ronald L. Napier
Commonwealth's Attorney ..... Brian M. Madden
Commissioner of Revenue ..... Sherry T. Sours
Treasurer..... Wanda F. Bryant
Sheriff ..... Daniel T. McEathron
Superintendent of Schools..... Pamela M. McInnis
Director of Social Services..... Helen Elizabeth Reavis
County Attorney..... Blair D. Mitchell
County Administrator ..... Douglas P. Stanley
Director of Finance ..... Carolyn W. Stimmel

County of Warren Organizational Chart



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Warren, Virginia, as of and for the year ended June 30, 2014, 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 did not audit the financial statements of the Industrial Development Authority which represent 45 percent of the assets, 43 percent of the total net position and 2 percent of total revenues of the aggregated discretely presented component units. Those financial statements were audited by other auditors whose report therein has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority, is based on the report of the other auditors. 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 based on our audit and the report of other auditors, 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 Warren, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 17-25, 91-93, and 94-95 be presented to supplement the basic financial statements. uch 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 and other auditors 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 Warren, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion based on our audit, the procedures performed as described above and the report of other auditors, other supplementary information, 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of the County of Warren, 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 Warren, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 30, 2014

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Management's Discussion and Analysis

As management of the County of Warren, we offer readers of the County of Warren's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the County of Warren exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $84,989,785 (net position), an increase of $4,374,574.

- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported combined ending fund balances of $41,634,228, an increase of $1,033,546 from the prior year. The majority of the balance or $41,132,442 is available for spending at the government's discretion (unassigned, assigned or committed).

- At the end of the current fiscal year, undesignated fund balance for the General Fund was $16,693,295.

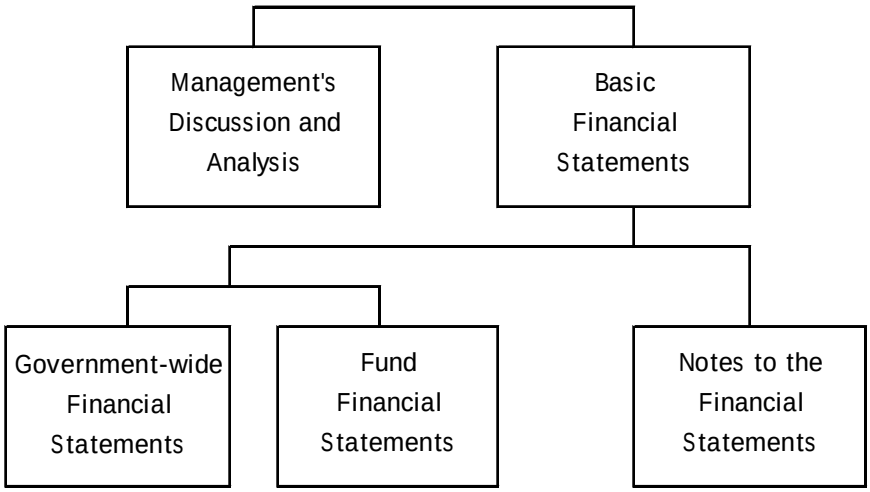
- The County of Warren's total long-term obligations decreased by $2,403,046 during the current fiscal year, mainly due to regular principal payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to County of Warren's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other information that will enhance the reader's understanding of the financial condition of the County of Warren.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 31 through 33) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (pages 37 through 45) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplementary information is provided to show details about the County's individual funds.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The second category is the component unit. Although legally separate from the County, the Industrial Development Authority is important to the County because the County exercises control over the Board by appointing its members. The Industrial Development Authority issues separate financial statements.

Although the School Board is a component unit, approximately 55% (61% when including all school debt service) of the budget for the County of Warren is designated for the public schools. The members of the School Board are elected.

The government-wide financial statements are on pages 31 through 33 of this report.

Fund Financial Statements

The fund financial statements (pages 37 through 45) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Warren, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements. All of the funds of County of Warren are categorized as governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County of Warren adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 47 through 87 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 91 through 95 of this report.

Government-Wide Financial Analysis

The County of Warren's Net Position
Figure 2

	Governmental Activities	
	2014	**2013**
Current and other assets	$ 62,190,613	$ 60,039,336
Capital assets	150,521,442	150,395,679
Total assets	$ 212,712,055	$ 210,435,015
Deferred outflows of resources	5,467,422	5,780,661
Long-term liabilities outstanding	$ 116,814,098	$ 118,419,544
Other liabilities	3,362,394	3,336,464
Total liabilities	$ 120,176,492	$ 121,756,008
Deferred inflows of resources	13,013,200	12,846,857
Net position:		
Net investment in capital assets	$ 44,643,308	$ 41,283,508
Restricted	501,786	462,122
Unrestricted	39,844,691	39,867,181
Total net position	$ 84,989,785	$ 81,612,811

Government-Wide Financial Analysis: (Continued)

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County of Warren exceeded liabilities and deferred inflows of resources by $84,989,785 as of June 30, 2014, compared to $81,612,811 as of June 30, 2013. Fifty-two percent of net position reflect the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position ($39,844,691) may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Collection of real property and personal property taxes exceeded the amount budgeted by $256,148 and $304,110, respectively.

- Revenue from use of money came in under the budgeted amount by $148,724 in FY 2014, due to continued lower interest rates experienced in the economic downturn.

- Public service corporation tax revenue was more than the final budget by $288,269, mainly due to the construction of the Dominion's Warren County Power Station. During the year, there was also an additional $1,000,000 set aside from excess revenues from Dominion's Warren County Power Station for future capital projects.

- Revenue from building permits came in under budget by $60,486 due to less than anticipated growth in new home construction.

- Recordation tax revenue came in under budget by $39,485 due in part to less than anticipated growth in new home construction.

- Revenue from business licenses was under budget by $177,533 due in part to a reduction in spinoff revenue from the Dominion's Warren County Power Station.

Government-Wide Financial Analysis: (Continued)

County of Warren Changes in Net Position
Figure 3

	Governmental Activities	
	2014	**2013**
Revenues:		
Program revenues:		
Charges for services	$ 3,448,437	$ 3,192,451
Operating grants and contributions	8,402,853	7,533,613
Capital grants and contributions	473,284	261,197
General revenues:		
Property taxes	40,170,018	35,453,198
Other taxes	7,531,219	10,097,315
Grants and contributions not restricted to specific programs	5,789,093	5,818,324
Other	844,460	781,774
Total revenues	$ 66,659,364	$ 63,137,872
Expenses:		
General government administration	$ 3,851,326	$ 3,325,816
Judicial administration	1,410,337	1,337,703
Public safety	14,381,005	12,715,103
Public works	6,365,453	5,184,861
Health and welfare	6,329,760	6,372,322
Parks, recreation and cultural	3,488,039	3,321,806
Community development	1,020,028	1,215,861
Non-departmental		
Education	21,089,704	20,616,162
Interest and other fiscal charges	4,349,138	4,687,949
Total expenses	$ 62,284,790	$ 58,777,583
Increase in net position	$ 4,374,574	$ 4,360,289
Net position, July 1	81,035,211	78,414,014
Adjustment to beginning Net Position for GASB No. 65		(1,739,092)
Adjustment to beginning Net Position for Revenue Bond	(420,000)	
Net position, June 30	$ 84,989,785	$ 81,035,211

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County of Warren's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County of Warren's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County of Warren. At the end of the current fiscal year, unassigned fund balance of the General Fund was $16,693,295, a decrease of $439,621 from last year. Included in the budget for FY2013-2014, there were miscellaneous capital items to be funded from this unreserved fund balance which would have reduced the fund balance by $848,500. Due to sound fiscal management, fund balance for the general fund was actually $408,879 better than projected.

At June 30, 2014, the governmental funds of County of Warren reported a combined fund balance of $42,222,786, an increase of $1,806,008 from last year. This change mainly resulted from the planned set aside of funds for future debt service and capital projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Real and personal public service corporation taxes were $288,269 greater than budgeted primarily due to the construction of the Dominion's Warren County Power Station.

Revenue from the use of money was under budget by $148,724 due to the continued decline in interest rates paid by financial institutions.

Capital Asset and Debt Administration

Capital assets. The County of Warren's investment in capital assets for its governmental activities as of June 30, 2014, totals $150,521,442 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

County of Warren's Capital Assets
Figure 4

Capital Assets
(net of depreciation)

	Governmental Activities	
	2014	**2013**
Land	$ 11,952,750	$ 11,380,832
Buildings and improvements	132,463,797	134,344,736
Machinery and equipment	1,092,691	1,237,060
Non-depreciable capital assets	387,070	387,070
Construction in progress	4,625,134	3,045,981
Total	$ 150,521,442	$ 150,395,679

Additional information on the County's capital assets can be found in Note 6 - Capital Assets of the Basic Financial Statements.

Capital Asset and Debt Administration: (Continued)

Long-term Debt. As of June 30, 2014, the County of Warren had total bonded debt outstanding of $101,452,500. General obligation bond debt is backed by the full faith and credit of the County. The table below includes both revenue and general obligation bonds.

County of Warren's Outstanding Debt
General Obligation and Revenue Bonds
Figure 5

	Governmental Activities	
	2014	**2013**
General obligation and lease revenue bonds	$ 101,452,500	$ 103,523,528
Total	$ 101,452,500	$ 103,523,528

As part of its multi-year Capital Funding Plan, the County conducted credit rating calls with each of the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's and Fitch Ratings, in early November 2014. Discussions with each of the agencies covered financial, economic, debt related and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of Staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies: Moody's: Aa2, S&P: AA, FITCH: AA. With these assigned ratings, the County continued its steady progression of rating upgrades that began back in the early 2000's. These credit ratings helped the County secure favorable long-term financing for its Middle School financing that priced on November 18, 2014 and will help to ensure that the County is able to maximize its borrowing ability in the future.

Additional information regarding the County of Warren's long-term debt can be found in Note 7 - Debt of this report.

Economic Factors and Next Year's Budgets and Rates

One of the County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of industries that create high-wage, high technology jobs, diversify the tax base and encourage people to live and work in the County. To that end, the Industrial Development Authority of the Town of Front Royal and County of Warren, Virginia, doing business as the Economic Development Authority **("WCEDA")** works aggressively to attract new businesses and foster expansion of existing businesses. WCEDA has undertaken numerous initiatives to accomplish these goals. It administers a Technology Zone program with 3 designates zones in the County in which technology companies may receive grants and business tax reimbursements. It also administers an Enterprise Zone program which provides incentive to industrial and commercial businesses locating in the County. WCEDA also administers a Rural Business Enterprise Loan Program which has made loans of over $1.46 million to local businesses.

As the Washington Metropolitan area has continued to expand, the County and the surrounding area has continued to experience residential growth pressures and an influx of new homeowners, somewhat offset by fuel costs which make commuting to work in the Northern Virginia area less attractive to County residents.

Economic Factors and Next Year's Budgets and Rates

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Over the past few years a number of large industrial projects have opened in the Route 340/522 Corridor of the County including:

Industrial Development Projects

Park/Company	Land Acquisition	Construction Investment	Jobs	Salary	Bldg Size	Total Investment
Stephens Park						
Atlantic Skyline	$ 975,000	$ 11,025,000	25	$ 50,000+	85,000SF	$ 12,000,000
Interbake		13,000,000	321	10.75/hr.+	199,210SF	13,000,000
Baugh SYSCO	5,732,456	41,638,624	327	11.55/hr.+	830,000SF	47,371,080
Kelley Park						
LeHew LLC	858,000	6,642,000	0	n/a	200,000SF	7,500,000
KIP LLC	595,800	3,000,000	0	n/a	50,000SF	595,800
Rapp Electric Co-Op	5,500,000		52	$ 50,000+	30,000SF	5,500,000
LeHew 14.1 Acres	1,514,500		110	n/a		1,514,500
Total	$ 15,175,756	$ 75,305,624	835			$ 87,481,380

Source: County Administration

Commercial development has grown significantly over the past three years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) retail centers have been developed. These two shopping centers are providing significant sales, meals and real estate taxes to the community.

Residential growth in the County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in 2004 with 425 permits issued, the 10-year average has been 289 permits per year. The climb in housing construction has diminished significantly since 2004 with 52 permits issued in 2010. This represents the lowest total since the County has been keeping records for the past 30 years. Since then, residential growth has slowly increased; 76 permits have been issued so far in calendar year 2014.

Dominion Virginia Power **("Dominion")** officially broke ground on May 31, 2012, on construction of the Warren County Power Station **(the "Station")**. Dominion received approval from the Virginia State Corporation Commission on February 2, 2012, to build the station. As of September 1, 2013, construction was 50 percent complete; the project is currently on track to be online by the 4th quarter of 2014.

The Station is being constructed on a 39-acre site in the Warren Industrial Park, approximately three miles north of Front Royal. The close proximity to Northern Virginia will enable it to serve a growing, high demand region in Dominion's service area. The Station will be powered solely by natural gas and will be among the cleanest fossil-fuel fired facilities in the nation. The Station will have three combustion turbines and a steam turbine. It will generate 1,329 megawatts of electricity, or enough energy to power approximately 325,000 homes. Commercial operation is currently scheduled for the 4th quarter of 2014.

The Station is helping Dominion close a gap of 5,600 megawatts of generation needed in its service area by 2019 as identified by PJM Interconnection LLC, the regional independent system operator of the 13-state transmission system. The Station also received approval from the County, an air permit from the Virginia Department of Environmental Quality and a water agreement from the Town. As part of its air permit, Dominion agreed to mitigate potential impact on Shenandoah National Park by agreeing to close North Branch Power Station, a coal-fired power station in West Virginia.

During the first full year of construction (FY 2014), Dominion paid approximately $1 million in property taxes related to the Station. In FY 2015 property tax payments are expected to increase to approximately $3 million. Once the Station is fully operational, the County expected to receive a net tax benefit in excess of $4 million per year.

Economic Factors and Next Year's Budgets and Rates: (Continued)

After a 15-year remediation clean-up as an EPA Superfund site, approximately 155 acres of the former Avtex Fibers industrial site has been released for redevelopment as a clean, environmentally-friendly mixed use commercial park as the Royal Phoenix property. Royal Phoenix is owned by WCEDA. WCEDA is currently selling the first 30-acre portion of the site to a commercial/office user which plans to create 600 new jobs on the site.

The following key economic indicators reflect the growth and prosperity of the County.

- Unemployment. Warren County's unemployment rate as of October 2014 was 5.1%, slightly higher than the State average of 4.8%.
- New jobs. The County added approximately 152 new jobs last year.
- Commercial development. The County currently has two shopping centers (Crooked Run and Riverton Commons) where stores have been opening since July 2007. The Crooked Run Shopping Center has been completed with Target as the anchor store. The County has approved Phase II of the Crooked Run Shopping Center and Cedarville Center for additional retail and restaurant pads. The Riverton Commons Shopping Center includes a Wal-Mart Supercenter and Lowe's as anchors. The strip center is at approximately 80% occupancy and all but three of the pad sites have been completed. The County is currently reviewing site plans for a 17,825 sq. ft. ALDI grocery store and an urgent care facility.
- Industrial development. Dominion's Warren County Power Station has been completed and begun operation in the County. The community has previously set a goal for the community (Included in the comprehensive plan) to "Achieve a commercial / industrial tax base of 30 – 35%". At the end of the 2015 Reassessment, the County has a total percentage of 18% (Commercial/Industrial value of $774,954,000 out of $4,373,802,900 in total value). This figure does not including the partial valuation of the Dominion 's Warren County Power Station). Based on the investment of $1,100,000,000 we anticipate the facility having an initial value of $900,900,000 (90% of investment). This value will be confirmed by the SEC in the 1st quarter of 2015. Based on this estimated valuation, we anticipate the % increasing to 32.90%.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities: The FY 2014-2015 budget process again proved to be a difficult one given the slowdown in construction in the area and continued State budget cuts. Projected revenues for the General Fund and School Operating Fund (excluding use of Fund Balance) are slightly more (5.24%) than those of FY 2013-2014. The increase results from an expected increase in state and federal funding for schools and an expected increase in property taxes due to the construction of the Dominion Power Plant and the opening of the RSW Regional Jail. The FY2015 Budget was adopted with a $0.02 increase in the real estate tax rate and no increase in the personal property tax rate. One cent of the increase provided funding for the RSW Regional Jail. The additional cent was needed to offset the loss of State Compensation Board funding in the Sheriff's Office.

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to $43,962,510.

The General Fund budget also includes $1,414,770 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements, including debt service on the 2004 bonds.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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COUNTY OF WARREN, VIRGINIA **Exhibit 1**

Statement of Net Position
June 30, 2014

	Primary Government	Component Unit	
	Governmental Activities	School Board	Industrial Development Authority
ASSETS			
Cash and cash equivalents	$ 38,620,067	$ 8,901,304	$ 747,419
Investments in property	-	-	11,914,779
Receivables (net of allowance for uncollectibles):			
Taxes receivable	16,300,419	-	-
Accounts receivable	590,915	33,085	110
Notes receivable	-	-	367,510
Interest receivable	21,422	-	-
External parties	630,361	-	-
Due from primary government	-	-	
Due from component unit	3,111,605	-	-
Due from other governmental units	1,453,744	1,537,565	-
Prepaid items	-	-	9,502
Restricted assets:			
Cash and cash equivalents	1,462,080	-	31,368
Capital assets (net of accumulated depreciation):			
Land	11,952,750	1,656,064	128,578
Non-depreciable assets	387,070	-	-
Buildings and improvements	131,154,922	2,978,507	571,819
Improvements other than buildings	1,308,875	-	-
Machinery and equipment	1,092,691	1,712,555	-
Construction in progress	4,625,134	-	-
Total assets	$ 212,712,055	$ 16,819,080	$ 13,771,085
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ 5,467,422	$ -	$ -
Total deferred outflows of resources	$ 5,467,422	$ -	$ -
LIABILITIES			
Accounts payable	$ 1,776,679	$ 193,190	$ 162,899
Accrued liabilities	223,062	5,366,112	8,290
Customers' deposits	13,784	-	7,400
Accrued interest payable	1,214,939	-	7,961
Due to primary government	-	3,111,605	-
Unearned revenue	133,930	-	62,260
Long-term liabilities:			
Due within one year	6,297,114	263,603	3,336,741
Due in more than one year	110,516,984	2,155,125	5,829,951
Total liabilities	$ 120,176,492	$ 11,089,635	$ 9,415,502
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	$ 13,013,200	$ -	$ -
Total deferred inflows of resources	$ 13,013,200	$ -	$ -
NET POSITION			
Net investment in capital assets	$ 44,643,308	$ 6,244,059	$ 3,448,484
Restricted:			
Scholarships	-	-	380
Economic development	-	-	30,988
Public safety	89,962	-	-
Proffers	411,824	-	-
Unrestricted	39,844,691	(514,614)	875,731
Total net position	$ 84,989,785	$ 5,729,445	$ 4,355,583

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,851,326	$ 258,425	$ 291,116	$ -
Judicial administration	1,410,337	243,901	674,890	-
Public safety	14,381,005	1,341,592	3,785,181	40,746
Public works	6,365,453	965,738	40,928	432,538
Health and welfare	6,329,760	-	3,577,787	-
Education	21,089,704	-	-	-
Parks, recreation, and cultural	3,488,039	423,860	-	-
Community development	1,020,028	214,921	32,951	-
Interest on long-term debt	4,349,138	-	-	-
Total governmental activities	$ 62,284,790	$ 3,448,437	$ 8,402,853	$ 473,284
Total primary government	$ 62,284,790	$ 3,448,437	$ 8,402,853	$ 473,284
COMPONENT UNITS:				
School Board	$ 51,726,030	$ 1,304,768	$ 30,123,424	$ 71,410
Industrial Development Authority	754,683	126,120	-	95,144
Total component units	$ 52,480,713	$ 1,430,888	$ 30,123,424	$ 166,554

General revenues:
- General property taxes
- Local sales and use taxes
- Consumers' utility taxes
- Business licenses
- Motor vehicle licenses
- Meals tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Payment from Warren County
- Grants and contributions not restricted to specific programs

Total general revenues and transfers
Change in net position
Net position - beginning, as restated
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Unit	
Governmental Activities	School Board	Industrial Development Authority
$ (3,301,785)		
(491,546)		
(9,213,486)		
(4,926,249)		
(2,751,973)		
(21,089,704)		
(3,064,179)		
(772,156)		
(4,349,138)		
$ (49,960,216)		
	$ (20,226,428)	$ -
	-	(533,419)
	(20,226,428)	$ (533,419)
$ 40,170,018	$ -	$ -
3,765,595	-	-
708,592	-	-
858,661	-	-
791,472	-	-
824,351	-	-
582,548	-	-
374,038	-	16,572
470,422	460,587	1,225
-	18,639,792	676,167
5,789,093	-	-
$ 54,334,790	$ 19,100,379	$ 693,964
$ 4,374,574	$ (1,126,049)	$ 160,545
80,615,211	6,855,494	4,195,038
$ 84,989,785	$ 5,729,445	$ 4,355,583

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2014

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 13,342,053	$ 23,801,545	$ -	$ 674,357	$ 37,817,955
Receivables (net of allowance for uncollectibles):					
Taxes receivable	15,169,677	-	-	1,130,742	16,300,419
Accounts receivable	590,915	-	-	-	590,915
Interest receivable	21,422	-	-	-	21,422
External parties	630,361	-	-	-	630,361
Due from other funds	132,513	-	-	-	132,513
Due from component unit	3,111,605	-	-	-	3,111,605
Due from other governmental units	1,453,744	-	-	-	1,453,744
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	811,717	650,363	1,462,080
Total assets	$ 34,452,290	$ 23,801,545	$ 811,717	$ 2,455,462	$ 61,521,014
LIABILITIES					
Accounts payable	$ 1,636,220	$ -	$ 90,966	$ 49,493	$ 1,776,679
Customers' deposits	13,784	-	-	-	13,784
Due to other funds	-	-	132,193	320	132,513
Unearned revenue	3,625	-	-	130,305	133,930
Total liabilities	$ 1,653,629	$ -	$ 223,159	$ 180,118	$ 2,056,906
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	$ 16,105,366	$ -	$ -	$ 1,135,956	$ 17,241,322
Total deferred inflows of resources	$ 16,105,366	$ -	$ -	$ 1,135,956	$ 17,241,322
FUND BALANCES					
Restricted:					
Construction	$ -	$ -	$ 772,462	$ 411,824	$ 1,184,286
Public safety	-	-	-	89,962	89,962
Committed:					
Capital improvements (Note 14)	-	23,801,545	-	-	23,801,545
Sanitary districts - roads, etc.	-	-	-	484,088	484,088
Assigned:					
Capital improvements	-	-	-	153,514	153,514
Unassigned	16,693,295	-	(183,904)	-	16,509,391
Total fund balances	$ 16,693,295	$ 23,801,545	$ 588,558	$ 1,139,388	$ 42,222,786
Total liabilities, deferred inflows of resources and fund balances	$ 34,452,290	$ 23,801,545	$ 811,717	$ 2,455,462	$ 61,521,014

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, 2014

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 42,222,786
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 179,553,663	
Accumulated depreciation	(29,032,221)	150,521,442
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable property taxes		$ 4,228,120
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		579,052
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:		
Bonds and note payable	(102,236,181)	
Deferred charge on refunding	5,467,422	
Issuance premium	(10,028,350)	
Accrued interest payable	(1,214,939)	
Capital lease obligations	(244,670)	
Compensated absences	(1,243,947)	
Landfill closure & postclosure liability	(602,750)	
Net OPEB obligation	(2,458,200)	(112,561,615)
Net position of governmental activities		$ 84,989,785

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, 2014

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	$ 37,992,267	$ -	$ -	$ 1,555,340	$ 39,547,607
Other local taxes	7,531,219	-	-	-	7,531,219
Permits, privilege fees, and regulatory licenses	679,907	-	-	-	679,907
Fines and forfeitures	97,416	-	-	-	97,416
Revenue from the use of money and property	372,850	-	1,188	-	374,038
Charges for services	2,671,114	-	-	-	2,671,114
Miscellaneous	407,349	-	-	63,074	470,423
Recovered costs	72,885	-	-	-	72,885
Intergovernmental:					
Commonwealth	12,374,689	-	-	10,388	12,385,077
Federal	2,074,433	-	-	205,720	2,280,153
Total revenues	$ 64,274,129	$ -	$ 1,188	$ 1,834,522	$ 66,109,839
EXPENDITURES					
Current:					
General government administration	$ 2,905,847	$ -	$ -	$ -	$ 2,905,847
Judicial administration	1,578,791	-	-	-	1,578,791
Public safety	13,361,384	-	-	177,362	13,538,746
Public works	3,693,010	-	-	1,213,201	4,906,211
Health and welfare	6,213,147	-	-	-	6,213,147
Education	20,039,108	-	-	-	20,039,108
Parks, recreation, and cultural	3,451,896	-	-	-	3,451,896
Community development	977,696	-	-	-	977,696
Nondepartmental	250,523	-	-	-	250,523
Capital projects	3,002,774	-	1,997,694	-	5,000,468
Debt service:					
Principal retirement	10,980,125	-	-	30,000	11,010,125
Interest	4,585,164	-	-	5,896	4,591,060
Total expenditures	$ 71,039,465	$ -	$ 1,997,694	$ 1,426,459	$ 74,463,618
Excess (deficiency) of revenues over (under) expenditures	$ (6,765,336)	$ -	$ (1,996,506)	$ 408,063	$ (8,353,779)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 2,359,754	$ 3,674,973	$ 969,031	$ 5,250	$ 7,009,008
Transfers out	(3,669,039)	(2,251,884)	(565,063)	(363,235)	(6,849,221)
Issuance of lease revenue refunding bonds	7,635,000	-	-	-	7,635,000
Issuance of lease revenue bond anticipation notes	-	-	2,365,000	-	2,365,000
Total other financing sources (uses)	6,325,715	1,423,089	2,768,968	(357,985)	10,159,787
Net change in fund balances	$ (439,621)	$ 1,423,089	$ 772,462	$ 50,078	$ 1,806,008
Fund balances - beginning	17,132,916	22,378,456	(183,904)	1,089,310	40,416,778
Fund balances - ending	$ 16,693,295	$ 23,801,545	$ 588,558	$ 1,139,388	$ 42,222,786

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, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 1,806,008
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 following are adjustments related to capital assets reported in the current period.		
Capital asset additions	$ 3,766,059	
Depreciation expense	(3,640,296)	125,763
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		622,408
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
(Increase) decrease in landfill closure and postclosure liability	$ (8,322)	
Issuance of lease revenue and lease revenue refunding bonds	(10,000,000)	
Increase (decrease) in deferred amount on refunding	(313,238)	
Principal payments	12,195,125	
Discount and premium amortization	608,506	2,482,071
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 following are the details of these adjustments:		
(Increase) decrease accrued interest payable	107,636	
(Increase) decrease in net OPEB obligation	(372,100)	
(Increase) decrease in compensated absences	(20,163)	(284,627)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
Insurance premiums, internal service fund - reported as charges for services on Exhibit 2	2,412,075	
Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2	(2,629,337)	
Transfer out, internal service fund - reported as expense in the respective fund on Exhibit 2	(159,787)	(377,049)
Change in net position of governmental activities		$ 4,374,574

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

COUNTY OF WARREN, VIRGINIA **Exhibit 7**

Statement of Net Position
Internal Service Fund
June 30, 2014

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 802,114
Total assets	$ 802,114
LIABILITIES	
Current liabilities:	
Claims and judgments - Incurred but not reported	$ 223,062
Total liabilities	$ 223,062
NET POSITION	
Unrestricted	$ 579,052
Total net position	$ 579,052

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

COUNTY OF WARREN, VIRGINIA **Exhibit 8**

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended June 30, 2014

		Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	2,412,075
Total operating revenues	$	2,412,075
OPERATING EXPENSES		
Insurance claims and expenses	$	2,629,337
Total operating expenses	$	2,629,337
Operating income (loss)	$	(217,262)
Income before transfers		(217,262)
Transfers out	$	(159,787)
Change in net position	$	(377,049)
Total net position - beginning		956,101
Total net position - ending	$	579,052

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

COUNTY OF WARREN, VIRGINIA **Exhibit 9**

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2014

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	2,412,075
Payments for claims		(2,591,179)
Net cash provided by (used for) operating activities	$	(179,104)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds		(159,787)
Net cash provided by (used for) noncapital financing activities		(159,787)
Net increase (decrease) in cash and cash equivalents	$	(338,891)
Cash and cash equivalents - beginning		1,141,005
Cash and cash equivalents - ending	$	802,114
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(217,262)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Increase (decrease) in IBNR	$	38,158
Total adjustments	$	38,158
Net cash provided by (used for) operating activities	$	(179,104)

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

COUNTY OF WARREN, VIRGINIA **Exhibit 10**

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 224,161	$ 91,156
Due from other governmental units	-	777,764
Total assets	$ 224,161	$ 868,920
LIABILITIES		
Accounts payable	$ -	$ 19,714
Amounts held for social services clients	-	14,848
Due to general fund	-	630,361
Due to other governmental units	-	152,403
Amounts held for others	-	51,594
Total liabilities	$ -	$ 868,920
NET POSITION		
Held in trust for scholarships	$ 224,161	

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

COUNTY OF WARREN, VIRGINIA **Exhibit 11**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

		Private-Purpose Trust
ADDITIONS		
Revenue from the use of money	$	45
Miscellaneous		25,388
Total additions	$	25,433
DEDUCTIONS		
Scholarships	$	17,100
Total deductions	$	17,100
Change in net position	$	8,833
Net position - beginning		215,828
Net position - ending	$	224,661

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

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Warren, Virginia operates under a traditional form of government with a Board of Supervisors, county administrator, and elected constitutional officers. It provides its citizens with services relating to public safety, public works, health and welfare services, education, community and economic development, and judicial and general administrative services.

The financial statements of the County of Warren, Virginia have been prepared in conformity with accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and. The more significant of the government's accounting policies are described below.

These financial statements present the County (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Warren County Public Schools:

Warren County Public Schools (the "Schools") is responsible for elementary and secondary education within the County. The Schools are fiscally dependent on the County because the Schools' operational and capital budgets are approved by the County Board of Supervisors. In addition, the Schools are prohibited from issuing bonded debt without the approval of the County Board of Supervisors.

The Schools report an operating fund and three special revenue funds (cafeteria, textbook, and vocational building funds), one capital projects fund (school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund. Warren County Public Schools does not issue separate financial statements.

Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia:

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. County contributions accounted for approximately 74% percent of the Industrial Development Authority's revenues during fiscal year 2014. The Authority is accounted for as a proprietary fund and uses the accrual basis of accounting.

Complete financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia may be obtained at the Authority's administrative offices.

A. Government-wide and Fund Financial Statements

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Government-wide and Fund Financial Statements: (Continued)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its 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.

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

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

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

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

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

Proprietary funds (internal service 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 internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the general fund as a major governmental fund.

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

1. **Governmental Funds: (Continued)**

   Capital Projects Funds – The Capital Projects Funds account for and report 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 reports the Special Projects and School Bond Construction funds as major capital projects funds and the General Capital Projects fund as a nonmajor capital project fund.

   Special Revenue Funds - 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 consist of the following funds: Drug Forfeiture, Proffers, and Sanitary District. All of the above funds are reported as nonmajor funds.

2. **Fiduciary Funds – (Trust and Agency Funds)** – account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth P. Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, the Winnie Nicholls Scholarship Fund, and the Thompson Scholarship Fund. The following agency funds are reported: Special Welfare Fund, Undistributed Local Sales Tax Fund, Flexible Spending Fund, Northern Warren Fire Department Building Fund, Northern Warren Fire Department Fund, Shenandoah Farms Volunteer Fire Department Fund, South Warren Volunteer Fire Department Fund, Shenandoah Shores Volunteer Fire Department Fund, Linden Volunteer Fire Department Fund, and the Fortsmouth Volunteer Fire Department Fund.

3. **Proprietary Funds** – account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds of the County consist of the Internal Service Funds.

   Internal Service Funds – account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal Service Funds consist of Health Insurance Fund reported by the Primary Government and the Component Unit-School Board.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. 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. The budget is legally enacted through passage of appropriation resolutions.

4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Appropriations lapse on June 30, for all County Departments.

7. Both the original and amended budget are presented in the accompanying financial statements.

8. The following General Fund departments reported actual expenditures in excess of appropriations: (Reference Exhibit 12):

   - Various public safety departments
   - Various capital projects
   - Various public works departments
   - Various community development departments

   Additionally the following nonmajor and Component Unit funds reported actual expenditures in excess of appropriations:

   - Drug forfeiture fund
   - Sanitary districts fund

E. Cash and Cash Equivalents

The County's cash and cash equivalents consist of demand deposits and certificates of deposits with an initial maturity date of less than three months.

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to $1,490,613 at June 30, 2014.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least $5,000 and an estimated useful life of multiple years. Such assets are recorded at historical cost or estimated historical cost using the consumer price inflationary index. Donated capital assets or donated at estimated fair market value at the date of donation.

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

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

Buildings and improvements	50 years
Vehicles	5 years
School buses	12 years
Equipment	5 to 7 years
Land improvements	20 years

H. Bond Issue Costs

Bond issue costs are expensed as incurred.

I. Compensated Absences

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2014, leave liabilities of the County amounted to $686,014 of outstanding vacation accruals, $368,340 of outstanding compensatory time and $189,593 of outstanding sick accruals, representing a net increase of $20,163. At June 30, 2014, leave liabilities of the Schools amounted to $756,728 of outstanding vacation accruals, $390,505 of personal leave time and $458,128 of outstanding sick accruals, representing a net increase of $106,340.

J. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Fund Equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. 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 Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

L. 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Net Position Flow Assumption

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

N. 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/expenditure) until then. The County has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

O. Property Taxes Receivable

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

P. Restricted Assets

The County reports restricted assets (cash) in the amount of $1,462,080 (Exhibit 1). The cash is restricted for specific capital projects as a result of proffers received, unspent bond proceeds for construction and for public safety.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

The County does not have an investment policy that addresses the various types of risks related to investments.

Credit Risk of Debt Securities

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

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
		AAAm
Local Government Investment Pool	$	619,379
Total	$	619,379

External Investment Pools

The fair values of the positions in the Local Government Investment Pool (LGIP) are 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.

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2014 were as follows:

Fund	Interfund receivable	Interfund payable
Major funds:		
General	$ 762,874	$ -
School bond construction	-	132,193
Nonmajor governmental funds:		
Sanitary districts	-	320
Agency funds:		
Undistributed local sales tax fund	-	625,361
Flexible spending fund	-	5,000
Total	$ 762,874	$ 762,874

Interfund transfers for the year ended June 30, 2014 were as follows:

Fund	Transfer In	Transfer Out
Major governmental funds:		
General	$ 2,359,754	$ 3,669,039
Special projects	3,674,973	2,251,884
School bond construction fund	969,031	565,063
Nonmajor governmental funds:		
Proffers	-	17,988
Sanitary districts	5,250	345,247
Internal service fund:		
County health insurance fund	-	159,787
Total	$ 7,009,008	$ 7,009,008

Transfers between major funds and other nonmajor governmental funds were primarily to support operations of the funds.

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:

Due from/to balances between the County and its component units at June 30, 2014, were as follows:

	Due From	Due To
Primary government:		
General	$ -	$ 3,111,605
Component units:		
Warren County School Board	$ 3,111,605	$ -

Contributions from the Primary Government to the School Board Component Unit for school operations for the year ended June 30, 2014 were as follows:

	Contributions To	Contributions From
Primary government:		
General	$ -	$ 19,998,098
School Board component unit:		
School operating fund	19,998,098	-
	$ 19,998,098	$ 19,998,098

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2014:

	Primary Government	Component Unit
	General Fund	School Board
Commonwealth of Virginia:		
Virginia Public Assistance funds	$ 101,100	$ -
State sales tax	-	1,056,583
Constitutional officer reimbursements	297,950	-
Recordation tax refunds	29,549	-
Miscellaneous grants	72,478	43,716
Comprehensive services act	285,381	-
Rolling stock	53,260	-
Confinement reimbursement	85,180	-
Communication tax	150,970	-
Federal Government:		
Virginia Public Assistance funds	155,539	-
Highway planning and construction	208,753	-
Crime victim assistance grant	13,584	-
School fund grants	-	379,581
School food	-	57,685
Total due from other governmental units	$ 1,453,744	$ 1,537,565

NOTE 6—CAPITAL ASSETS:

Primary Government:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 11,380,832	$ 571,918	$ -	$ 11,952,750
Construction in progress	3,045,981	2,886,331	1,307,178	4,625,134
Other non-depreciable assets	387,070	-	-	387,070
Total capital assets not being depreciated	$ 14,813,883	$ 3,458,249	$ 1,307,178	$ 16,964,954
Capital assets being depreciated:				
Buildings and improvements	$ 152,970,045	$ 1,307,178	$ -	$ 154,277,223
Improvements other than buildings	1,876,924	-	-	1,876,924
Machinery, equipment and vehicles	6,126,752	307,810	-	6,434,562
Total capital assets being depreciated	$ 160,973,721	$ 1,614,988	$ -	$ 162,588,709
Less: accumulated depreciation:				
Buildings and improvements	$ 20,028,030	$ 3,094,271	$ -	$ 23,122,301
Improvements other than buildings	474,203	93,846	-	568,049
Machinery, equipment and vehicles	4,889,692	452,179	-	5,341,871
Total accumulated depreciation	$ 25,391,925	$ 3,640,296	$ -	$ 29,032,221
Net capital assets governmental activities	$ 150,395,679	$ 1,432,941	$ 1,307,178	$ 150,521,442

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	$ 1,656,064	$ -	$ -	$ 1,656,064
Total capital assets not being depreciated	$ 1,656,064	$ -	$ -	$ 1,656,064
Capital assets being depreciated:				
Buildings and improvements	$ 6,681,495	$ -	$ -	$ 6,681,495
Machinery, equipment and vehicles	7,091,053	58,330	-	7,149,383
Total capital assets being depreciated	$ 13,772,548	$ 58,330	$ -	$ 13,830,878
Less: accumulated depreciation:				
Buildings and improvements	$ 3,608,567	$ 94,421	$ -	$ 3,702,988
Machinery, equipment and vehicles	4,922,476	514,352	-	5,436,828
Total accumulated depreciation	$ 8,531,043	$ 608,773	$ -	$ 9,139,816
Net capital assets component unit school board	$ 6,897,569	$ (550,443)	$ -	$ 6,347,126

1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Warren, Virginia for the year ended June 30, 2014, is that school financed assets in the amount of $103,525,672 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:	
General government administration	$ 196,385
Judicial administration	69,036
Public safety	613,921
Public works	61,008
Health and welfare	7,286
Education	2,398,624
Parks, recreation and cultural	114,979
Community Development	179,057
Total Governmental activities	$ 3,640,296
Component Unit School Board	$ 608,773

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government and Component Unit–School Board:

The following is a summary of changes in long-term obligations for the primary government and school board for the year ended June 30, 2014.

	Balance July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities Obligations:					
Primary Government:					
General obligation and lease revenue bonds	$ 103,523,528	$ 10,000,000	$ 12,071,028	$ 101,452,500	$ 5,090,114
Revenue bond	420,000	-	30,000	390,000	30,000
Compensated absences	1,223,784	735,274	715,111	1,243,947	124,395
Net OPEB obligation	2,086,100	595,400	223,300	2,458,200	-
Landfill postclosure costs	594,428	8,322	-	602,750	-
Notes payable	424,503	-	30,822	393,681	393,681
Capital leases	307,945	-	63,275	244,670	53,494
Totals	$ 108,580,288	$ 11,338,996	$ 13,133,536	$ 106,785,748	$ 5,691,684
Premium on bonds	$ 10,636,856	$ -	$ 608,506	$ 10,028,350	$ 605,430
Total for financial statement presentation - Primary Government	$ 119,217,144	$ 11,338,996	$ 13,742,042	$ 116,814,098	$ 6,297,114
Component Unit - School Board:					
Capital lease	$ 202,313	$ -	$ 99,246	$ 103,067	$ 103,067
Compensated absences	1,499,021	904,387	798,047	1,605,361	160,536
Net OPEB obligation	587,600	281,800	159,100	710,300	-
Total School Board	$ 2,288,934	$ 1,186,187	$ 1,056,393	$ 2,418,728	$ 263,603
Total Governmental Activities Obligations	$ 121,506,078	$ 12,525,183	$ 14,798,435	$ 119,232,826	$ 6,560,717

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit School Board: (Continued)

Details of the primary government's debt at June 30, 2014 are as follows:

	Amount Outstanding
General obligation bonds	
$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the $3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	$ 2,760,400
$23,620,000 general obligation school bonds issued September 12, 1995, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	2,370,000
Total general obligation bonds	$ 5,130,400
Lease Revenue Bonds:	
$68,265,000 school lease revenue bonds series 2004B, issued October 1, 2004, payable in variable amounts and interest rates (3.00% to 5.00%) through 2035. During FY 2012 the bonds were partially refunded in the amount of $58,785,000. The outstanding balance will be paid over the original bond financing agreement through 2015.	$ 1,740,000
$13,416,124 (including premium of $686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	9,302,100
$45,700,000 lease revenue refunding bonds Series 2011B, issued November 16, 2011, payable in variable amounts; with variable interest rates of 2.125% to 5.125%, through October 1, 2028. The bonds were issued to partially refund Series 2004B lease revene bonds and refund the outstanding balance of the Series 2009 lease revenue refunding bonds for an economic gain of $3,013,688.	43,980,000
$31,300,000 lease revenue refunding bonds Series 2012A, issued June 13, 2012, payable in variable amounts; with variable interest rates of 4.524% to 5.125%, through April 1, 2035. The bonds were issued to partially refund the Series 2004B lease revenue bonds for an economic gain of $2,342,981.	31,300,000

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit School Board: (Continued)

Details of the primary government's debt at June 30, 2014 are as follows: (Continued)

	Amount Outstanding
Lease Revenue Bonds: (Continued)	
$2,365,000 lease revenue bond anticipation note Series 2013A, issued June 12, 2013, interest only at a fixed rate of 1.55% payable semi-annually; with principal payable in full on December 15, 2015. The bonds were issued to partially finance a middle school and Leach Run Parkway. The bonds issued in part jointly with the Town of Front Royal will receive a financial committment for 34% of the interest and principal portion.	$ 2,365,000
$7,635,000 lease revenue refunding bonds Series 2013B, issued June 12, 2013, payable in variable amounts; with a fixed interest rate of 2.58%, through September 1, 2028. The bonds were issued to current refund the Series 2010 general obligation bonds that were due and payable in full in March 2014.	7,635,000
Total lease revenue bonds	$ 96,322,100
Total general obligation and lease revenue bonds	$ 101,452,500
Revenue bond	
$600,000 Variable rate demand revenue bonds Series 2005A, issued May 24, 2007, payable in annual fixed principal amount of $30,000, with interest at a variable rate through June 2027.	$ 390,000
Total revenue bond	$ 390,000
Notes payable	
$650,000 note payable, issued January 17, 2004, payable in monthly installments of $3,908.11, included interest at a rate of 3.91% through July 2014 at which time the entire remaining balance of principal and accrued interest are payable in full.	$ 393,681
Total notes payable	$ 393,681

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

Year Ending June 30,	County Obligations					
	Bonds Payable		Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 5,120,114	$ 4,385,009	$ 393,681	$ 1,285	$ 53,494	$ 318
2016	7,689,310	4,107,944	-	-	31,862	-
2017	4,278,442	3,889,229	-	-	159,314	-
2018	4,427,430	3,724,177	-	-	-	-
2019	4,566,398	3,556,799	-	-	-	-
2020-2024	24,783,442	14,965,964	-	-	-	-
2025-2029	28,082,364	8,901,818	-	-	-	-
2030-2034	18,590,000	3,497,463	-	-	-	-
2035-2036	4,305,000	110,316	-	-	-	-
Total	$ 101,842,500	$ 47,138,719	$ 393,681	$ 1,285	$ 244,670	$ 318

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit School Board: (Continued)

Annual requirements to amortize long-term obligations of the Component Unit—School Board for the year ended June 30, 2014 are as follows:

Year Ending June 30,	School Board Obligations Capital Lease Principal	Interest
2015	$ 103,067	$ 3,970
Total	$ 103,067	$ 3,970

NOTE 8—CAPITAL LEASES:

Primary Government and Component Unit–School Board:

Capital leases

The County has entered into various lease agreements as the lessee for financing the acquisition of vehicles for use in the sheriff's department, recreation and parks, and the general government; equipment for county administration and the recreation and parks department; and lease purchase of a building. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The school board has entered into a lease agreement for financing the acquisition of school buses.

The future minimum lease obligations and the net present value of minimum lease payments at June 30, 2014 were as follows:

Year Ended June 30,	Governmental Activities	Component Unit School Board
2015	$ 53,811	$ 107,037
2016	31,863	-
2017	53,105	-
2018	53,105	-
2019	53,105	-
Total minimum lease payments	$ 244,989	$ 107,037
Less: amount representing interest	319	3,970
Present value of minimum lease payments	$ 244,670	$ 103,067

NOTE 9—PENSION PLAN:

A. Plan Description

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

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

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

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

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

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

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

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

   An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

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

9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

    Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. **Eligibility -** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

    For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. **Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

    - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
    - The member retires on disability.
    - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
    - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
    - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

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

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

17. **Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

   Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

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

5. **Creditable Service** – Same as VRS Plan 1– Refer to Section 5.

6. **Vesting** – Same as VRS Plan 1–Refer to Section 6.

7. **Calculating the Benefit** – Same as VRS Plan 1–Refer to Section 7.

8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

10. **Normal Retirement Age** - Normal Social Security retirement age.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

    Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

VRS – PLAN 2 (CONTINUED)

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

14. **Eligibility** – Same as VRS Plan 1–Refer to Section 14.

15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1–Refer to Section 15.

16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

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

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

    - The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

    - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

    - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

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

   - State employees*
   - School division employees
   - Political subdivision employees*
   - Judges appointed or elected to an original term on or after January 1, 2014
   - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

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

   - Members of the State Police Officers' Retirement System (SPORS)
   - Members of the Virginia Law Officers' Retirement System (VaLORS)
   - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

   Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

   Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

5. Creditable Service (Continued)

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

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

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

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

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

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

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

   For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. **Normal Retirement Age**

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

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

11. **Earliest Unreduced Retirement Eligibility**

    Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

12. **Earliest Reduced Retirement Eligibility**

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

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

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

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

    Defined Contribution Component – Not Applicable.

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

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

    State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

    Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service**

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

    Defined Contribution Component – Not Applicable.

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 12.44% and 10.81% (nonprofessional employees) of annual covered payroll, respectively.

The School Board's contributions for professional employees were $3,262,295, $3,158,263 and $1,616,050, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

NOTE 9—PENSION PLAN: (CONTINUED)

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of $1,213,671 was equal to the County's required and actual contributions.

Three-Year Trend Information for County - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC)[1]	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$ 854,891	100%	$ -
June 30, 2013	1,139,559	100%	-
June 30, 2014	1,213,671	100%	-

For fiscal year 2014, School Board's annual pension cost for nonprofessional employees of $330,703 was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board - Non-professional

Fiscal Year Ending	Annual Pension Cost (APC)[1]	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$ 237,503	100%	$ -
June 30, 2013	330,468	100%	-
June 30, 2014	330,703	100%	-

[1] Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

NOTE 9—PENSION PLAN: (CONTINUED)

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 79.59% funded. The actuarial accrued liability for benefits was $33,990,152, and the actuarial value of assets was $27,051,150, resulting in an unfunded actuarial accrued liability (UAAL) of $6,939,002. The covered payroll (annual payroll of active employees covered by the plan) was $9,462,271 and ratio of the UAAL to the covered payroll was 73.33%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan (nonprofessional employees) was 91.43% funded. The actuarial accrued liability for benefits was $8,062,884, and the actuarial value of assets was $7,372,124, resulting in an unfunded actuarial accrued liability (UAAL) of $690,760. The covered payroll (annual payroll of active employees covered by the plan) was $2,946,175 and ratio of the UAAL to the covered payroll was 23.45%.

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

NOTE 10—UNAVAILABLE/UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES:

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

Primary Government - Deferred Inflows of Resources		
General fund:		
Delinquent taxes not collected within 60 days	$	3,769,119
Prepaid property taxes - property taxes paid in advance		1,364,421
2nd half property tax assessments		10,971,826
Sanitary districts fund:		
Delinquent taxes not collected within 60 days		459,003
Prepaid property taxes - property taxes paid in advance		30,342
2nd half property tax assessments		646,611
Total deferred inflows of resources – governmental funds (Exhibit 3)	$	17,241,322

Primary Government - Unearned Revenue		
General fund:		
Unearned grant revenue	$	133,930
Total unearned revenue - governmental funds (Exhibit 3)	$	133,930

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Series 1996 Bond - Route 340/522 Water and Sewer Project – Support Agreement

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia ("IDA") issued revenue bonds dated November 26, 1996 in the amount of $4,125,000 to finance construction of a water and sewer project located near Route 340/522. The bonds were subsequently refinanced with the issuance of the Refunding Bonds on March 1, 2005 in the amount of $3,300,000. The Town of Front Royal ("Town") is the owner and operator of the water and sewer assets constructed.

The County and Town entered into a debt support agreement with the IDA whereby pledging financial support to satisfy the annual bond debt service payments. The County and Town agreed to provide support equal to 80% and 20%, respectively, of the annual debt service. In accordance with the Support Agreement and Bond Documents, the County is to budget annually the payment to the IDA. However, in any year the County does not budget and provide the annual financial support, the IDA is liable for 100% of the bond debt service payment. Therefore, the County has not recorded the annual support agreement as a long-term liability in the financial statements.

Details of the IDA bond, including the County's related support obligation are as follows:

Fiscal	IDA Long-term Debt		County Committment - 80%	
Year	Principal	Interest	Principal	Interest
2015	$ 305,000	$ 28,810	$ 244,000	$ 23,048
2016	320,000	17,591	256,000	14,073
2017	330,000	5,924	264,000	4,739

NOTE 12—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for after closure. The $602,750 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2014, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. Closure, postclosure and corrective action liabilities represented $8,363, $344,454 and $249,933, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund. The liability the County provides financial assurance is different than the actual liability reported in the financial statements due to actual costs expended.

NOTE 13—SURETY BONDS:

	Amount
VA Department of General Services:	
Jennifer Sims, Clerk of the Circuit Court	$ 400,000
Wanda Bryant, Treasurer	400,000
Sherry T. Sours, Commissioner of the Revenue	3,000
Daniel T. McEathron, Sheriff	30,000
All Social Service Employees - Blanket Bond	100,000
Virginia School Board Association Pool:	
All School Board Employees - Blanket Bond	50,000
Fidelity and Deposit Company of Maryland:	
Pamela M. McInnis, Superintendent, Deputy Clerk of the School Board	10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board	10,000

NOTE 14—COMMITTED FUND BALANCE–SPECIAL PROJECTS FUND:

	Amount
Permanent Reserves (Twice-a-year billing)	6,820,833
Public Safety Building	2,503,214
Health & Human Services Building	1,824,098
RSW Regional Jail	1,574,602
School Capital Improvements	1,567,539
Enterprise Zone Set Aside (School Capital Improvements)	1,315,505
Sanitary Districts	1,122,897
VDOT (Revenue Sharing)	1,053,774
Dominion Revenue	1,000,000
Miscellaneous	998,876
Parks & Recreation	925,584
Police, Fire and Rescue	849,546
Sanitation	805,967
Elections	260,882
Social Services	242,586
Buildings & Grounds - Improvements	218,387
Reassessment	187,885
Vehicles	166,060
Gypsy Moth Program	94,539
Circuit Court	85,790
Planning	79,448
Groundwater Study	40,087
Septage Receiving Facility	33,438
Juvenile Detention Facility	30,009
Total Special Projects Fund	$ 23,801,545

NOTE 15—RISK MANAGEMENT:

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverage, which management considers prudent for the protection of the County's assets and operations. Coverage currently includes $5,000,000 commercial general liability, $5,000,000 automobile liability, and $3,000,000 public officials liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

Effective July 1, 2005, the County established a self-insurance health care benefit for all County employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of $80,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The County uses information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2014 is $223,062, and calculated as follows:

Fiscal Year	Liability beginning of year	Current year claims and changes in estimates	Claims payments	Liability end of year
2012	$ 154,669	$ 1,978,458	$ 1,960,690	$ 172,437
2013	172,437	2,300,844	2,288,377	184,904
2014	184,904	2,629,337	2,591,179	223,062

Component Unit–School Board

Effective October 1, 1993, Warren County Public Schools established a self-insurance health care benefit for all school employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of $100,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The Schools use information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2014 is $344,511, and calculated as follows:

Fiscal Year	Liability beginning of year	Current year claims and changes in estimates	Claims payments	Liability end of year
2012	$ 307,150	$ 4,143,675	$ 4,113,825	$ 337,000
2013	337,000	4,657,991	4,604,484	390,507
2014	390,507	4,681,319	4,727,315	344,511

NOTE 15—RISK MANAGEMENT: (CONTINUED)

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes $2,000,000 commercial general liability, $2,000,000 automobile liability, and $2,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE:

Background

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

County:

A. Plan Description

In addition to the pension benefits described in Note 9, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals hired before July 1, 2013 and who retire from County with service eligible for VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 10 years of service with the County, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance premium until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 50%, 75%, or 100% of the health insurance premium for retirees with 10-14, 15-19, or 20 plus years of service, respectively. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is $595,400 for fiscal year 2014. The County has paid $223,300 towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments, County contributions and credit for the implicit rate subsidy made during the year for the retirees by the County. The following table shows the components of the County's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	$	597,200
Interest on net OPEB obligation		83,400
Adjustment to annual required contribution		(85,200)
Annual OPEB cost (expense)	$	595,400
Contributions made		(223,300)
Increase in net OPEB obligation	$	372,100
Net OPEB obligation, beginning of year		2,086,100
Net OPEB obligation, end of year	$	2,458,200

For 2014, the County's cash payment of $223,300 was $372,100 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 and two preceding years are as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2012	$	600,200	25%	$	1,708,500
June 30, 2013		571,900	34%		2,086,100
June 30, 2014		595,400	38%		2,458,200

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

County: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013 the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	$ 6,022,100
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	6,022,100
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	8,030,600
UAAL as a percentage of covered payroll	74.99%

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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.

Cost Method

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

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

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

Assumptions

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Health care trend rates	9% - 5%

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

School Board:

A. Plan Description

In addition to the pension benefits described in Note 9, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) including 5 years of service with the School Board are eligible for health insurance benefits under the School Board's plan for active employees. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is $281,800 for fiscal year 2014. The School Board has paid $159,100 towards this obligation during the fiscal year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the School Board's net OPEB obligation.

Annual required contribution	$	282,300
Interest on net OPEB obligation		23,500
Adjustment to annual required contribution		(24,000)
Annual OPEB cost (expense)	$	281,800
Contributions made		(159,100)
Increase in net OPEB obligation		122,700
Net OPEB obligation, beginning of year		587,600
Net OPEB obligation, end of year	$	710,300

For 2014, the School Board's expected cash payment of $159,100 was $122,700 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2012	$	265,800	58%	$	465,700
June 30, 2013		272,600	55%		587,600
June 30, 2014		281,800	56%		710,300

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	$ 2,602,300
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,602,300
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	26,603,000
UAAL as a percentage of covered payroll	9.78%

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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.

Cost Method

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

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

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

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Healthcare Trend Rate	9% - 5%

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were $315,147, $300,675 and $153,180, respectively, and equaled the required contributions for each year.

NOTE 17—RESTATEMENT OF BEGINNING NET POSITION:

The governmental activities net position was restated for the following purpose:

Beginning Net Position - July 1, 2013, previously reported	$ 81,035,211
Report - Series 2005A Variable rate demand revenue bond - (Sanitary District)	(420,000)
Beginning Net Position - July 1, 2013, restated	$ 80,615,211

NOTE 18—UPCOMING GASB PRONOUNCEMENTS

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*; *an amendment of GASB Statement No. 27.* This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 34,737,281	$ 37,078,815	$ 37,992,267	$ 913,452
Other local taxes	7,884,749	7,984,100	7,531,219	(452,881)
Permits, privilege fees, and regulatory licenses	682,661	727,510	679,907	(47,603)
Fines and forfeitures	70,000	72,561	97,416	24,855
Revenue from the use of money and property	425,000	521,574	372,850	(148,724)
Charges for services	2,502,795	2,616,930	2,671,114	54,184
Miscellaneous	375,000	535,409	407,349	(128,060)
Recovered costs	20,000	80,039	72,885	(7,154)
Intergovernmental:				
Commonwealth	12,146,542	12,691,357	12,374,689	(316,668)
Federal	1,834,606	2,072,261	2,074,433	2,172
Total revenues	$ 60,678,634	$ 64,380,556	$ 64,274,129	$ (106,427)
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	$ 211,224	$ 219,369	$ 216,764	$ 2,605
County administrator	620,530	640,102	620,764	19,338
County attorney	317,282	317,282	309,368	7,914
Commissioner of revenue	665,855	668,564	590,430	78,134
Reassessment	125,000	186,616	186,616	-
Treasurer	479,162	482,099	480,405	1,694
Finance and purchasing	368,552	333,894	322,570	11,324
Electoral board and officials	265,456	247,653	178,930	68,723
Total general government administration	$ 3,053,061	$ 3,095,579	$ 2,905,847	$ 189,732
Judicial administration				
Circuit court	$ 61,600	$ 61,600	$ 41,863	$ 19,737
General district court	9,645	12,206	14,956	(2,750)
Special magistrates	6,250	6,250	4,330	1,920
Clerk of the circuit court	516,332	532,690	513,934	18,756
Juvenile and domestic relations court	19,000	19,000	16,255	2,745
Sheriff - courts	296,674	277,957	277,474	483
Law library	24,000	24,000	14,586	9,414
Commonwealth's attorney	711,187	711,187	695,393	15,794
Total judicial adminstration	$ 1,644,688	$ 1,644,890	$ 1,578,791	$ 66,099
Public safety				
Sheriff - law enforcement	$ 4,154,657	$ 4,282,355	$ 4,395,819	$ (113,464)
Work release program	279,332	280,226	280,265	(39)
E - 911 system	482,803	763,124	763,779	(655)
Cost recovery fees	232,000	208,559	208,559	-
Cost recovery reimbursement to fire companies	120,000	121,139	121,139	-
Contributions to fire and rescue squads	898,176	860,041	863,351	(3,310)
Emergency services	2,123,970	2,549,773	2,667,092	(117,319)
Jail	2,108,486	2,620,482	2,707,401	(86,919)
Probation office	58,679	62,602	61,576	1,026
Juvenile detention center	260,050	260,050	260,050	-
Building	529,355	544,615	506,570	38,045
Animal control	522,962	525,070	525,203	(133)
Medical examiner	500	500	580	(80)
Total public safety	$ 11,770,970	$ 13,078,536	$ 13,361,384	$ (282,848)

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

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Public works				
Streets and highways	$ 30,500	$ 17,377	$ 16,590	$ 787
Refuse collection	755,542	782,341	783,418	(1,077)
Refuse disposal	2,290,250	2,053,368	2,019,110	34,258
General properties	810,802	892,564	873,892	18,672
Total public works	$ 3,887,094	$ 3,745,650	$ 3,693,010	$ 52,640
Health and welfare				
Local health department	$ 310,759	$ 310,759	$ 310,759	$ -
Northwestern community services	275,000	275,000	275,000	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Public assistance and welfare administration	3,923,115	3,923,115	3,585,761	337,354
Shenandoah area agency on aging	45,000	45,000	45,000	-
Warren county council on domestic violence	19,000	-	-	-
Other social services	48,512	63,581	65,181	(1,600)
Property tax relief for the elderly and handicapped	-	-	317,355	(317,355)
Comprehensive Services Act	2,173,941	2,056,221	1,611,591	444,630
Total health and welfare	$ 6,797,827	$ 6,676,176	$ 6,213,147	$ 463,029
Education				
Contribution to local school board	$ 20,739,593	$ 20,577,960	$ 19,998,098	$ 579,862
Contributions to community college	41,010	41,010	41,010	-
Total education	$ 20,780,603	$ 20,618,970	$ 20,039,108	$ 579,862
Parks, recreation, and cultural				
Programs and operations	$ 1,970,411	$ 2,097,251	$ 2,092,202	$ 5,049
Outreach program / youth center	50,000	176,880	168,042	8,838
Golf club operations	323,631	335,558	334,852	706
Browntown community center	2,000	2,000	2,000	-
Blue ridge arts council	10,000	10,000	10,000	-
Heritage society	-	1,800	1,800	-
4-H center	3,000	3,000	3,000	-
Other cutural enrichment	-	-	5,000	(5,000)
Contribution to Samuels Public Library	835,000	835,000	835,000	-
Total parks, recreation and cultural	$ 3,194,042	$ 3,461,489	$ 3,451,896	$ 9,593
Community development				
Planning and zoning administration	$ 387,416	$ 401,676	$ 386,129	$ 15,547
Enterprise zone grant - IDA	1,414,770	-	-	-
340/522 water and sewer project - IDA	271,736	271,736	271,736	-
Industrial development authority	110,600	110,600	110,600	-
Other contributions	550	550	550	-
Contribution to soil and water conservation district	10,000	10,000	10,000	-
Abandoned vehicle program	23,500	23,500	6,515	16,985
Air show	-	8,853	30,453	(21,600)
Airport Commission operations	105,283	87,853	65,474	22,379
VPI extension service	102,172	103,504	96,239	7,265
Total community development	$ 2,426,027	$ 1,018,272	$ 977,696	$ 40,576
Nondepartmental				
Retiree medical insurance and unemployment insurance	$ 103,120	$ 109,004	$ 111,221	$ (2,217)
Warren Co 175th Anniversary	-	-	25	(25)
Central equipment and maintenance	128,000	140,556	139,277	1,279
Other nondepartmental	136,253	26,141	-	26,141
Total nondepartmental	$ 367,373	$ 275,701	$ 250,523	$ 25,178

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

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Capital projects				
Economic development	$ 246,766	$ 174,766	$ 174,694	$ 72
Soccer fields	50,000	15,000	11,959	3,041
Fishnet property	100,000	43,998	26,658	17,340
Public safety building	-	-	515	(515)
Bing crosby stadium renovations	15,000	10,000	10,640	(640)
Route 522 beautification project	-	30,784	30,784	-
Airport capital projects	-	8,518	12,018	(3,500)
Eastham Park	50,000	257,504	222,205	35,299
Building improvement fund	133,960	388,263	393,617	(5,354)
Purchase of second street property	125,000	125,000	125,843	(843)
Revenue sharing projects	250,000	472,091	476,534	(4,443)
20 year capital improvement plan	200,000	413,688	413,688	-
Leach Run Parkway	-	564,966	564,966	-
Simpsons Landing	-	-	5,489	(5,489)
Shenandoah Farms lots	-	-	122,500	(122,500)
Court holding cells	-	-	5,500	(5,500)
Second Middle School	-	-	312,984	(312,984)
Other capital projects	530,000	46,683	92,180	(45,497)
Total capital projects	$ 1,750,726	$ 2,551,261	$ 3,002,774	$ (451,513)
Debt service				
Principal retirement	$ 3,465,574	$ 3,465,574	$ 10,980,125	$ (7,514,551)
Interest	2,465,016	4,445,120	4,585,164	(140,044)
Total debt service	$ 5,930,590	$ 7,910,694	$ 15,565,289	$ (7,654,595)
Total expenditures	$ 61,603,001	$ 64,077,218	$ 71,039,465	$ (6,962,247)
Excess (deficiency) of revenues over (under) expenditures	$ (924,367)	$ 303,338	$ (6,765,336)	$ (7,068,674)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 75,867	$ 2,349,990	$ 2,359,754	$ 9,764
Transfers out	-	(3,659,039)	(3,669,039)	(10,000)
Issuance of lease revenue refunding bonds	-	-	7,635,000	7,635,000
Total other financing sources (uses)	$ 75,867	$ (1,309,049)	$ 6,325,715	$ 7,634,764
Net change in fund balances	$ (848,500)	$ (1,005,711)	$ (439,621)	$ 566,090
Fund balances - beginning	848,500	1,005,711	17,132,916	16,127,205
Fund balances - ending	$ -	$ -	$ 16,693,295	$ 16,693,295

All budget amounts are recorded in accordance with accounting principles generally accepted in the United States of America.

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

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2013	$ 27,051,150	$ 33,990,152	$ 6,939,002	79.59%	$ 9,462,271	73.33%
6/30/2012	25,484,939	33,340,140	7,855,201	76.44%	8,823,209	89.03%
6/30/2011	25,047,978	31,826,557	6,778,579	78.70%	8,879,673	76.34%

School Board Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2013	$ 7,372,124	$ 8,062,884	$ 690,760	91.43%	$ 2,946,175	23.45%
6/30/2012	6,948,062	8,040,267	1,092,205	86.42%	2,911,263	37.52%
6/30/2011	6,835,886	8,014,204	1,178,318	85.30%	2,859,402	41.21%

Schedule of OPEB Funding Progress
Last Two Valuation Periods

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
1/1/2011	$ -	$ 5,099,000	$ 5,099,000	0.00%	$ 8,234,200	61.92%
1/1/2013	-	6,022,100	6,022,100	0.00%	8,030,600	74.99%

School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
1/1/2011	$ -	$ 2,613,800	$ 2,613,800	0.00%	$ 17,607,400	14.84%
1/1/2013	-	2,602,300	2,602,300	0.00%	26,603,000	9.78%

As or June 30, 2014 two valuations have been performed.

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OTHER SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Bond Construction Fund
For the Year Ended June 30, 2014

	School Bond Construction Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 1,188	$ 1,188
Total revenues	$ -	$ -	$ 1,188	$ 1,188
EXPENDITURES				
Capital projects	$ -	$ 715,351	$ 1,997,694	$ (1,282,343)
Total expenditures	$ -	$ 715,351	$ 1,997,694	$ (1,282,343)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (715,351)	$ (1,996,506)	$ (1,281,155)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 715,351	$ 969,031	$ 253,680
Transfers out	-	-	(565,063)	(565,063)
Issuance of lease revenue bond anticipation notes	-	-	2,365,000	2,365,000
Total other financing sources (uses)	$ -	$ 715,351	$ 2,768,968	$ 2,053,617
Net change in fund balances	$ -	$ -	$ 772,462	$ 772,462
Fund balances - beginning	-	-	(183,904)	(183,904)
Fund balances - ending	$ -	$ -	$ 588,558	$ 588,558

COUNTY OF WARREN, VIRGINIA **Exhibit 16**

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 520,843	$ 153,514	$ 674,357
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,130,742	-	1,130,742
Restricted assets:			
Cash and cash equivalents	650,363	-	650,363
Total assets	$ 2,301,948	$ 153,514	$ 2,455,462
LIABILITIES			
Accounts payable	$ 49,493	$ -	$ 49,493
Due to other funds	320	-	320
Unearned revenue	130,305	-	130,305
Total liabilities	$ 180,118	$ -	$ 180,118
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 1,135,956	$ -	$ 1,135,956
Total deferred inflows of resources	$ 1,135,956	$ -	$ 1,135,956
FUND BALANCES			
Restricted:			
Construction	$ 411,824	$ -	$ 411,824
Public safety	89,962	-	89,962
Committed:			
Sanitary districts - roads, etc.	484,088	-	484,088
Assigned:			
Capital improvements	-	153,514	153,514
Total fund balances	$ 985,874	$ 153,514	$ 1,139,388
Total liabilities,dererred inflows of resources and fund balances	$ 2,301,948	$ 153,514	$ 2,455,462

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
General property taxes	$ 1,555,340	$ -	$ 1,555,340
Miscellaneous	63,074	-	63,074
Intergovernmental:			
Commonwealth	10,388	-	10,388
Federal	205,720	-	205,720
Total revenues	$ 1,834,522	$ -	$ 1,834,522
EXPENDITURES			
Current:			
Public safety	$ 177,362	$ -	$ 177,362
Public works	1,213,201	-	1,213,201
Debt service:			
Principal retirement	30,000	-	30,000
Interest and other fiscal charges	5,896	-	5,896
Total expenditures	$ 1,426,459	$ -	$ 1,426,459
Excess (deficiency) of revenues over (under) expenditures	$ 408,063	$ -	$ 408,063
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 5,250	$ -	$ 5,250
Transfers out	(363,235)	-	(363,235)
Total other financing sources (uses)	$ (357,985)	$ -	$ (357,985)
Net change in fund balances	$ 50,078	$ -	$ 50,078
Fund balances - beginning	935,796	153,514	1,089,310
Fund balances - ending	$ 985,874	$ 153,514	$ 1,139,388

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Drug Forfeiture	Proffers	Sanitary Districts	Total
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 520,843	$ 520,843
Receivables (net of allowance for uncollectibles):				
Taxes receivable	-	-	1,130,742	1,130,742
Restricted assets:				
Cash and cash equivalents	238,539	411,824	-	650,363
Total assets	$ 238,539	$ 411,824	$ 1,651,585	$ 2,301,948
LIABILITIES				
Accounts payable	$ 18,272	$ -	$ 31,221	$ 49,493
Due to other funds	-	-	320	320
Unearned revenue	130,305	-	-	130,305
Total liabilities	$ 148,577	$ -	$ 31,541	$ 180,118
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ -	$ -	$ 1,135,956	$ 1,135,956
Total deferred inflows of resources	$ -	$ -	$ 1,135,956	$ 1,135,956
FUND BALANCES				
Restricted:				
Construction	$ -	$ 411,824	$ -	$ 411,824
Public safety	89,962	-	-	89,962
Committed:				
Sanitary districts - roads, etc.	-	-	484,088	484,088
Total fund balances	$ 89,962	$ 411,824	$ 484,088	$ 985,874
Total liabilities,dererred inflows of resources and fund balances	$ 238,539	$ 411,824	$ 1,651,585	$ 2,301,948

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Drug Forfeiture	Proffers	Sanitary Districts	Total
REVENUES				
General property taxes	$ -	$ -	$ 1,555,340	$ 1,555,340
Miscellaneous	-	18,906	44,168	63,074
Intergovernmental:				
Commonwealth	10,388	-	-	10,388
Federal	205,720	-	-	205,720
Total revenues	$ 216,108	$ 18,906	$ 1,599,508	$ 1,834,522
EXPENDITURES				
Current:				
Public safety	$ 177,362	$ -	$ -	$ 177,362
Public works	-	-	1,213,201	1,213,201
Debt service:				-
Principal retirement	-	-	30,000	30,000
Interest and other fiscal charges	-	-	5,896	5,896
Total expenditures	$ 177,362	$ -	$ 1,249,097	$ 1,426,459
Excess (deficiency) of revenues over (under) expenditures	$ 38,746	$ 18,906	$ 350,411	$ 408,063
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 5,250	$ 5,250
Transfers out	-	(17,988)	(345,247)	(363,235)
Total other financing sources (uses)	$ -	$ (17,988)	$ (339,997)	$ (357,985)
Net change in fund balances	$ 38,746	$ 918	$ 10,414	$ 50,078
Fund balances - beginning	51,216	410,906	473,674	935,796
Fund balances - ending	$ 89,962	$ 411,824	$ 484,088	$ 985,874

COUNTY OF WARREN, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Drug Forfeiture			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	$ -	$ -	$ -	$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	10,388	10,388
Federal	-	-	205,720	205,720
Total revenues	$ -	$ -	$ 216,108	$ 216,108
EXPENDITURES				
Current:				
Public safety	$ -	$ -	$ 177,362	$ (177,362)
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	$ -	$ -	$ 177,362	$ (177,362)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 38,746	$ 38,746
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ 38,746	$ 38,746
Fund balances - beginning	-	-	51,216	51,216
Fund balances - ending	$ -	$ -	$ 89,962	$ 89,962

Proffers				Sanitary Districts			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ 1,408,480	$ 1,531,906	$ 1,555,340	$ 23,434
-	-	18,906	18,906	-	45,364	44,168	(1,196)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ 18,906	$ 18,906	$ 1,408,480	$ 1,577,270	$ 1,599,508	$ 22,238
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	1,298,954	1,204,984	1,213,201	(8,217)
-	-	-	-	30,000	30,000	30,000	-
-	-	-	-	7,500	5,896	5,896	-
$ -	$ -	$ -	$ -	$ 1,336,454	$ 1,240,880	$ 1,249,097	$ (8,217)
$ -	$ -	$ 18,906	$ 18,906	$ 72,026	$ 336,390	$ 350,411	$ 14,021
$ -	$ -	$ -	$ -	$ -	$ 5,250	$ 5,250	$ -
-	(17,988)	(17,988)	-	(72,026)	(341,640)	(345,247)	(3,607)
$ -	$ (17,988)	$ (17,988)	$ -	$ (72,026)	$ (336,390)	$ (339,997)	$ (3,607)
$ -	$ (17,988)	$ 918	$ 18,906	$ -	$ -	$ 10,414	$ 10,414
-	17,988	410,906	392,918	-	-	473,674	473,674
$ -	$ -	$ 411,824	$ 411,824	$ -	$ -	$ 484,088	$ 484,088

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COUNTY OF WARREN, VIRGINIA **Exhibit 21**

Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2014

	General Capital Projects	Total
ASSETS		
Cash and cash equivalents	$ 153,514	$ 153,514
Total assets	$ 153,514	$ 153,514
LIABILITIES		
Due to other funds	$ -	$ -
Total liabilities	$ -	$ -
FUND BALANCES		
Assigned:		
Capital projects	$ 153,514	$ 153,514
Total fund balances	$ 153,514	$ 153,514
Total liabilities and fund balances	$ 153,514	$ 153,514

COUNTY OF WARREN, VIRGINIA **Exhibit 22**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Fund
For the Year Ended June 30, 2014

	General Capital Projects	Total
REVENUES		
Revenue from the use of money and property	$ -	$ -
Total revenues	$ -	$ -
EXPENDITURES		
Capital projects	$ -	$ -
Total expenditures	$ -	$ -
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -
OTHER FINANCING SOURCES (USES)		
Transfers out	-	-
Total other financing sources (uses)	$ -	$ -
Net change in fund balances	$ -	$ -
Fund balances - beginning	153,514	153,514
Fund balances - ending	$ 153,514	$ 153,514

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

	General Capital Projects			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ -	$ -
Total revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital projects	$ -	$ -	$ -	$ -
Total expenditures	$ -	$ -	$ -	$ -
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ -	$ -
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	153,514	153,514
Fund balances - ending	$ -	$ -	$ 153,514	$ 153,514

Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2014

	Private-purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ASSETS							
Cash and cash equivalents	$ 455	$ 7,917	$ 50,624	$ 158,557	$ 3,060	$ 3,548	$ 224,161
Total assets	$ 455	$ 7,917	$ 50,624	$ 158,557	$ 3,060	$ 3,548	$ 224,161
NET POSITION							
Held in trust for:							
Reserved for scholarships	$ 455	$ 7,917	$ 50,624	$ 158,557	$ 3,060	$ 3,548	$ 224,161
Total net position	$ 455	$ 7,917	$ 50,624	$ 158,557	$ 3,060	$ 3,548	$ 224,161

Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2014

	Private-purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ADDITIONS							
Revenue from the use of money	$ 6	$ 36	$ -	$ 3	$ -	$ -	$ 45
Miscellaneous	-	-	-	14,788	10,600	-	25,388
Total additions	$ 6	$ 36	$ -	$ 14,791	$ 10,600	$ -	$ 25,433
DEDUCTIONS							
Scholarships	$ 500	$ 500	$ 4,000	$ 4,500	$ 7,100	$ 500	$ 17,100
Total deductions	$ 500	$ 500	$ 4,000	$ 4,500	$ 7,100	$ 500	$ 17,100
TRANSFERS							
Transfer in	$ -	$ -	$ -	$ 500	$ -	$ -	$ 500
Transfer out	-	-	-	-	(500)	-	(500)
Total transfers in (out)	$ -	$ -	$ -	$ 500	$ (500)	$ -	$ -
Change in net position	$ (494)	$ (464)	$ (4,000)	$ 10,791	$ 3,000	$ (500)	$ 8,333
Total net position - beginning	949	8,381	54,624	147,766	60	4,048	215,828
Total net position - ending	$ 455	$ 7,917	$ 50,624	$ 158,557	$ 3,060	$ 3,548	$ 224,161

COUNTY OF WARREN, VIRGINIA

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014

	Agency Funds					
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund	Shenandoah Farms Vol. Fire Department Fund
ASSETS						
Cash and cash equivalents	$ 14,848	$ -	$ 7,529	$ 38,354	$ 8,769	$ (29,236)
Due from other governmental units	-	777,764	-	-	-	-
Total assets	$ 14,848	$ 777,764	$ 7,529	$ 38,354	$ 8,769	$ (29,236)
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 3,002	$ 2,297
Amounts held for social services clients	14,848	-	-	-	-	-
Due to general fund	-	625,361	5,000	-	-	-
Due to other governmental units	-	152,403	-	-	-	-
Amounts held for others	-	-	2,529	38,354	5,767	(31,533)
Total liabilities	$ 14,848	$ 777,764	$ 7,529	$ 38,354	$ 8,769	$ (29,236)

Exhibit 26

South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Total
$ 14,728	$ 25,486	$ (7,389)	$ 18,067	$ 91,156
-	-	-	-	777,764
$ 14,728	$ 25,486	$ (7,389)	$ 18,067	$ 868,920
$ 12,003	$ 2,412	$ -	$ -	$ 19,714
-	-	-	-	14,848
-	-	-	-	630,361
-	-	-	-	152,403
2,725	23,074	(7,389)	18,067	51,594
$ 14,728	$ 25,486	$ (7,389)	$ 18,067	$ 868,920

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 18,592	$ 7,465	$ 11,209	$ 14,848
Total assets	$ 18,592	$ 7,465	$ 11,209	$ 14,848
LIABILITIES				
Amounts held for social services clients	$ 18,592	$ 7,465	$ 11,209	$ 14,848
Total liabilities	$ 18,592	$ 7,465	$ 11,209	$ 14,848
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governmental units	$ 1,218,784	$ 4,473,317	$ 4,914,337	$ 777,764
Total assets	$ 1,218,784	$ 4,473,317	$ 4,914,337	$ 777,764
LIABILITIES				
Due to other governmental units	$ 392,982	$ 707,722	$ 948,301	$ 152,403
Due to general fund	825,802	3,765,595	3,966,036	625,361
Total liabilities	$ 1,218,784	$ 4,473,317	$ 4,914,337	$ 777,764
Flexible Spending Fund:				
ASSETS				
Cash and cash equivalents	$ 10,426	$ -	$ 2,897	$ 7,529
Total assets	$ 10,426	$ -	$ 2,897	$ 7,529
LIABILITIES				
Due to general fund	$ 5,000	$ -	$ -	$ 5,000
Amounts held for others	5,426	-	2,897	2,529
Total liabilities	$ 10,426	$ -	$ 2,897	$ 7,529
North Warren Fire Department Building Fund:				
ASSETS				
Cash and cash equivalents	$ 25,955	$ 12,399	$ -	$ 38,354
Total assets	$ 25,955	$ 12,399	$ -	$ 38,354
LIABILITIES				
Amounts held for others	$ 25,955	$ 12,399	$ -	$ 38,354
Total liabilities	$ 25,955	$ 12,399	$ -	$ 38,354
North Warren Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 2,862	$ 64,602	$ 58,695	$ 8,769
Total assets	$ 2,862	$ 64,602	$ 58,695	$ 8,769
LIABILITIES				
Amounts held for others	$ -	$ 64,602	$ 58,835	$ 5,767
Accounts payable	2,862	3,002	2,862	3,002
Total liabilities	$ 2,862	$ 67,604	$ 61,697	$ 8,769
Shenandoah Farms Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ (992)	$ 65,359	$ 93,603	$ (29,236)
Total assets	$ (992)	$ 65,359	$ 93,603	$ (29,236)
LIABILITIES				
Amounts held for others	$ (6,445)	$ 65,359	$ 90,447	$ (31,533)
Accounts payable	5,453	2,297	5,453	2,297
Total liabilities	$ (992)	$ 67,656	$ 95,900	$ (29,236)

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
South Warren Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ -	$ 76,647	$ 61,919	$ 14,728
Total assets	$ -	$ 76,647	$ 61,919	$ 14,728
LIABILITIES				
Amounts held for others	$ -	$ 76,647	$ 73,922	$ 2,725
Accounts payable	-	12,003	-	12,003
Total liabilities	$ -	$ 88,650	$ 73,922	$ 14,728
Shenandoah Shores Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ -	$ 64,602	$ 39,116	$ 25,486
Total assets	$ -	$ 64,602	$ 39,116	$ 25,486
LIABILITIES				
Amounts held for others	$ -	$ 64,602	$ 41,528	$ 23,074
Accounts payable	-	2,412	-	2,412
Total liabilities	$ -	$ 67,014	$ 41,528	$ 25,486
Linden Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ -	$ 64,602	$ 71,991	$ (7,389)
Total assets	$ -	$ 64,602	$ 71,991	$ (7,389)
LIABILITIES				
Amounts held for others	$ -	$ 64,602	$ 71,991	$ (7,389)
Total liabilities	$ -	$ 64,602	$ 71,991	$ (7,389)
Fortsmouth Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ -	$ 64,602	$ 46,535	$ 18,067
Total assets	$ -	$ 64,602	$ 46,535	$ 18,067
LIABILITIES				
Amounts held for others	$ -	$ 64,602	$ 46,535	$ 18,067
Total liabilities	$ -	$ 64,602	$ 46,535	$ 18,067
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 56,843	$ 420,278	$ 385,965	$ 91,156
Due from other governmental units	1,218,784	4,473,317	4,914,337	777,764
Total assets	$ 1,275,627	$ 4,893,595	$ 5,300,302	$ 868,920
LIABILITIES				
Accounts payable	$ 8,315	$ 19,714	$ 8,315	$ 19,714
Amounts held for social services clients	18,592	7,465	11,209	14,848
Due to general fund	830,802	3,765,595	3,966,036	630,361
Due to other governmental units	392,982	707,722	948,301	152,403
Amounts held for others	24,936	412,813	386,155	51,594
Total liabilities	$ 1,275,627	$ 4,913,309	$ 5,320,016	$ 868,920

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

	School Operating Fund	School Cafeteria Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 6,661,366	$ 1,093,493	$ 85,819	$ 8,116	$ 7,848,794
Receivables (net of allowance for uncollectibles):					
Accounts receivable	33,085	-	-	-	33,085
Due from other funds	-	83,015	-	-	83,015
Due from other governmental units	1,537,565	-	-	-	1,537,565
Total assets	$ 8,232,016	$ 1,176,508	$ 85,819	$ 8,116	$ 9,502,459
LIABILITIES					
Accounts payable	$ 119,891	$ 73,299	$ -	$ -	$ 193,190
Accrued liabilities	4,917,505	104,096	-	-	5,021,601
Due to other funds	83,015	-	-	-	83,015
Due to primary government	3,111,605	-	-	-	3,111,605
Total liabilities	$ 8,232,016	$ 177,395	$ -	$ -	$ 8,409,411
FUND BALANCES					
Committed:					
Education - capital improvements	$ -	$ -	$ 85,819	$ -	$ 85,819
Assigned:					
Education	-	999,113	-	8,116	1,007,229
Total fund balances	$ -	$ 999,113	$ 85,819	$ 8,116	$ 1,093,048
Total liabilities and fund balances	$ 8,232,016	$ 1,176,508	$ 85,819	$ 8,116	$ 9,502,459

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

Total fund balances per above		$ 1,093,048
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 15,486,942	
Accumulated depreciation	(9,139,816)	6,347,126
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		707,999
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital lease	$ (103,067)	
Compensated absences	(1,605,361)	
Net OPEB obligation	(710,300)	(2,418,728)
Net position of governmental activities		$ 5,729,445

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund	School Cafeteria Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
REVENUES					
Charges for services	$ -	$ 1,304,768	$ -	$ -	$ 1,304,768
Miscellaneous	460,847	-	-	-	460,847
Intergovernmental:					
Local government	19,998,098	-	-	-	19,998,098
Commonwealth	26,598,004	-	-	-	26,598,004
Federal	3,596,830	-	-	-	3,596,830
Total revenues	$ 50,653,779	$ 1,304,768	$ -	$ -	$ 51,958,547
EXPENDITURES					
Current:					
Education	$ 48,090,499	$ 2,510,871	$ 3,196	$ 226,122	$ 50,830,688
Debt service:					
Principal retirement	1,284,246	-	-	-	1,284,246
Interest and other fiscal charges	181,648	-	-	-	181,648
Total expenditures	$ 49,556,393	$ 2,510,871	$ 3,196	$ 226,122	$ 52,296,582
Excess (deficiency) of revenues over (under) expenditures	$ 1,097,386	$ (1,206,103)	$ (3,196)	$ (226,122)	$ (338,035)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 312,000	$ 1,409,386	$ -	$ -	$ 1,721,386
Transfers out	(1,409,386)	-	-	-	(1,409,386)
Total other financing sources (uses)	$ (1,097,386)	$ 1,409,386	$ -	$ -	$ 312,000
Net change in fund balances	$ -	$ 203,283	$ (3,196)	$ (226,122)	$ (26,035)
Fund balances - beginning	-	795,830	89,015	234,238	1,119,083
Fund balances - ending	$ -	$ 999,113	$ 85,819	$ 8,116	$ 1,093,048

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		$ (26,035)
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 following are adjustments related to capital assets reported in the current period.		
Capital asset additions	58,330	
Depreciation expense	(608,773)	(550,443)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on capital lease		99,245
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in net OPEB obligation	(122,700)	
(Increase) decrease in compensated absences	(106,340)	(229,040)
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.		(419,776)
Change in net position of governmental activities		$ (1,126,049)

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	$ -	$ -	$ -	$ -
Miscellaneous	680,700	680,010	460,847	(219,163)
Intergovernmental:				
Local government	20,739,593	20,577,960	19,998,098	(579,862)
Commonwealth	26,354,015	26,440,082	26,598,004	157,922
Federal	2,132,453	2,162,453	3,596,830	1,434,377
Total revenues	$ 49,906,761	$ 49,860,505	$ 50,653,779	$ 793,274
EXPENDITURES				
Current:				
Education	$ 48,168,611	$ 48,501,199	$ 48,090,499	$ 410,700
Debt service:				
Principal retirement	1,284,246	1,284,246	1,284,246	-
Interest and other fiscal charges	453,904	75,060	181,648	(106,588)
Total expenditures	$ 49,906,761	$ 49,860,505	$ 49,556,393	$ 304,112
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 1,097,386	$ 1,097,386
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 312,000	$ 312,000
Transfers out	-	-	(1,409,386)	(1,409,386)
Total other financing sources (uses)	$ -	$ -	$ (1,097,386)	$ (1,097,386)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

School Cafeteria Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
$ 1,293,489	$ 1,293,489	$ 1,304,768	$ 11,279
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 1,293,489	$ 1,293,489	$ 1,304,768	$ 11,279
$ 2,420,800	$ 2,420,800	$ 2,510,871	$ (90,071)
-	-	-	-
-	-	-	-
$ 2,420,800	$ 2,420,800	$ 2,510,871	$ (90,071)
$ (1,127,311)	$ (1,127,311)	$ (1,206,103)	$ (78,792)
$ 1,127,311	$ 1,127,311	$ 1,409,386	$ 282,075
-	-	-	-
$ 1,127,311	$ 1,127,311	$ 1,409,386	$ 282,075
$ -	$ -	$ 203,283	$ 203,283
-	-	795,830	795,830
$ -	$ -	$ 999,113	$ 999,113

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

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Local government	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENDITURES								
Current:								
Education	$ -	$ -	$ 3,196	$ (3,196)	$ -	$ -	$ 226,122	$ (226,122)
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	$ -	$ -	$ 3,196	$ (3,196)	$ -	$ -	$ 226,122	$ (226,122)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (3,196)	$ (3,196)	$ -	$ -	$ (226,122)	$ (226,122)
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ (3,196)	$ (3,196)	$ -	$ -	$ (226,122)	$ (226,122)
Fund balances - beginning	-	-	89,015	89,015	-	-	234,238	234,238
Fund balances - ending	$ -	$ -	$ 85,819	$ 85,819	$ -	$ -	$ 8,116	$ 8,116

COUNTY OF WARREN, VIRGINIA **Exhibit 31**

Statement of Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
June 30, 2014

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,052,510
Total assets	$ 1,052,510
LIABILITIES	
Current liabilities:	
Claims and judgments - Incurred but not reported	$ 344,511
Total liabilities	$ 344,511
NET POSITION	
Unrestricted	$ 707,999
Total net position	$ 707,999

COUNTY OF WARREN, VIRGINIA **Exhibit 32**

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	$ 4,573,437
Total operating revenues	$ 4,573,437
OPERATING EXPENSES	
Insurance claims and expenses	$ 4,681,319
Total operating expenses	$ 4,681,319
Operating income (loss)	$ (107,882)
NONOPERATING REVENUES (EXPENSES)	
Interest income	$ 106
Total nonoperating revenues (expenses)	$ 106
Income before transfers	(107,776)
Transfers out	(312,000)
Change in net position	$ (419,776)
Total net position - beginning	1,127,775
Total net position - ending	$ 707,999

COUNTY OF WARREN, VIRGINIA **Exhibit 33**

Statement of Cash Flows
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	4,573,437
Payments for claims		(4,727,315)
Net cash provided by (used for) operating activities	$	(153,878)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds		(312,000)
Net cash provided (used) by noncapital financing activities		(312,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	106
Net cash provided by (used for) investing activities	$	106
Net increase (decrease) in cash and cash equivalents	$	(465,772)
Cash and cash equivalents - beginning		1,518,282
Cash and cash equivalents - ending	$	1,052,510
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(107,882)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase (decrease) in IBNR		(45,996)
Total adjustments	$	(45,996)
Net cash provided by (used for) operating activities	$	(153,878)

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Supporting Schedules

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

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	$ 22,500,000	$ 22,520,166	$ 22,776,314	$ 256,148
Real and personal public service corporation taxes	1,975,000	4,162,083	4,450,352	288,269
Personal property taxes	8,858,781	8,858,781	9,162,891	304,110
Mobile home taxes	7,500	7,500	8,088	588
Machinery and tools taxes	700,000	834,285	851,306	17,021
Land redemptions	1,000	1,000	63	(937)
Rollback taxes	-	-	32,097	32,097
Mineral rights	-	-	1,772	1,772
Penalties	435,000	435,000	422,496	(12,504)
Interest	260,000	260,000	286,888	26,888
Total general property taxes	$ 34,737,281	$ 37,078,815	$ 37,992,267	$ 913,452
Other local taxes:				
Local sales and use taxes	$ 4,000,000	$ 4,000,000	$ 3,765,595	$ (234,405)
Consumers' utility taxes	690,000	690,000	708,592	18,592
E-911 telephone taxes	45,000	45,000	51,923	6,923
Business license taxes	1,036,194	1,036,194	858,661	(177,533)
Motor vehicle licenses	818,555	818,555	791,472	(27,083)
Taxes on recordation and wills	500,000	500,000	460,515	(39,485)
Hotel and motel room taxes	70,000	70,000	70,110	110
Meal taxes	725,000	824,351	824,351	-
Total other local taxes	$ 7,884,749	$ 7,984,100	$ 7,531,219	$ (452,881)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 47,596	$ 47,596	$ 46,888	$ (708)
Building and related permits	265,000	276,412	215,926	(60,486)
Zoning, subdivision fees and rezoning permits	30,000	30,000	30,430	430
Land use application fees	-	-	450	450
Transfer fees	2,500	2,500	1,452	(1,048)
Weapon permits	15,000	15,000	25,453	10,453
Bank franchise fees	-	-	40,734	40,734
Parks and rec user fees	282,565	282,565	242,400	(40,165)
Septage fees	40,000	73,437	73,437	-
Waste decal fee	-	-	2,537	2,537
Other fees	-	-	200	200
Total permits, privilege fees, and regulatory licenses	$ 682,661	$ 727,510	$ 679,907	$ (47,603)
Fines and forfeitures:				
Court fines and forfeitures	$ 70,000	$ 72,561	$ 97,416	$ 24,855
Total fines and forfeitures	$ 70,000	$ 72,561	$ 97,416	$ 24,855
Revenue from use of money and property:				
Revenue from use of money	$ 250,000	$ 250,000	$ 63,566	$ (186,434)
Revenue from use of property	175,000	271,574	309,284	37,710
Total revenue from use of money and property	$ 425,000	$ 521,574	$ 372,850	$ (148,724)
Charges for services:				
Excess fees of clerk	$ 20,000	$ 20,000	$ 20,957	$ 957
Sheriff's fees	-	-	2,396	2,396
Courthouse security fees	90,000	90,000	70,536	(19,464)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Administrative fee	$ 160,000	$ 160,000	$ 205,331	$ 45,331
Charges for Commonwealth's Attorney	1,000	1,000	4,511	3,511
Inmate phone usage	30,000	30,000	42,097	12,097
Airport hangar rental fees and fuel sales	158,204	158,204	160,989	2,785
Work release fees	170,000	170,000	208,790	38,790
Charges for sanitation and waste removal	900,760	900,760	889,764	(10,996)
Charges for other and sale of maps	-	-	12,160	12,160
Golf club membership dues, golf fees, shop sales	223,631	223,631	181,460	(42,171)
Charges for air show	-	-	21,600	21,600
Courthouse maintenance fees	62,500	62,500	50,481	(12,019)
Cost recovery	662,700	776,835	776,835	-
Charges for law library	24,000	24,000	23,207	(793)
Total charges for services	$ 2,502,795	$ 2,616,930	$ 2,671,114	$ 54,184
Miscellaneous revenue:				
Miscellaneous	$ 250,000	$ 410,409	$ 316,265	$ (94,144)
Sale of recyclable materials	125,000	125,000	91,084	(33,916)
Total miscellaneous revenue	$ 375,000	$ 535,409	$ 407,349	$ (128,060)
Recovered costs:				
Other recovered costs	$ -	$ 60,039	$ 62,934	$ 2,895
Expenditure refunds	20,000	20,000	9,951	(10,049)
Total recovered costs	$ 20,000	$ 80,039	$ 72,885	$ (7,154)
Total revenue from local sources	$ 46,697,486	$ 49,616,938	$ 49,825,007	$ 208,069
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 45,000	$ 45,000	$ 119,405	$ 74,405
Mobile home titling tax	3,000	3,000	2,198	(802)
State recordation tax	150,000	150,000	147,179	(2,821)
Personal property tax relief funds	4,541,219	4,541,219	4,541,220	1
Communication taxes	975,000	975,000	890,425	(84,575)
Total noncategorical aid	$ 5,714,219	$ 5,714,219	$ 5,700,427	$ (13,792)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 380,742	$ 380,742	$ 363,347	$ (17,395)
Sheriff	2,629,905	2,629,905	2,617,901	(12,004)
Commissioner of revenue	140,344	140,344	140,769	425
Treasurer	103,519	103,519	104,586	1,067
Registrar/electoral board	40,000	41,245	42,347	1,102
Clerk of the Circuit Court	291,884	291,884	301,576	9,692
Total shared expenses	$ 3,586,394	$ 3,587,639	$ 3,570,526	$ (17,113)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	$ 1,267,338	$ 1,267,338	$ 1,042,350	$ (224,988)
Comprehensive services act	1,072,920	1,072,920	884,255	(188,665)
Emergency medical services	40,000	40,000	40,746	746
Litter control grant	-	13,129	13,129	-
Care of prisoners	300,000	300,000	338,924	38,924
Technology trust funds	-	9,967	9,967	-
Abandoned vehicle program	20,000	20,000	3,350	(16,650)
VA domestic violence victims grant	40,000	40,000	57,305	17,305
Victim-witness grant	20,832	20,832	27,168	6,336
Fire programs funds	46,033	108,667	135,465	26,798
Juvenile crime control	33,806	33,806	41,092	7,286
Airport grants	-	-	15,951	15,951
Revenue sharing	-	223,785	223,785	-
Other categorical aid	5,000	239,055	270,249	31,194
Total other categorical aid	$ 2,845,929	$ 3,389,499	$ 3,103,736	$ (285,763)
Total categorical aid	$ 6,432,323	$ 6,977,138	$ 6,674,262	$ (302,876)
Total revenue from the Commonwealth	$ 12,146,542	$ 12,691,357	$ 12,374,689	$ (316,668)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 45,000	$ 45,000	$ 53,034	$ 8,034
Interest subsidy - Build America Bonds	105,525	105,525	35,632	(69,893)
Total noncategorical aid	$ 150,525	$ 150,525	$ 88,666	$ (61,859)
Categorical aid:				
Welfare administration and public assistance	$ 1,587,641	$ 1,587,641	$ 1,631,910	$ 44,269
Comprehensive Services Act - Federal	19,272	19,272	19,272	-
Highway planning and construction	-	204,247	208,753	4,506
Assistance to firefighters	-	-	64	64
Juvenile justice and delinquency prevention	-	15,069	15,069	-
Emergency management performance grant	-	5,056	5,056	-
Economic development initiative	-	12,000	12,000	-
Crime victims assistance	27,168	27,168	27,168	-
Ed Byrne memorial state and local law enforcement	50,000	51,283	66,475	15,192
Total categorical aid	$ 1,684,081	$ 1,921,736	$ 1,985,767	$ 64,031
Total revenue from the federal government	$ 1,834,606	$ 2,072,261	$ 2,074,433	$ 2,172
Total General Fund	$ 60,678,634	$ 64,380,556	$ 64,274,129	$ (106,427)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	$ -	$ -	$ 10,388	$ 10,388
Total categorical aid	$ -	$ -	$ 10,388	$ 10,388
Total revenue from the Commonwealth	$ -	$ -	$ 10,388	$ 10,388
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	$ -	$ -	$ 205,720	$ 205,720
Total categorical aid	$ -	$ -	$ 205,720	$ 205,720
Total revenue from the federal government	$ -	$ -	$ 205,720	$ 205,720
Total Drug Forfeiture Fund	$ -	$ -	$ 216,108	$ 216,108
Proffers Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 18,906	$ 18,906
Total miscellaneous revenue	$ -	$ -	$ 18,906	$ 18,906
Total revenue from local sources	$ -	$ -	$ 18,906	$ 18,906
Total Proffers Fund	$ -	$ -	$ 18,906	$ 18,906
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 1,408,480	$ 1,531,906	$ 1,555,340	$ 23,434
Total general property taxes	$ 1,408,480	$ 1,531,906	$ 1,555,340	$ 23,434
Miscellaneous revenue:				
New construction fee	$ -	$ 45,364	$ 44,168	$ (1,196)
Total miscellaneous revenue	$ -	$ 45,364	$ 44,168	$ (1,196)
Total revenue from local sources	$ 1,408,480	$ 1,577,270	$ 1,599,508	$ 22,238
Total Sanitary District Fund	$ 1,408,480	$ 1,577,270	$ 1,599,508	$ 22,238
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 1,188	$ 1,188
Total revenue from use of money and property	$ -	$ -	$ 1,188	$ 1,188
Total revenue from local sources	$ -	$ -	$ 1,188	$ 1,188
Total School Bond Construction Fund	$ -	$ -	$ 1,188	$ 1,188
Total Primary Government	$ 62,087,114	$ 65,957,826	$ 66,109,839	$ 152,013

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ 680,700	$ 680,010	$ 460,847	$ (219,163)
Total miscellaneous revenue	$ 680,700	$ 680,010	$ 460,847	$ (219,163)
Total revenue from local sources	$ 680,700	$ 680,010	$ 460,847	$ (219,163)
Intergovernmental:				
Revenues from local governments:				
Contribution from Warren, Virginia	$ 20,739,593	$ 20,577,960	$ 19,998,098	$ (579,862)
Total revenues from local governments	$ 20,739,593	$ 20,577,960	$ 19,998,098	$ (579,862)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 6,269,802	$ 6,269,802	$ 6,049,875	$ (219,927)
Basic school aid	12,890,125	12,890,125	12,993,825	103,700
Remedial summer education	28,033	28,033	36,703	8,670
Adult secondary education	2,125	2,125	-	(2,125)
Gifted and talented	154,641	154,641	154,671	30
Remedial education	368,506	368,506	368,577	71
Special education	13,896	13,896	25,750	11,854
Textbook payment	295,233	295,233	295,289	56
Vocational SOQ payments	292,962	292,962	292,595	(367)
Social security fringe benefits	858,751	858,751	858,916	165
Retirement fringe benefits	1,434,542	1,434,542	1,434,817	275
Group life insurance benefits	52,644	52,644	52,654	10
State lottery payments	-	-	19,983	19,983
Early reading intervention	80,151	80,151	137,829	57,678
Jail education	24,486	24,486	4,883	(19,603)
GED program	15,717	15,717	15,717	-
School food	-	-	28,759	28,759
Special education - foster children	-	-	15,171	15,171
At risk payments	419,629	419,629	423,295	3,666
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	54,083	60,293	59,599	(694)
Mentor teacher program	4,906	4,906	7,497	2,591
English as a second language	68,950	68,950	403,121	334,171
K-3 intiative	423,665	423,665	421,994	(1,671)
Homebound education	1,592,474	1,592,474	1,592,778	304
School construction funds	-	-	272,507	272,507
Supplemental support for operations	608,597	608,597	-	(608,597)
Other state funds	142,097	221,954	373,199	151,245
Total categorical aid	$ 26,354,015	$ 26,440,082	$ 26,598,004	$ 157,922
Total revenue from the Commonwealth	$ 26,354,015	$ 26,440,082	$ 26,598,004	$ 157,922

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

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 federal government:				
Categorical aid:				
Federal land use	$ -	$ -	$ 1,298	$ 1,298
Title I; Grants to local educational agencies	746,770	766,770	792,012	25,242
Title VI-B; Special education grants to states	1,094,346	1,104,346	1,077,425	(26,921)
Title VI-B; Special education preschool grants	28,538	28,538	28,006	(532)
Vocational education	77,177	77,177	71,065	(6,112)
Title II, Part D; Enhancing state grants	173,824	173,824	-	(173,824)
English language acquisition grant	11,798	11,798	16,700	4,902
Title II Part A; Improving teacher quality state grants	-	-	176,925	176,925
National school lunch and breakfast program	-	-	1,431,554	1,431,554
Other federal categorical	-	-	1,845	1,845
Total categorical aid	$ 2,132,453	$ 2,162,453	$ 3,596,830	$ 1,434,377
Total revenue from the federal government	$ 2,132,453	$ 2,162,453	$ 3,596,830	$ 1,434,377
Total School Operating Fund	$ 49,906,761	$ 49,860,505	$ 50,653,779	$ 793,274
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	$ 1,293,489	$ 1,293,489	$ 1,304,768	$ 11,279
Total charges for services	$ 1,293,489	$ 1,293,489	$ 1,304,768	$ 11,279
Total revenue from local sources	$ 1,293,489	$ 1,293,489	$ 1,304,768	$ 11,279
Total School Cafeteria Fund	$ 1,293,489	$ 1,293,489	$ 1,304,768	$ 11,279
Total Component Unit - School Board	$ 51,200,250	$ 51,153,994	$ 51,958,547	$ 804,553

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

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	$ 211,224	$ 219,369	$ 216,764	$ 2,605
General and financial administration:				
County administrator	$ 620,530	$ 640,102	$ 620,764	$ 19,338
County attorney	317,282	317,282	309,368	7,914
Commissioner of revenue	665,855	668,564	590,430	78,134
Reassessment	125,000	186,616	186,616	-
Treasurer	479,162	482,099	480,405	1,694
Finance and purchasing	368,552	333,894	322,570	11,324
Total general and financial administration	$ 2,576,381	$ 2,628,557	$ 2,510,153	$ 118,404
Board of elections:				
Electoral board and officials	$ 265,456	$ 247,653	$ 178,930	$ 68,723
Total board of elections	$ 265,456	$ 247,653	$ 178,930	$ 68,723
Total general government administration	$ 3,053,061	$ 3,095,579	$ 2,905,847	$ 189,732
Judicial administration:				
Courts:				
Circuit court	$ 61,600	$ 61,600	$ 41,863	$ 19,737
General district court	9,645	12,206	14,956	(2,750)
Special magistrates	6,250	6,250	4,330	1,920
Clerk of the circuit court	516,332	532,690	513,934	18,756
Juvenile and domestic relations court	19,000	19,000	16,255	2,745
Sheriff - courts	296,674	277,957	277,474	483
Law library	24,000	24,000	14,586	9,414
Total courts	$ 933,501	$ 933,703	$ 883,398	$ 50,305
Commonwealth's attorney:				
Commonwealth's attorney	$ 711,187	$ 711,187	$ 695,393	$ 15,794
Total commonwealth's attorney	$ 711,187	$ 711,187	$ 695,393	$ 15,794
Total judicial administration	$ 1,644,688	$ 1,644,890	$ 1,578,791	$ 66,099
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	$ 4,154,657	$ 4,282,355	$ 4,395,819	$ (113,464)
Work release program	279,332	280,226	280,265	(39)
E - 911 system	482,803	763,124	763,779	(655)
Total law enforcement and emergency services	$ 4,916,792	$ 5,325,705	$ 5,439,863	$ (114,158)
Fire and rescue services:				
Cost recovery fees	$ 232,000	$ 208,559	$ 208,559	$ -
Cost recovery reimbursement to fire companies	120,000	121,139	121,139	-
Contributions to fire and rescue squads	898,176	860,041	863,351	(3,310)
Emergency services	2,123,970	2,549,773	2,667,092	(117,319)
Total fire and rescue services	$ 3,374,146	$ 3,739,512	$ 3,860,141	$ (120,629)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	$ 2,108,486	$ 2,620,482	$ 2,707,401	$ (86,919)
Probation office	58,679	62,602	61,576	1,026
Juvenile detention center	260,050	260,050	260,050	-
Total correction and detention	$ 2,427,215	$ 2,943,134	$ 3,029,027	$ (85,893)
Inspections:				
Building	$ 529,355	$ 544,615	$ 506,570	$ 38,045
Total inspections	$ 529,355	$ 544,615	$ 506,570	$ 38,045
Other protection:				
Animal control	$ 522,962	$ 525,070	$ 525,203	$ (133)
Medical examiner	500	500	580	(80)
Total other protection	$ 523,462	$ 525,570	$ 525,783	$ (213)
Total public safety	$ 11,770,970	$ 13,078,536	$ 13,361,384	$ (282,848)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets and highways	$ 30,500	$ 17,377	$ 16,590	$ 787
Total maintenance of highways, streets, bridges & sidewalks	$ 30,500	$ 17,377	$ 16,590	$ 787
Sanitation and waste removal:				
Refuse collection	$ 755,542	$ 782,341	$ 783,418	$ (1,077)
Refuse disposal	2,290,250	2,053,368	2,019,110	34,258
Total sanitation and waste removal	$ 3,045,792	$ 2,835,709	$ 2,802,528	$ 33,181
Maintenance of general buildings and grounds:				
General properties	$ 810,802	$ 892,564	$ 873,892	$ 18,672
Total maintenance of general buildings and grounds	$ 810,802	$ 892,564	$ 873,892	$ 18,672
Total public works	$ 3,887,094	$ 3,745,650	$ 3,693,010	$ 52,640
Health and welfare:				
Health:				
Local health department	$ 310,759	$ 310,759	$ 310,759	$ -
Total health	$ 310,759	$ 310,759	$ 310,759	$ -
Mental health and mental retardation:				
Northwestern community services	$ 275,000	$ 275,000	$ 275,000	$ -
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	$ 277,500	$ 277,500	$ 277,500	$ -

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 3,923,115	$ 3,923,115	$ 3,585,761	$ 337,354
Shenandoah area agency on aging	45,000	45,000	45,000	-
Warren county council on domestic violence	19,000	-	-	-
Other social services	48,512	63,581	65,181	(1,600)
Property tax relief for the elderly and handicapped	-	-	317,355	(317,355)
Comprehensive Services Act	2,173,941	2,056,221	1,611,591	444,630
Total welfare	$ 6,209,568	$ 6,087,917	$ 5,624,888	$ 463,029
Total health and welfare	$ 6,797,827	$ 6,676,176	$ 6,213,147	$ 463,029
Education:				
Contribution to local school board	$ 20,739,593	$ 20,577,960	$ 19,998,098	$ 579,862
Contributions to community college	41,010	41,010	41,010	-
Total education	$ 20,780,603	$ 20,618,970	$ 20,039,108	$ 579,862
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	$ 1,970,411	$ 2,097,251	$ 2,092,202	$ 5,049
Outreach program / youth center	50,000	176,880	168,042	8,838
Golf club operations	323,631	335,558	334,852	706
Total parks and recreation	$ 2,344,042	$ 2,609,689	$ 2,595,096	$ 14,593
Cultural enrichment:				
Browntown community center	$ 2,000	$ 2,000	$ 2,000	$ -
Blue ridge arts council	10,000	10,000	10,000	-
Heritage society	-	1,800	1,800	-
4-H center	3,000	3,000	3,000	-
Other cutural enrichment	-	-	5,000	(5,000)
Total cultural enrichment	$ 15,000	$ 16,800	$ 21,800	$ (5,000)
Library:				
Contribution to Samuels Public Library	$ 835,000	$ 835,000	$ 835,000	$ -
Total library	$ 835,000	$ 835,000	$ 835,000	$ -
Total parks, recreation, and cultural	$ 3,194,042	$ 3,461,489	$ 3,451,896	$ 9,593
Community development:				
Planning and community development:				
Planning and zoning administration	$ 387,416	$ 401,676	$ 386,129	$ 15,547
Enterprise zone grant - IDA	1,414,770	-	-	-
340/522 water and sewer project - IDA	271,736	271,736	271,736	-
Industrial development authority	110,600	110,600	110,600	-
Other contributions	550	550	550	-
Total planning and community development	$ 2,185,072	$ 784,562	$ 769,015	$ 15,547

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water conservation district	$ 10,000	$ 10,000	$ 10,000	$ -
Other environmental management	23,500	23,500	6,515	16,985
Total environmental management	$ 33,500	$ 33,500	$ 16,515	$ 16,985
Airport:				
Air show	$ -	$ 8,853	$ 30,453	$ (21,600)
Airport Commission operations	105,283	87,853	65,474	22,379
Total airport	$ 105,283	$ 96,706	$ 95,927	$ 779
Cooperative extension program:				
VPI extension service	$ 102,172	$ 103,504	$ 96,239	$ 7,265
Total cooperative extension program	$ 102,172	$ 103,504	$ 96,239	$ 7,265
Total community development	$ 2,426,027	$ 1,018,272	$ 977,696	$ 40,576
Nondepartmental:				
Retiree medical insurance and unemployment insurance	$ 103,120	$ 109,004	$ 111,221	$ (2,217)
Central equipment and maintenance	128,000	140,556	139,277	1,279
Other nondepartmental	136,253	26,141	-	26,141
Total nondepartmental	$ 367,373	$ 275,701	$ 250,523	$ 25,178
Capital projects:				
Economic development	$ 246,766	$ 174,766	$ 174,694	$ 72
Soccer fields	50,000	15,000	11,959	3,041
Fishnet property	100,000	43,998	26,658	17,340
Public safety building	-	-	515	(515)
Purchase of Samuels Library	50,000	-	-	-
Bing crosby stadium renovations	15,000	10,000	10,640	(640)
Route 522 beautification project	-	30,784	30,784	-
Airport capital projects	-	8,518	12,018	(3,500)
Eastham Park	50,000	257,504	222,205	35,299
Building improvement fund	133,960	388,263	393,617	(5,354)
Purchase of second street property	125,000	125,000	125,843	(843)
Revenue sharing projects	250,000	472,091	476,534	(4,443)
20 year capital improvement plan	200,000	413,688	413,688	-
Vehicles and equipment	-	-	-	-
Leach Run Parkway	-	564,966	564,966	-
Simpsons Landing	-	-	5,489	(5,489)
Shenandoah Farms lots	-	-	122,500	(122,500)
Court holding cells	-	-	5,500	(5,500)
Second middle school	-	-	312,984	(312,984)
Other capital projects	530,000	46,683	92,180	(45,497)
Total capital projects	$ 1,750,726	$ 2,551,261	$ 3,002,774	$ (451,513)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	$ 3,465,574	$ 3,465,574	$ 10,980,125	$ (7,514,551)
Interest	2,465,016	4,445,120	4,585,164	(140,044)
Total debt service	$ 5,930,590	$ 7,910,694	$ 15,565,289	$ (7,654,595)
Total General Fund	$ 61,603,001	$ 64,077,218	$ 71,039,465	$ (6,962,247)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety				
Other protection				
Drug forfeiture	$ -	$ -	$ 177,362	$ (177,362)
Total other protection	$ -	$ -	$ 177,362	$ (177,362)
Total public safety	$ -	$ -	$ 177,362	$ (177,362)
Total Drug Forfeiture Fund	$ -	$ -	$ 177,362	$ (177,362)
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	$ 1,298,954	$ 1,204,984	$ 1,213,201	$ (8,217)
Total maintenance of highways, streets, bridges & sidewalks	$ 1,298,954	$ 1,204,984	$ 1,213,201	$ (8,217)
Total public works	$ 1,298,954	$ 1,204,984	$ 1,213,201	$ (8,217)
Debt service:				
Principal retirement	$ 30,000	$ 30,000	$ 30,000	$ -
Interest	7,500	5,896	5,896	-
Total debt service	$ 37,500	$ 35,896	$ 35,896	$ -
Total Sanitary District Fund	$ 1,336,454	$ 1,240,880	$ 1,249,097	$ (8,217)
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	$ -	$ 715,351	$ 1,987,853	$ (1,272,502)
Total capital projects	$ -	$ 715,351	$ 1,997,694	$ (1,282,343)
Total School Bond Construction Fund	$ -	$ 715,351	$ 1,997,694	$ (1,282,343)
Total Primary Government	$ 62,939,455	$ 66,033,449	$ 74,463,618	$ (8,430,169)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	$ 36,273,560	$ 36,378,077	$ 35,805,665	$ 572,412
Administration, attendance and health	1,840,219	1,909,652	2,123,862	(214,210)
Pupil transportation	2,499,668	2,549,477	2,306,817	242,660
Operation and maintenance	6,118,656	6,193,985	6,410,221	(216,236)
Technology	1,436,508	1,470,008	1,443,934	26,074
Total education	$ 48,168,611	$ 48,501,199	$ 48,090,499	$ 410,700

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	$ 1,284,246	$ 1,284,246	$ 1,284,246	$ -
Interest and other fiscal charges	453,904	75,060	181,648	(106,588)
Total debt service	$ 1,738,150	$ 1,359,306	$ 1,465,894	$ (106,588)
Total School Operating Fund	$ 49,906,761	$ 49,860,505	$ 49,556,393	$ 304,112
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 2,420,800	$ 2,420,800	$ 2,510,871	$ (90,071)
Total school food services	$ 2,420,800	$ 2,420,800	$ 2,510,871	$ (90,071)
Total education	$ 2,420,800	$ 2,420,800	$ 2,510,871	$ (90,071)
Total School Cafeteria Fund	$ 2,420,800	$ 2,420,800	$ 2,510,871	$ (90,071)
Vocational Building Fund:				
Education:				
Vocational building	$ -	$ -	$ 3,196	$ (3,196)
Total education	$ -	$ -	$ 3,196	$ (3,196)
Total Vocational Building Fund	$ -	$ -	$ 3,196	$ (3,196)
School Textbook Fund:				
Education:				
Textbook expenditures	$ -	$ -	$ 226,122	$ (226,122)
Total education	$ -	$ -	$ 226,122	$ (226,122)
Total School Textbook Fund	$ -	$ -	$ 226,122	$ (226,122)
Total Discretely Presented Component Unit - School Board	$ 52,327,561	$ 52,281,305	$ 52,296,582	$ (15,277)

Other Statistical Information

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13 - 18

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

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COUNTY OF WARREN, VIRGINIA **Table 1**

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 17,397,255	$ 18,877,770	$ 22,451,670	$ 23,611,594	$ 23,980,653	$ 28,433,137	$ 33,051,889	$ 39,807,455	$ 41,283,508	44,643,308
Restricted	99,200	166,400	401,600	530,100	671,806	404,906	404,906	472,751	462,122	501,786
Unrestricted	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581	39,844,691
Total governmental activities net position	$ 37,007,928	$ 45,393,713	$ 54,630,374	$ 52,329,427	$ 52,959,076	$ 72,103,882	$ 76,082,957	$ 78,414,014	81,035,211	84,989,785
Primary government										
Net investment in capital assets	$ 17,397,255	$ 18,877,770	$ 22,451,670	$ 23,611,594	$ 23,980,653	$ 28,433,137	$ 33,051,889	$ 39,807,455	$ 41,283,508	44,643,308
Restricted	99,200	166,400	401,600	530,100	671,806	404,906	404,906	472,751	462,122	501,786
Unrestricted	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581	39,844,691
Total primary government net position	$ 37,007,928	$ 45,393,713	$ 54,630,374	$ 52,329,427	$ 52,959,076	$ 72,103,882	$ 76,082,957	$ 78,414,014	81,035,211	84,989,785

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government administration	$ 2,466,844	$ 2,673,036	$ 2,911,298	$ 2,902,924	$ 3,215,515	$ 3,151,069	$ 3,911,301	$ 4,763,989	$ 3,325,816	$ 3,851,326
Judicial administration	1,009,922	1,082,540	1,339,218	1,551,450	1,349,421	1,422,107	1,377,697	1,409,961	1,337,703	1,410,337
Public safety	7,874,128	9,213,506	9,838,477	10,932,498	11,053,220	11,282,726	11,302,344	12,298,117	12,715,103	14,381,005
Public works	4,076,368	4,411,167	4,922,261	4,874,698	4,578,357	4,742,144	5,226,893	4,770,471	5,184,861	6,365,453
Health and welfare	6,379,449	6,890,563	7,161,649	7,904,706	7,814,495	7,701,920	7,072,800	7,693,313	6,372,322	6,329,760
Education	13,087,605	14,711,826	15,430,281	21,134,088	19,282,393	19,142,956	20,702,750	19,409,698	20,616,162	21,089,704
Parks, recreation and cultural	1,976,434	2,036,104	4,539,947	4,588,560	4,339,242	2,755,644	3,681,010	3,154,449	3,321,806	3,488,039
Community development	1,496,777	1,202,645	1,105,175	1,305,378	1,258,578	1,194,165	1,200,522	1,257,830	1,215,861	1,020,028
Non-departmental	102,283	132,142	122,559	123,071	123,990	139,412	136,821	-	-	-
Interest on long-term debt	3,689,200	4,759,007	4,631,534	4,426,329	5,329,882	5,407,080	5,535,466	4,699,187	4,687,949	4,349,138
Total governmental activities expenses	$ 42,159,010	$ 47,112,536	$ 52,002,399	$ 59,743,702	$ 58,345,093	$ 56,939,223	$ 60,147,604	$ 59,457,015	$ 58,777,583	$ 62,284,790
Total primary government expenses	$ 42,159,010	$ 47,112,536	$ 52,002,399	$ 59,743,702	$ 58,345,093	$ 56,939,223	$ 60,147,604	$ 59,457,015	$ 58,777,583	$ 62,284,790
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 204,773	$ 231,981	$ 460,606	$ 365,131	$ 401,650	$ 459,098	$ 489,180	$ 477,385	$ 173,887	$ 258,425
Judicial administration	273,236	333,535	437,513	413,847	364,648	363,139	375,716	332,962	248,492	243,901
Public safety	1,007,107	1,053,699	1,691,282	1,986,541	1,924,180	1,901,618	1,919,051	2,299,296	1,266,792	1,341,592
Public works	1,192,016	1,398,722	1,172,961	1,481,020	1,123,668	1,068,864	951,891	891,139	855,074	965,738
Health and welfare	50,994	25,021	28,536	38,141	269,513	278,137	250,371	293,177	-	-
Parks, recreation and cultural	149,192	337,190	504,600	512,869	525,998	534,070	549,381	570,267	429,712	423,860
Community development	86,365	192,265	240,698	209,791	179,738	179,771	213,341	241,298	218,494	214,921
Operating grants and contributions	8,135,771	9,356,103	9,614,388	9,725,186	9,620,915	8,915,568	8,784,738	7,984,270	7,533,944	8,402,853
Capital grants and contributions	40,369	544,210	1,315,675	1,714,549	187,969	234,304	630,340	295,688	261,197	473,284
Total governmental activities program revenues	$ 11,139,823	$ 13,472,726	$ 15,466,259	$ 16,447,075	$ 14,598,279	$ 13,934,569	$ 14,164,009	$ 13,385,482	$ 10,987,592	$ 12,324,574
Total primary government program revenues	$ 11,139,823	$ 13,472,726	$ 15,466,259	$ 16,447,075	$ 14,598,279	$ 13,934,569	$ 14,164,009	$ 13,385,482	$ 10,987,592	$ 12,324,574
Net (expense) / revenue										
Governmental activities	$ (31,019,187)	$ (33,639,810)	$ (36,536,140)	$ (43,296,627)	$ (43,746,814)	$ (43,004,654)	$ (45,983,595)	$ (46,071,533)	$ (47,789,991)	$ (49,960,216)
Total primary government net expense	$ (31,019,187)	$ (33,639,810)	$ (36,536,140)	$ (43,296,627)	$ (43,746,814)	$ (43,004,654)	$ (45,983,595)	$ (46,071,533)	$ (47,789,991)	$ (49,960,216)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 23,673,512	$ 25,646,664	$ 27,823,493	$ 30,282,018	$ 30,117,767	$ 49,583,450	$ 33,922,048	$ 34,768,063	$ 35,453,198	$ 40,170,018
Local sales and use taxes	2,190,929	2,262,675	2,364,724	2,692,913	2,837,283	2,838,297	2,931,450	3,281,603	6,351,573	3,765,595
Taxes on recordation and wills	1,133,365	1,127,774	897,902	613,479	450,074	486,031	418,073	321,394	579,111	460,515
Communication taxes (2)	-	-	438,269	1,022,051	928,624	-	-	-	-	-
Consumer utility taxes	1,034,003	1,070,406	854,830	666,366	681,492	670,372	683,604	687,180	692,508	708,592
Business licenses taxes	1,207,130	1,269,066	1,354,944	1,193,715	1,017,697	749,297	569,485	906,752	928,778	858,661
Meals tax (1)	-	-	-	-	628,516	667,916	690,672	724,799	757,306	824,351
Other local taxes	1,181,462	1,117,208	934,988	1,075,012	908,094	624,143	775,901	890,048	788,039	913,505
Unrestricted grants and contributions (2)	4,520,582	5,636,350	4,803,851	4,754,973	4,541,517	5,458,531	5,312,483	5,781,049	5,818,324	5,789,093
Unrestricted revenues from use of money and property	1,378,994	3,065,850	6,074,437	1,518,252	1,088,900	861,058	459,208	392,301	373,583	374,038
Miscellaneous	262,875	1,383,413	225,363	349,774	1,176,499	210,365	4,199,746	649,401	372,120	470,422
Transfers	-	-	-	-	-	-	-	-	35,740	-
Total governmental activities	$ 36,582,852	$ 42,579,406	$ 45,772,801	$ 44,168,553	$ 44,376,463	$ 62,149,460	$ 49,962,670	$ 48,402,590	$ 52,150,280	$ 54,334,790
Total primary government	$ 36,582,852	$ 42,579,406	$ 45,772,801	$ 44,168,553	$ 44,376,463	$ 62,149,460	$ 49,962,670	$ 48,402,590	$ 52,150,280	$ 54,334,790
Change in Net Position										
Governmental activities	$ 5,563,665	$ 8,939,596	$ 9,236,661	$ 871,926	$ 629,649	$ 19,144,806	$ 3,979,075	$ 2,331,057	$ 4,360,289	$ 4,374,574
Total primary government	$ 5,563,665	$ 8,939,596	$ 9,236,661	$ 871,926	$ 629,649	$ 19,144,806	$ 3,979,075	$ 2,331,057	$ 4,360,289	$ 4,374,574

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"
(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.
(3) The County implemented GASB Statement 63 and 65, effective July 1, 2012 - the implementation required the reclassification of certain expense items

COUNTY OF WARREN, VIRGINIA **Table 3**

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

	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014
General fund										
Unreserved	$ 17,433,209	$ 21,995,055	$ 25,920,082	$ 17,205,359	$ 15,452,280	$ 17,195,830				
Total general fund	$ 17,433,209	$ 21,995,055	$ 25,920,082	$ 17,205,359	$ 15,452,280	$ 17,195,830				
All other governmental funds										
Reserved	$ 77,194,689	$ 37,608,880	$ 8,918,159	$ 2,726,776	$ 22,703,534	$ 12,954,446				
Unreserved, reported in:										
Special revenue funds	442,567	327,243	363,359	126,553	26,645	(54,216)				
Capital projects funds	5,033,233	6,869,431	9,672,514	11,741,182	12,970,305	26,672,946				
Total all other governmental funds	$ 82,670,489	$ 44,805,554	$ 18,954,032	$ 14,594,511	$ 35,700,484	$ 39,573,176				
General fund										
Unassigned							$ 13,566,706	$ 13,757,149	$ 17,132,916	$ 16,693,295
Total general fund							$ 13,566,706	$ 13,757,149	$ 17,132,916	$ 16,693,295
All other governmental funds										
Restricted							$ 4,994,702	$ 726,981	$ 462,122	$ 1,274,248
Committed							27,769,270	23,205,218	22,852,130	24,285,633
Assigned							195,965	195,965	153,514	153,514
Unassigned							-	-	(183,904)	(183,904)
Total all other governmental funds							32,959,937	24,128,164	23,283,862	25,529,491
Total fund balance, governmental funds							$ 46,526,643	$ 37,885,313	$ 40,416,778	$ 42,222,786

(1) The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.

COUNTY OF WARREN, VIRGINIA **Table 4**

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	$ 23,622,839	$ 25,211,738	$ 28,235,949	$ 29,615,065	$ 30,304,803	$ 47,236,991	$ 33,878,123	$ 34,090,051	$ 36,109,920	$ 39,547,607
Other local taxes (1)	6,746,889	6,847,128	6,883,177	7,263,536	7,451,780	6,036,056	6,069,186	6,811,776	10,097,315	7,531,219
Permits, privilege fees and regulatory licenses	1,041,773	1,094,150	917,128	648,763	508,254	506,320	555,982	527,806	665,598	679,907
Fines and forfeitures	93,745	102,119	93,529	62,110	42,395	48,014	49,216	24,776	80,083	97,416
Revenue from use of money and property	1,378,994	3,059,748	6,052,586	1,501,355	1,086,205	861,058	459,208	392,301	373,913	374,038
Charges for services	1,813,216	2,271,272	2,007,538	2,271,201	1,915,160	1,800,540	2,237,108	2,408,251	2,446,770	2,671,114
Miscellaneous	217,997	1,079,321	474,236	2,014,035	1,172,533	227,306	4,199,744	649,404	372,110	470,423
Recovered costs	59,825	102,821	632,889	576,439	677,069	553,957	317,422	14,514	83,270	72,885
Intergovernmental:										
Commonwealth	10,826,918	13,189,971	12,329,646	12,469,533	11,526,007	12,217,113	11,787,400	11,954,053	11,745,823	12,385,077
Federal	1,869,804	2,219,884	3,392,408	2,124,856	2,819,257	2,380,365	2,940,161	2,106,954	1,867,311	2,280,153
Total revenues	$ 47,672,000	$ 55,178,152	$ 61,019,086	$ 58,546,893	$ 57,503,463	$ 71,867,720	$ 62,493,550	$ 58,979,886	$ 63,842,113	$ 66,109,839
Expenditures										
General government administration	$ 2,058,452	$ 2,544,341	$ 2,309,828	$ 2,396,688	$ 2,521,049	$ 2,450,952	$ 3,023,745	$ 2,671,164	$ 2,680,167	$ 2,905,847
Judicial administration	959,252	1,017,171	1,127,029	1,196,882	1,152,773	1,208,840	1,387,022	1,448,578	1,534,198	1,578,791
Public safety	8,488,185	8,744,615	9,678,565	9,834,048	9,675,347	9,606,720	10,192,987	10,453,211	11,689,025	13,538,746
Public works	3,894,742	4,308,991	4,681,406	4,678,045	4,146,798	4,251,706	4,127,601	4,199,431	4,720,519	4,906,211
Health and welfare	6,394,223	6,691,125	7,163,028	7,448,551	7,351,875	7,280,066	6,688,564	6,706,491	6,245,724	6,213,147
Education	14,761,096	15,883,584	15,588,578	18,616,370	18,875,998	18,901,332	20,687,963	18,643,244	19,150,024	20,039,108
Parks, recreation and cultural	1,380,437	1,756,337	1,992,193	2,243,701	2,277,426	2,565,936	2,779,555	2,828,558	3,036,924	3,451,896
Community development	937,181	704,743	801,080	987,983	975,573	856,205	781,834	734,419	792,613	977,696
Non-departmental	102,283	114,462	389,752	475,784	172,356	182,337	197,336	249,404	235,430	250,523
Capital projects	15,141,486	41,729,898	34,411,243	14,279,414	8,887,092	19,454,905	13,537,702	11,760,452	3,507,383	5,000,468
Debt service										
Principal	684,518	1,113,143	1,149,551	1,165,548	1,525,382	3,711,768	4,490,955	3,458,550	3,499,383	11,010,125
Interest	1,866,039	4,060,595	4,022,879	3,813,327	4,819,350	4,964,661	5,231,529	6,758,827	4,478,371	4,591,060
Total expenditures	$ 56,667,894	$ 88,669,005	$ 83,315,132	$ 67,136,341	$ 62,381,019	$ 75,435,428	$ 73,126,793	$ 69,912,329	$ 61,569,761	$ 74,463,618
Excess of revenues over (under) expenditures	$ (8,995,894)	$ (33,490,853)	$ (22,296,046)	$ (8,589,448)	$ (4,877,556)	$ (3,567,708)	$ (10,633,243)	$ (10,932,443)	$ 2,272,352	$ (8,353,779)
Other financing sources (uses)										
Transfers in	$ 4,562,108	$ 7,761,927	$ 6,405,058	$ 12,639,909	$ 6,429,432	$ 22,414,429	$ 15,793,316	$ 12,805,447	$ 5,321,020	$ 7,009,008
Transfers out	(4,562,108)	(7,761,927)	(6,405,058)	(12,673,070)	(6,429,432)	(22,375,833)	(15,721,064)	(12,360,880)	(5,061,907)	(6,849,221)
Issuance of bonds	83,265,000	-	-	12,730,401	46,775,450	11,192,300	-	77,000,000	-	10,000,000
Premium on bonds issued	1,973,716	-	-	686,698	-	-	-	10,859,925	-	-
Discount on bonds issued	-	-	-	-	(40,000)	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(15,000,000)	(23,000,000)	(2,450,000)	-	(86,013,379)	-	-
Issuance capital leases	2,530,232	226,751	284,690	304,139	495,000	403,054	318,628	-	-	-
Total other financing sources (uses)	$ 87,768,948	$ 226,751	$ 284,690	$ (1,311,923)	$ 24,230,450	$ 9,183,950	$ 390,880	$ 2,291,113	$ 259,113	$ 10,159,787
Net change in fund balances	$ 78,773,054	$ (33,264,102)	$ (22,011,356)	$ (9,901,371)	$ 19,352,894	$ 5,616,242	$ (10,242,363)	$ (8,641,330)	$ 2,531,465	$ 1,806,008
Debt service as a percentage of noncapital expenditures	6.14%	11.02%	10.58%	8.06%	11.21%	11.66%	13.46%	15.15%	13.25%	21.30%

(1) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

Includes all primary government funds except for the health insurance fund. Does not include financial activity of the component units.

COUNTY OF WARREN, VIRGINIA **Table 5**

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2005	$ 2,058,452	$ 959,252	$ 8,488,185	$ 3,894,742	$ 6,394,223	$ 41,797,866	$ 1,380,437	$ 937,181	$ -	$ 4,696,099	$ 70,606,437
2006	2,544,341	1,017,171	8,744,615	4,308,991	6,691,125	40,809,276	1,756,337	890,950	-	7,245,211	74,008,017
2007	2,309,828	1,127,029	9,678,565	4,681,406	7,163,028	43,935,553	1,992,193	801,080	-	7,174,053	78,862,735
2008	2,396,688	1,196,882	9,834,048	4,678,045	7,448,551	47,741,628	2,243,701	987,983	-	6,915,189	83,442,715
2009	2,521,049	1,152,773	9,675,347	4,146,798	7,351,875	48,022,270	2,277,426	975,573	172,356	8,217,033	84,512,500
2010	2,450,952	1,208,840	9,606,720	4,251,706	7,280,066	47,327,876	2,565,936	856,205	182,337	10,583,442	86,314,080
2011	3,023,745	1,387,022	10,192,987	4,127,601	6,688,564	47,736,047	2,779,555	781,834	197,336	11,356,255	88,270,946
2012	2,671,164	1,448,578	10,453,211	4,199,431	6,706,491	46,365,366	2,828,558	734,419	249,404	11,887,803	87,544,425
2013	2,680,167	1,534,198	11,689,025	4,720,519	6,245,724	49,243,217	3,036,924	1,060,749	235,430	9,512,920	89,958,873
2014	2,905,847	1,578,791	13,538,746	4,906,211	6,213,147	50,871,698	3,451,896	977,696	250,523	17,070,079	101,764,634

(1) Includes General and Special Revenue funds of the Primary Government and the Discretely Presented Component Unit - School Board.
(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.
Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

COUNTY OF WARREN, VIRGINIA **Table 6**

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (4)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2005	$ 23,622,839	$ 6,746,889	$ 1,041,773	$ 93,745	$ 551,501	$ 3,005,579	$ 3,872,864	$ 59,825	$ 37,275,360	$ 76,270,375
2006	25,211,738	6,847,128	1,094,150	102,119	3,064,164	3,665,679	1,316,930	102,821	41,538,374	82,943,103
2007	28,235,949	6,883,177	917,128	93,529	6,073,046	3,328,318	818,470	632,889	44,465,619	91,448,125
2008	29,615,065	7,263,536	648,763	62,110	1,543,815	3,643,342	720,142	576,439	44,109,698	88,182,910
2009	30,304,803	7,451,780	508,254	42,395	1,086,849	3,310,229	1,577,659	677,069	43,622,251	88,581,289
2010	47,236,991	6,036,056	506,320	48,014	458,989	3,124,505	546,584	553,957	43,614,828	102,126,244
2011	33,878,123	6,069,186	555,982	49,216	424,507	3,509,824	4,452,764	17,463	42,024,470	90,981,535
2012	34,090,051	6,811,776	527,806	24,776	386,991	3,739,774	885,906	14,514	41,811,690	88,293,284
2013	36,109,920	10,097,315	665,598	80,083	373,913	3,762,802	791,223	45,031	43,652,258	95,578,143
2014	39,547,607	7,531,219	679,907	97,416	372,850	3,975,882	931,270	72,885	44,860,064	98,069,100

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.
(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

(3) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

COUNTY OF WARREN, VIRGINIA **Table 7**

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Recordation and Wills Tax	Business License Tax	Communication Tax	Meals Tax (1)	Other Local Taxes (2)	Total
2005	$ 23,673,512	$ 2,190,929	$ 1,034,003	$ 1,133,365	$ 1,207,130	$ -	$ -	$ 1,181,462	$ 30,420,401
2006	25,646,664	2,262,675	1,070,406	1,127,774	1,269,066	-	-	1,117,208	32,493,793
2007	27,823,493	2,364,724	854,830	897,902	1,354,944	438,269	-	1,373,257	35,107,419
2008	30,282,018	2,692,913	666,366	613,479	1,193,715	1,022,051	-	1,021,862	37,492,404
2009	30,117,767	2,837,283	681,492	450,074	1,017,697	928,624	628,516	908,094	37,569,547
2010	49,583,450	2,838,297	670,372	486,031	749,297	932,498	667,916	1,110,174	57,038,035
2011	33,922,049	2,931,450	683,604	313,489	569,485	927,882	690,672	880,485	40,919,116
2012	34,768,063	3,281,603	687,180	321,394	906,752	909,027	724,799	890,048	42,488,866
2013	36,109,920	6,351,573	692,508	579,111	928,778	916,942	757,306	788,039	47,124,177
2014	39,547,607	3,765,595	708,592	460,515	858,661	890,425	824,351	913,505	47,969,251

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"

(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA **Table 8**

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Overlapping Tax Rate Town of Front Royal			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
						Pers. Prop.	Mach. - Tools	Real Estate		
2005	$ 2,296,416,720	$ 336,831,968	$ 20,171,800	$ 54,718,870	$ 2,708,139,358	$ 0.60	$ 0.60	0.13	$ 2,708,139,358	100.00%
2006	2,232,709,900	275,486,114	24,482,595	45,019,071	2,577,697,680	0.60	0.60	0.13	2,577,697,680	100.00%
2007	2,322,050,800	413,895,353	19,761,215	37,241,703	2,792,949,071	0.60	0.60	0.13	2,792,949,071	100.00%
2008	4,618,588,000	426,788,783	54,714,951	67,587,582	5,167,679,316	0.60	0.60	0.07	5,167,679,316	100.00%
2009	4,737,808,700	422,529,586	54,831,030	71,830,670	5,286,999,986	0.60	0.60	0.07	5,286,999,986	100.00%
2010	4,805,941,500	362,529,370	57,578,180	84,239,604	5,310,288,654	0.60	0.60	0.07	5,310,288,654	100.00%
2011	4,816,929,300	336,375,506	55,042,750	83,128,930	5,291,476,486	0.64	0.64	0.11	5,291,476,486	100.00%
2012	3,783,054,400	338,756,346	51,946,980	95,214,200	4,268,971,926	0.64	0.64	0.11	4,268,971,926	100.00%
2013	3,795,435,900	345,186,421	52,915,970	93,483,110	4,287,021,401	0.64	0.64	0.11	4,287,021,401	100.00%
2014	3,813,780,900	361,209,652	53,266,515	384,518,870	4,612,775,937	0.64	0.64	0.13	4,612,775,937	100.00%

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.
Fiscal Year 2010 is comprised of the 2009 calendar year assessment.
Fiscal Year 2011 is comprised of the 2010 calendar year assessment.
Fiscal Year 2012 is comprised of the 2011 calendar year assessment.
Fiscal Year 2013 is comprised of the 2012 calendar year assessment.
Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014

COUNTY OF WARREN, VIRGINIA **Table 9**

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate (3)	Personal Property (2)(3)	Mobile Homes (3)	Machinery and Tools (2)(3)
2005	0.79	3.15	0.79	2.25
2006	0.79	3.15	0.79	2.25
2007	0.82	3.15	0.82	2.25
2008	0.45	3.15	0.45	1.30
2009	0.45	3.15	0.45	1.30
2010	0.46/0.46	4.00/4.00	0.46/0.46	1.30/1.30
2011	0.46/0.59	4.00/4.00	0.46/0.59	1.30/1.30
2012	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2013	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2014	0.59/0.61	4.00/4.00	0.59/0.61	1.30/1.95

(1) Per $100 of assessed value
(2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.
(3) The County collects taxes semi-annually commencing fiscal year 2010.

COUNTY OF WARREN, VIRGINIA **Table 10**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2,4)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Collections (1,3,4)	Percetage of Levy		Amount (1) (2)	Percentage of Levy
2005	$ 22,942,829	$ 21,857,551	95.27%	$ 853,251	$ 22,710,802	98.99%
2006	29,431,720	29,247,722	99.37%	536,451	29,784,173	101.20%
2007	32,091,748	31,437,990	97.96%	776,957	32,214,947	100.38%
2008	34,384,133	33,113,731	96.31%	620,850	33,734,581	98.11%
2009	35,112,209	33,368,512	95.03%	924,484	34,292,996	97.67%
2010	55,429,700	50,060,893	90.31%	1,134,057	51,194,950	92.36%
2011	37,294,301	35,493,841	95.17%	1,773,406	37,267,247	99.93%
2012	37,825,616	35,949,106	95.04%	1,930,225	37,879,331	100.14%
2013	38,819,912	37,870,536	97.55%	855,348	38,725,884	99.76%
2014	41,395,696	41,492,871	100.23%	-	41,492,871	100.23%

(1) Exclusive of penalties and interest.
(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.
(3) Includes personal property tax relief from the Commonwealth of Virginia.
(4) In fiscal year 2010 the County implemented semi-annual tax billings - tax levy includes calendar year 2009 and first half of 2010 assessment - tax collections includes personal property tax relief for calendar year 2009 only.

Principal Property Taxpayers - Real Estate
Current Year and the Six Years Prior

Fiscal Year 2014

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.50%
Family Dollar Services Inc	57,173,900	2	1.29%
Cole FG Front Royal VA LLC	36,313,300	3	0.82%
Interbake Foods LLC	22,227,600	4	0.50%
Dupont E I De Nemours & Co.	20,118,200	5	0.45%
Boisseau Family LC (The) et al	19,599,600	6	0.44%
Walmart	15,073,300	7	0.34%
Crooked Run LLC	14,710,700	8	0.33%
Toray Plastics (America) The	14,062,900	9	0.32%
Winchester Road (E&A) LLC	11,722,500	10	0.26%
	$ 277,420,500		6.26%

Fiscal Year 2013

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.75%
Family Dollar Services Inc	57,173,900	2	1.51%
Cole FG Front Royal VA LLC	36,313,300	3	0.96%
Interbake Foods LLC	22,227,600	4	0.59%
Dupont E I De Nemours & Co.	20,118,200	5	0.53%
Boisseau Family LC (The) et al	19,670,400	6	0.52%
Walmart	15,073,300	7	0.40%
Crooked Run LLC	14,710,700	8	0.39%
Toray Plastics (America) The	14,062,900	9	0.37%
Winchester Road (E&A) LLC	11,722,500	10	0.31%
	$ 277,491,300		7.31%

Fiscal Year 2012

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.76%
Family Dollar Services Inc	57,173,900	2	1.51%
Cole FG Front Royal VA LLC	36,313,300	3	0.96%
Interbake Foods LLC	22,227,600	4	0.59%
Dupont E I De Nemours & Co.	20,118,200	5	0.53%
Boisseau Family LC (The) et al	19,658,000	6	0.52%
Walmart	15,073,300	7	0.40%
Crooked Run LLC	14,710,700	8	0.39%
Toray Plastics (America) The	14,072,900	9	0.37%
Winchester Road (E&A) LLC	11,722,500	10	0.31%
	$ 277,488,900		7.34%

Principal Property Taxpayers - Real Estate
Current Year and the Six Years Prior

Fiscal Year 2011

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.38%
Family Dollar Services Inc	57,173,900	2	1.19%
Cole FG Front Royal VA LLC	36,313,300	3	0.75%
Interbake Foods LLC	22,227,600	4	0.46%
Dupont E I De Nemours & Co.	20,118,200	5	0.42%
Boisseau Family LC (The) et al	19,658,000	6	0.41%
Crooked Run LLC	16,727,000	7	0.35%
Walmart	15,073,300	8	0.31%
Toray Plastics (America) The	14,072,900	9	0.29%
Winchester Road (E&A) LLC	11,627,600	10	0.24%
	$ 279,410,300		5.80%

Fiscal Year 2010

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.22%
Family Dollar Services Inc	55,554,000	2	1.16%
Cole FG Front Royal VA LLC	33,730,800	3	0.70%
Dupont E I De Nemours & Co.	21,757,100	5	0.45%
Interbake Foods LLC	21,036,200	4	0.44%
Boisseau Family LC (The) et al	19,424,400	6	0.40%
Toray Plastics (America) The	15,194,000	9	0.32%
Walmart	14,044,200	8	0.29%
Crooked Run LLC	13,891,600	7	0.29%
Winchester Cold Storage Co.	13,243,100	10	0.28%
	$		6.78%

Fiscal Year 2009

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.24%
Family Dollar Services Inc	55,554,000	2	1.17%
Cole FG Front Royal VA LLC	33,730,800	3	0.71%
Dupont E I De Nemours & Co.	21,757,100	5	0.46%
Interbake Foods LLC	21,036,200	4	0.44%
Boisseau Family LC (The) et al	19,424,400	6	0.41%
Toray Plastics (America) The	15,194,000	7	0.32%
Walmart	14,044,200	8	0.30%
Winchester Cold Storage Co.	13,243,100	9	0.28%
Crooked Run LLC	11,045,100	10	0.23%
	$ 263,900,600		5.57%

Fiscal Year 2008

Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.27%
Family Dollar Services Inc	55,457,700	2	1.20%
Ferguson Enterprises Inc.	33,730,800	3	0.73%
Dupont E I De Nemours & Co.	21,764,000	4	0.47%
Interbake Foods LLC	21,024,400	5	0.46%
Boisseau Family LC (The) et al	19,424,400	6	0.42%
Toray Plastics (America) The	15,194,000	7	0.33%
Winchester Cold Storage Co.	13,271,100	8	0.29%
Crooked Run LLC	10,600,000	9	0.23%
Walmart	10,385,300	10	0.22%
	$ 259,723,400		5.62%

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.
Fiscal Year 2010 is comprised of the 2009 calendar year assessment.
Fiscal Year 2011 is comprised of the 2010 calendar year assessment.
Fiscal Year 2012 is comprised of the 2011 calendar year assessment.
Fiscal Year 2013 is comprised of the 2012 calendar year assessment.
Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014 assessment.

COUNTY OF WARREN, VIRGINIA **Table 12**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Years	General Obligation Bonds	Lease Revenue Bonds	Other Notes/ Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2005	$ 17,919,015	$ 83,265,000	$ 55,476	$ 3,093,633	$ 104,333,124	9.48%	$ 2,983
2006	16,522,681	83,265,000	25,677	2,397,040	102,210,398	8.55%	2,859
2007	15,114,663	83,265,000	584,846	1,753,666	100,718,175	9.15%	2,775
2008	26,429,273	68,265,000	560,780	1,091,323	96,346,376	6.97%	2,626
2009	24,468,064	92,040,450	535,424	805,767	117,849,705	8.52%	3,210
2010	31,207,549	89,592,428	510,067	729,453	122,039,497	8.60%	3,260
2011	28,075,211	87,320,985	482,652	742,336	116,621,184	8.22%	3,094
2012	15,521,800	92,468,265	454,145	496,150	108,940,360	7.74%	2,861
2013	14,079,600	89,443,928	424,503	307,945	104,255,976	6.81%	2,716
2014	14,432,500	87,020,000	783,681	244,670	102,480,851	6.64%	2,648

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Amounts in table do not include premiums or discounts
(1) See the Schedule of Demographic and Economic Statistics - Table 13

COUNTY OF WARREN, VIRGINIA **Table 13**

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2005	$ 101,184,015	$ 101,184,015	3.74%	$ 2,893
2006	99,787,681	99,787,681	3.87%	2,791
2007	98,379,663	98,379,663	3.52%	2,813
2008	94,694,273	94,694,273	1.83%	2,581
2009	116,508,514	116,508,514	2.20%	3,173
2010	120,799,977	120,799,977	2.27%	3,227
2011	115,396,196	115,396,196	2.18%	3,062
2012	107,990,065	107,990,065	2.53%	2,836
2013	103,523,528	103,523,528	2.41%	2,697
2014	101,452,500	101,452,500	2.20%	2,622

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 8
(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes capital leases, OPEB obligation and compensated absences.

The County is not subject to a legal debt margin
The County has no legally pledged revenue sources for long-term debt.

COUNTY OF WARREN, VIRGINIA **Table 14**

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	September 30 School K-12 Membership	Unemploy-ment Rate
2005	34,977	$ 1,100,204	$ 31,455	38	5,174	2.90%
2006	35,752	1,196,000	33,452	38	5,268	2.80%
2007	36,300	1,256,000	34,600	38	5,332	3.10%
2008	36,695	1,382,000	37,661	38	5,273	4.20%
2009	36,713	1,384,000	37,697	38	5,319	6.60%
2010	37,439	1,419,574	37,917	39	5,339	6.61%
2011	37,688	1,419,556	37,666	39	5,340	6.20%
2012	38,077	1,408,315	36,986	39	5,394	5.00%
2013	38,387	1,530,374	39,867	39	5,390	4.90%
2014	38,699	1,544,352	39,907	39	5,408	4.80%

Souce: Weldon Cooper Center, Annual school report - prepared by the County, www.fedstats.gov.

COUNTY OF WARREN, VIRGINIA **Table 15**

Principal Employers
Current Year

		2014		
Employer	**Industry**	**Employees**	**Rank**	**% of Total Employment**
Warren County School Board	Educational Services	500 - 999	1	2.5% - 5.0%
Valley Health System-WMH	Hospitals	500 - 999	2	2.5% - 5.0%
Family Dollar Services	Warehousing and Storage	250 - 499	3	1.3% - 2.5%
Ferguson Enterprises Inc	Merchant Wholesalers, Durable Goods	250 - 499	4	1.3% - 2.5%
Warren County Government	General Government	250 - 499	5	1.3% - 2.5%
E. I DuPont DeNemours Company	Chemical Manufacturing	250 - 499	6	1.3% - 2.5%
Sysco Resources Northeast Inc	Warehousing and Distribution	250 - 499	7	1.3% - 2.5%
Interbake Foods LLC	Food Manufacturing	250 - 499	8	1.3% - 2.5%
Wal-Mart	General Merchandise Stores	250 - 499	9	1.3% - 2.5%

Total Employed 19,982

Source: Virginia Employment Commission , Quarterly Census of Employment and Wages (QCEW).
Virginia Economic Development Partnership

COUNTY OF WARREN, VIRGINIA

Table 16

Full-Time County Government Employees By Function
Last Eight Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government								
Department:								
General government administration	**27**	**27**	**29**	**30**	**32**	**32**	**32**	**32**
Board of Supervisors	0	0	0	0	0	0	0	0
County Administration	5	5	5	5	6	6	6	6
County Attorney's Office	2	2	2	3	3	3	3	3
Office of the Comissioner of Revenue	10	10	10	10	10	10	10	10
Reassessment	0	0	0	0	0	0	0	0
Treasurer's Office	6	6	6	6	7	7	7	7
Finance and Purchasing	3	3	4	4	4	4	4	4
Elections	1	1	2	2	2	2	2	2
Judicial administration	**15**	**16**	**17**	**16**	**15**	**15**	**16**	**16**
Circuit Court	0	0	0	0	0	0	0	0
General District Court	0	0	0	0	0	0	0	0
Magistrates	0	0	0	0	0	0	0	0
Juvenile and Domestic Court	0	0	0	0	0	0	0	0
Clerk of Circuit Court	8	9	9	8	7	7	8	8
Law Library	0	0	0	0	0	0	0	0
Commonwealth's Attorney	7	7	8	8	8	8	8	8
Public safety	**118**	**124**	**124**	**126**	**125**	**125**	**128**	**130**
Sheriff's Office	51	53	53	55	53	53	54	54
Court Security	0	0	0	0	2	2	2	2
E-911 System	6	6	6	6	6	6	6	6
Volunteer Fire and Rescue	0	0	0	0	0	0	0	0
Corrections	31	31	31	31	31	31	31	31
Work Release	0	0	0	0	0	0	0	0
Probation	1	1	1	1	1	1	1	1
Building Inspections	8	9	9	7	6	6	6	6
Animal Control	4	4	4	4	4	4	4	4
Medical Examiner	0	0	0	0	0	0	0	0
Fire and Rescue Department	17	20	20	22	22	22	24	26
Cost Recovery	0	0	0	0	0	0	0	0
Public works	**6**	**6**	**8**	**6**	**5**	**5**	**7**	**8**
Streets and Highways	0	0	0	0	0	0	0	0
Refuse Collection	2	2	4	2	1	0	0	0
Refuse Disposal	2	2	2	2	2	3	3	4
Building and Grounds	2	2	2	2	2	2	4	4

COUNTY OF WARREN, VIRGINIA

Table 16

Full-Time County Government Employees By Function
Last Eight Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government: (Continued)								
Department: (Continued)								
Health and welfare	**39**	**39**	**39**	**39**	**39**	**39**	**39**	**39**
Health	0	0	0	0	0	0	0	0
Mental Health and Retardation	0	0	0	0	0	0	0	0
Social Services	38	38	38	38	38	38	38	38
Other Social Services	0	0	0	0	0	0	0	0
Comprehensive Youth Service Act	1	1	1	1	1	1	1	1
Education	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Community College	0	0	0	0	0	0	0	0
Parks, recreation and cultural	**11**	**14**	**15**	**15**	**15**	**14**	**14**	**16**
Parks and recreation	11	14	15	15	15	14	14	16
Library Museum Cultural Enrichment	0	0	0	0	0	0	0	0
Community development	**6**	**6**	**5**	**5**	**5**	**5**	**4**	**4**
Planning and Zoning	5	5	4	4	4	4	3	3
Economic Development	0	0	0	0	0	0	0	0
Front Royal/Warren County Airport	0	0	0	0	0	0	0	0
Environmental Management	0	0	0	0	0	0	0	0
Gypsy Moth Control	0	0	0	0	0	0	0	0
VPI Extension Service	1	1	1	1	1	1	1	1
Total	222	232	237	237	236	235	240	245
Component Unit - School Board								
Function:								
Education - full-time	728	763	759	754	754	754	748	750
Total Full-Time Employees	**950**	**995**	**996**	**991**	**990**	**989**	**988**	**995**

Source: Warren County Fiscal Year 2009-2010 Budget book, Warren County Fiscal Year 2012-2013 Budget book, Warren County 2013-2014 Budget book, and payroll reports.

Table 17

Operating Indicators By Function
Last Eight Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety												
Sheriffs department:												
Physical arrests					573	753	749	534	603	779	467	454
Parking violations					not avail	not avail	not avail	not avail	not avail	not avail	not avail	not avail
Traffic violations					974	1,508	1,507	1,097	853	1,358	1,163	1,523
Court security manhours worked					3,335	3,858	4,228	7,538	7,506	7,520	7,420	7,419
Prisoner transports					1,249	900	694	856	826	959	1,315	579
Code enforcement violations												
DUIs					80	94	92	68	64	84	61	64
Fire and rescue:												
Number of calls answered****					7,845	7,860	8,241	7,745	8,357	7,163	5,666	8,137
Building Inspections:												
Permits issued	3772	4232	4895	4851	4,069	3,525	2,403	1,793	1,827	1,815	2,106	2,097
Inspections performed					19,171	14,057	8,907	7,303	7,725	7,184	7,372	7,708
Public works												
General maintenance:												
Trucks/vehicles	2	2	2	2	2	2	2	2	2	3	3	3
Landfill:												
Refuse collected (tons/day)	n/a	96.03	102.10	100.30	98.17	86.77	84.69	78.41	76.44	78.51	78.51	89.96
Parks, recreation and cultural												
Parks and recreation attendees/participants:												
Youth sports participants	n/a	n/a	1,007	1,049	943	1,815	1,552	1,640	2,439	2,134	2,663	2,254
Adult sports participants (individuals)	n/a	n/a	519	471	351	1,067	403	172	281	237	241	360
Adult sports participants (teams)	n/a	n/a	35	25	20	23	26	32	26	26	20	22
Dance and crafts - youth and adult	n/a	n/a	n/a	n/a	n/a	50	50	50	50	50	50	50
Trips	n/a	n/a	207	204	206	293	322	228	336	102	108	431
CPR, Lifeguard, Dog Obedience classes	n/a	n/a	59	49	52	55	38	57	43	26	26	101
Open special events	n/a	n/a	n/a	76	92	123	73	109	112	423	1,942	2,351
Component Unit - School Board												
Education:												
School age population***	n/a	n/a	6,697	n/a		6,953		7,922			7,706	
Sept. 30 K-12 school membership	5,159	5,213	5,268	5,317	5,332	5,273	5,319	5,339	5,340	5,329	5,414	5,408

Source: Recreation & Parks, Fire and Rescue, Sheriff's Department annual report, Soild Waste receiving facilities' record, and Warren County Fiscal Year 2012-2013 and 2014-2015 Budget Book.

*** Note: Source from Virginia Department of Education and the Weldon Cooper Center, only 2008, 2010 and 2013 numbers available.

**** Note: 2013 low because of not receiving all the CAD sheets from dispatch

N/A - Not Applicable

Table 18

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2003*	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government												
Vehicles	3	3	4	4	4	4	4	3	6	6	6	6
Public safety - insured vehicles												
Law enforcement												
Vehicles	40	41	48	50	47	53	52	55	61	57	57	65
Other public safety												
Vehicles	2	2	2	2	3	3	3	2	3	3	3	3
Building inspections												
Vehicles	4	4	5	6	6	7	6	5	5	5	5	5
Animal control												
Vehicles	NA	2	2	3	4	4	4	5	5	4	4	4
Emergency services												
Vehicles	7	7	9	10	10	10	11	12	13	13	13	14
Public works												
Refuse												
Vehicles	2	2	2	2	2	2	2	2	2	1	1	1
Buildings and Grounds												
Vehicles	0	0	0	0	0	0	0	0	0	2	2	2
Health and welfare												
Department of Social Services												
Vehicles	6	6	7	9	8	8	8	8	8	8	8	8
Parks, recreation and cultural												
Parks and recreation												
Vehicles	9	8	9	11	12	12	13	12	13	13	13	14
Community development												
Planning and Zoning												
Vehicles	NA	1	1	1	1	1	1	1	1	1	1	1
Other												
Vehicles	6	0	0	0	0	1	1	1	1	1	1	1

Source: Finance Department motor vehicle insurance reports

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

To the Honorable Members of
the Board of Supervisors
County of Warren, 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, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Warren, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Warren, Virginia's basic financial statements, and have issued our report thereon dated December 30, 2014.

Internal Control over Financial Reporting

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

Purpose of this Report

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

Robinson, Farmer Cox Associates
Charlottesville, Virginia
December 30, 2014

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 Warren, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Warren, 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 Warren, Virginia's major federal programs for the year ended June 30, 2014. County of Warren, 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 Warren, 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 Warren, 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 Warren, Virginia's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Warren, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Warren, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Warren, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 30, 2014

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950113	$ 6,124
Temporary Assistance for Needy Families	93.558	0400113/0400114	273,503
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	2,423
Low Income Home Energy Assistance	93.568	0600413/0600414	24,195
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113/0760114	39,989
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113/0900114	1,872
Children's Health Insurance Program	93.767	0540113/0540114	10,731
Foster Care - Title IV-E	93.658	1100113/1100114	248,852
Adoption Assistance	93.659	1120113/1120114	186,240
Social Services Block Grant	93.667	1000113/1000114	202,262
Chafee Education and Training Vouchers Program	93.599	9160113/9160114	2,764
Chafee Foster Care Independence Program	93.674	9150113/9150114	5,511
Medical Assistance Program	93.778	1200113/1200114	305,761
Total Department Health and Human Services			$ 1,310,227
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution - Summer Food Service Program for Children	10.559	10.559/2014	$ 2,016
School Breakfast Program	10.553	2013IN109941/2014IN109941	294,672
Food distribution - National School Lunch Program	10.555	2013IN109941/2014IN109941	184,560
Department of Education:			
National School Lunch Program	10.555	2013IN109941/2014IN109941	950,306
Subtotal CFDA 10.555			$ 1,134,866
Schools and Roads - Grants to states	10.665	10.665/2014	1,298
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0040113/0040114	340,955
Total Department of Agriculture			$ 1,773,807
Department of Housing and Urban Development:			
Direct Payments:			
Community Development Block Grants States Program and Non-entitlement Grants in Hawaii	14.228		$ 12,000
Total Department of Housing and Urban Development			$ 12,000

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Equitable Sharing Program	16.922		$ 75,415
Edward Byrne Memorial Justice Assistance Act Grant Program	16.738		65,192
Total Department of Justice - Direct Payments			$ 140,607
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	13VAGX0025	$ 27,168
Edward Byrne Memorial Justice Assistance Act Grant Program	16.738	11DJBX2177/12DJBX0272	1,283
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12JFFX0027	15,069
Total Department of Justice			$ 184,127
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	N/A	$ 208,753
Recreational Trails Program	20.219	N/A	64
Total Department of Transportation			$ 208,817
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	77601 77501 77502 79901 77801	$ 5,056
Total Department of Homeland Security			$ 5,056
Department of the Treasury			
Direct Payments:			
Equitable Sharing Program	21.000		$ 130,305
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	$ 792,012
Special Education Cluster:			
Title VI-B: Special Education Grants to States	84.027	H027A120107/H027A130107	1,077,425
Title VI-B: Special Education Preschool Grants	84.173	H173A120112/H173A130112	28,006
Career and Technical Education: Basic Grants to States	84.048	V048A130046	71,065
English Language Acquisition Grants	84.365	S365A110046/S365A120046	16,700
Improving Teacher Quality State Grants	84.367	S367A11044/S367A120044/S367A130044	176,925
Advanced Placement Programs	84.330	S330B130008	1,845
Total Department of Education			$ 2,163,978
Total Expenditures of Federal Awards			$ 5,788,317

See accompanying notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles provided 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 Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General fund		$ 2,074,433
Less: Build America Bond interest subsidy		(35,632)
Less: Department of the Interior - Payments in lieu of taxes	15.226	(53,034)
Drug forfeiture fund		205,720
Total Primary Government		$ 2,191,487
Component Unit - Warren County School Board:		
School operating fund		$ 3,596,830
Total Component Unit - Warren County School Board		$ 3,596,830
Total expenditures of federal awards per basic financial statements		$ 5,788,317
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards		$ 5,788,317

COUNTY OF WARREN, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
	Special Education Cluster:
84.027	Title VI-B, Special Education State Grant to States
84.173	Title VI-B, Special Education Preschool Grant
93.778	Medical Assistance Program
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None