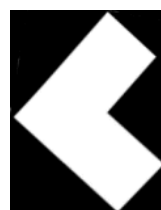


County of Mecklenburg, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2010



***Creedle, Jones
& Alga, P.C.***
Certified Public Accountants

County of Mecklenburg, Virginia

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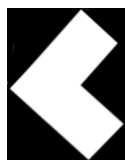
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FINANCIAL SECTION





**Creedle
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mecklenburg, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County of Mecklenburg, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, except for the omission of GASB 45 Postemployment Benefits information for the Component Unit School Board and accruals due to conversion from a totally manual accounting system to an automated accounting system, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mecklenburg, Virginia, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2011, on our consideration of the County of Mecklenburg, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and 44 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mecklenburg, Virginia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 financial statements. The combining and individual nonmajor fund financial statements 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Creedle, Jones & Alga, P.C.

Creedle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
February 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Mecklenburg, Virginia presents the following discussion and analysis as an overview of the County of Mecklenburg, Virginia's financial activities for the fiscal year ended June 30, 2010. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter and the County's financial statements.

Financial Highlights for Fiscal Year 2010

Highlights for Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the County, excluding its Component Units, exceeded its liabilities by \$41,499,965. Of this amount, \$16,499,965 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- For the fiscal year, general and program revenues of the County's governmental activities, excluding its Component Units, were \$42,295,692 and expenses amounted to \$39,665,185. The County's total net assets increased \$2,630,507 before adjustments.

Highlights for Fund Financial Statements

- As of June 30, 2010, the County Governmental Funds reported combined fund balances of \$19,832,428, a decrease of \$1,642,065 in comparison with the prior year. Approximately 9.9 percent of the combined fund balances, \$1,967,775, is undesignated.
- The General Fund reported a fund balance of \$9,231,076, an increase of \$565,114 before reclassifications from June 30, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report consists of two sections: financial and compliance.

- The ***financial section*** has three component parts - management's discussion and analysis (this section), the basic financial statements, which include government-wide financial statements and fund financial statements, and required supplementary information.
- The ***compliance section*** is required under the provisions of *Government Auditing Standards* and, in some cases, the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net assets and how they have changed during the fiscal year.

The first government-wide statement - the Statement of Net Assets - presents information on all of the County's assets and liabilities. The difference between assets and liabilities, net assets, can be used as one way to measure the County's financial health, or financial condition. Over time, increases or decreases in the net assets can be one indicator of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

The second statement - the Statement of Activities - presents information using the accrual basis accounting method and shows how the County's net assets changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide statements are divided into the following three categories:

Governmental Activities: Most of the County's basic services are reported here, including general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation, and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants. Governmental Funds are included in the governmental activities.

Business-Type Activities: The County has no business-type activities at this time. However, the IDA discretely presented component unit is treated as a business-type activity.

Discretely Presented Component Units: The County includes the Mecklenburg County Public Schools in its annual financial report. Although legally separate, this component unit is important because the County is financially accountable for it. It also includes the Industrial Development Authority of Mecklenburg County, Virginia because it appoints its Board of Directors.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statements more familiar. These statements provide more detailed information about the County's most significant funds. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenue and expenses for particular purposes. There are three kinds of funds:

Governmental Funds - Most of the County's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). The General Fund is the main operating account of the County and, therefore, the largest of the Governmental Funds. The Landfill Construction Fund, which is a Capital Projects Fund, is also a major fund of the County. All other Governmental Funds, which include Special Revenue Funds, are collectively referred to as nonmajor Governmental Funds.

Proprietary Funds - Proprietary Funds, which consist of Enterprise Funds, operate in a manner similar to private business enterprises in which costs are recovered primarily through a user charge. Proprietary Fund financial statements provide both long and short-term financial information. The County has no Proprietary Funds at this time.

Fiduciary Funds - Fiduciary Funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide statements because the funds are not available to support the County's programs. The County's Fiduciary Funds consist of Agency Funds. The funds are used to account for monies received, held, and disbursed on behalf of the other third parties.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

Summary of Net Assets

As of June 30, 2010 and 2009

	<u>Primary Government Governmental Activities</u>		<u>Component Units</u>		<u>Total Reporting Entity</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets						
Current and other assets	\$ 22,667,669	\$ 20,445,830	\$ 4,894,640	\$ 5,943,832	\$ 27,562,309	\$ 26,389,662
Capital assets (net)	<u>34,459,381</u>	<u>24,608,102</u>	<u>25,071,646</u>	<u>25,312,828</u>	<u>59,531,027</u>	<u>49,920,930</u>
Total Assets	<u>\$ 57,127,050</u>	<u>\$ 45,053,932</u>	<u>\$ 29,966,286</u>	<u>\$ 31,256,660</u>	<u>\$ 87,093,336</u>	<u>\$ 76,310,592</u>
Liabilities						
Other liabilities	\$ 6,671,362	\$ 3,799,556	\$ 517,300	\$ 531,343	\$ 7,188,662	\$ 4,330,899
Long-term liabilities	<u>8,955,723</u>	<u>9,447,434</u>	<u>577,967</u>	<u>621,677</u>	<u>9,533,690</u>	<u>10,069,111</u>
Total Liabilities	<u>15,627,085</u>	<u>13,246,990</u>	<u>1,095,267</u>	<u>1,153,020</u>	<u>16,722,352</u>	<u>14,400,010</u>
Net Assets						
Invested in capital assets, net of related debt	25,033,368	14,704,342	24,449,302	24,648,618	49,482,670	39,352,960
Unrestricted	<u>16,466,597</u>	<u>17,102,600</u>	<u>4,421,717</u>	<u>5,455,022</u>	<u>20,888,314</u>	<u>22,557,622</u>
Total Net Assets	<u>41,499,965</u>	<u>31,806,942</u>	<u>28,871,019</u>	<u>30,103,640</u>	<u>70,370,984</u>	<u>61,910,582</u>
Total Liabilities and Net Assets	<u>\$ 57,127,050</u>	<u>\$ 45,053,932</u>	<u>\$ 29,966,286</u>	<u>\$ 31,256,660</u>	<u>\$ 87,093,336</u>	<u>\$ 76,310,592</u>

The Commonwealth of Virginia requires that counties, as well as their financial dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. For the purpose of this financial statement, the debt and correlating asset (or portion therefore) is recorded as an asset and long-term liability of the primary government, if applicable. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements. The net assets of the total financial reporting entity best represent the entity's financial position. In the case of the County's reporting entity, assets exceeded liabilities by \$61,910,582 at June 30, 2010.

Statement of Activities

The following table summarizes revenues and expenses for the primary government as of June 30, 2010:

Summary of Changes in Net Assets

For the Fiscal Years Ended June 30, 2010 and 2009

	<u>Primary Government Governmental Activities</u>		<u>Component Units</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues						
Charges for services	\$ 721,907	\$ 654,936	\$ 818,806	\$ 767,083	\$ 1,540,713	\$ 1,422,019
Operating and capital grants	12,421,210	16,228,358	37,776,877	39,003,741	50,198,087	55,232,099
General Revenues						
General property taxes, real and personal	21,317,752	20,793,079	-	-	21,317,752	20,793,079
Other taxes	5,156,870	4,848,527	-	-	5,156,870	4,848,527
Payment from County of Mecklenburg, Virginia						
Education	-	-	10,063,384	10,264,336	10,063,384	10,264,336
Noncategorical aid from state	2,291,564	2,253,435	-	-	2,291,564	2,253,435
Use of property	50,123	62,586	(374,587)	-	(324,464)	62,586
Investment earnings	184,549	313,250	24,112	54,984	208,661	368,234
Miscellaneous	151,717	357,104	409,463	249,758	561,180	606,862
Total Revenues	42,295,692	45,511,275	48,718,055	50,339,902	91,013,747	95,851,177
Expenses						
General government administration	3,226,003	2,868,681	-	-	3,226,003	2,868,681
Judicial administration	2,260,638	2,008,133	-	-	2,260,638	2,008,133
Public safety	9,526,613	9,763,656	-	-	9,526,613	9,763,656
Public works	5,319,507	2,039,180	-	-	5,319,507	2,039,180
Health and welfare	5,747,827	6,011,174	-	-	5,747,827	6,011,174
Education	10,073,214	10,274,946	46,685,496	45,249,285	56,758,710	55,524,231
Parks, recreation, and cultural	445,600	419,742	-	-	445,600	419,742
Community development	2,634,143	7,842,014	500,934	3,443,550	3,135,077	11,285,564
Interest on long-term debt	431,640	454,690	40,798	43,157	472,438	497,847
Total Expenses	39,665,185	41,682,216	47,227,228	48,735,992	86,892,413	90,418,208
Increase in Net Assets	2,630,507	3,829,059	1,490,827	1,603,910	4,121,334	5,432,969
Beginning Net Assets	31,806,942	27,977,883	30,103,640	28,499,730	61,910,582	56,477,613
Prior Period Adjustments	4,957,682	-	(618,614)	-	4,339,068	-
Net Asset Reclassifications	2,104,834	-	(2,104,834)	-	-	-
Ending Net Assets	\$ 41,499,965	\$ 31,806,942	\$ 28,871,019	\$ 30,103,640	\$ 70,370,984	\$ 61,910,582

Governmental activities, exclusive of the Component Unit School Board, increased the County's net assets by \$2,603,507 prior to any adjustments. Revenues from governmental activities totaled \$42,295,692. Property taxes comprise the largest source of these revenues, totaling \$21,317,752 of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$39,665,185. Education continues to be the County's largest program and highest priority with expenses totaling \$10,073,214. Public safety expenses, which total \$9,526,613, represent the second largest expense.

For the County's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2010 and 2009

	<u>2010</u>		<u>2009</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 3,226,003	\$ (2,602,495)	\$ 2,868,681	\$ (2,410,646)
Judicial administration	2,260,638	(974,060)	2,008,133	(735,934)
Public safety	9,526,613	(5,261,058)	9,763,656	(5,602,857)
Public works	5,319,507	(5,049,751)	2,039,180	(1,750,562)
Health and welfare	5,747,827	(835,497)	6,011,174	(2,036,337)
Education	10,073,214	(10,073,214)	10,274,946	(10,274,946)
Parks, recreation, and cultural	445,600	(445,600)	419,742	(419,742)
Community development	2,634,143	(848,753)	7,842,014	(1,113,208)
Interest on long-term debt	<u>431,640</u>	<u>(431,640)</u>	<u>454,690</u>	<u>(454,690)</u>
Total	<u>\$ 39,665,185</u>	<u>\$ (26,522,068)</u>	<u>\$ 41,682,216</u>	<u>\$ (24,798,922)</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2010, the County's Governmental Funds reported a combined ending fund balance of \$19,832,428, a net increase of \$462,769 after fund reclassifications with an increase of \$2,104,834 and a decrease in current year net assets of \$1,642,065 in comparison with the prior year. Approximately 9.9 percent, or \$1,967,775, is available for spending at the government's discretion (unreserved/undesignated fund balance).

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an undesignated fund balance of \$1,967,775 and a designated fund balance of \$7,263,301. The General Fund's liquidity can be measured by comparing both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.1 percent of total fund expenditures, while total fund balance represents 28.7 percent of that same amount. The General Fund contributed \$10,737,409 in operating funds to finance the School's operations and \$657,295 to the Mecklenburg County Industrial Development Authority.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2010 and 2009

	<u>Original Budget</u>	<u>2010 Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>2009 Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 18,640,925	\$ 18,640,925	\$ 21,317,752	\$ 19,180,630	\$ 19,180,630	\$ 20,793,079
Other	6,177,031	6,177,031	6,318,563	5,637,958	5,637,958	6,387,405
Intergovernmental	<u>7,051,840</u>	<u>7,051,840</u>	<u>9,092,049</u>	<u>6,343,681</u>	<u>6,343,681</u>	<u>15,722,196</u>
Total	31,869,796	31,869,796	36,728,364	31,162,269	31,162,269	42,902,680
Expenditures	<u>30,805,333</u>	<u>30,805,333</u>	<u>32,199,798</u>	<u>30,446,652</u>	<u>31,077,060</u>	<u>40,414,511</u>
Excess (Deficiency) of Revenues Over Expenditures	1,064,463	1,064,463	4,528,566	715,617	85,209	2,488,169
Other Financing Sources (Uses)						
Net Transfers	(1,425,017)	(1,425,017)	(3,963,452)	(715,617)	(715,617)	(1,138,509)
From Surplus	<u>360,554</u>	<u>360,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	\$ -	\$ -	\$ 565,114	\$ -	\$ (630,408)	\$ 1,349,660

Actual revenues exceeded final budget amounts by \$4,858,568, or 15.2 percent, while actual expenditures were more than final budgeted amounts by \$1,394,465, or 4.5 percent.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets Projects

The County is in the process of renovating the Historic County Courthouse at an estimated contract price of \$10,500,000. The existing structure contains 16,444 square feet including the basement. The project will include the complete renovation of this area as well as the addition of 24,990 square feet of new office and storage areas. The construction will also have 2 sally ports for security reasons. The existing structure is in disrepair and does not meet the security needs of the courts system. Finally, the existing structure does not meet the requirements of the Americans with Disabilities Act. The renovated facility will be fully compliant with the ADA and the security needs of the courts as required by the Virginia State Supreme Court.

Capital Assets

As of June 30, 2010, the County's investment in capital assets, exclusive of Component Units, totals \$25,033,368, which is net capital assets less related debt.

During fiscal year 2010, the County's net capital assets (including additions, decreases, and depreciation) increased \$9,851,279, or 40 percent, as summarized below:

Change in Capital Assets

Governmental Activities

	<u>Balance June 30, 2009</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2010</u>
Land and land improvements	\$ 449,472	\$ -	\$ 449,472
Construction in process	2,099,892	3,682,311	5,782,203
South Hill Elementary School	11,674,384	-	11,674,384
Infrastructure - water and sewer	-	6,502,926	6,502,926
Buildings and improvements	10,461,903	-	10,461,903
Furniture, equipment, and vehicles	6,841,677	738,150	7,579,827
Total Capital Assets	31,527,328	10,923,387	42,450,715
Less: Accumulated depreciation and amortization	(6,919,226)	(1,072,108)	(7,991,334)
Total Capital Assets, Net	<u>\$ 24,608,102</u>	<u>\$ 9,851,279</u>	<u>\$ 34,459,381</u>

Component Unit School Board

	<u>Balance June 30, 2009</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2010</u>
Land and land improvements	\$ 1,878,683	\$ (152,976)	\$ 1,725,707
Buildings and systems	34,382,473	(698,959)	33,683,514
Furniture, equipment, and vehicles	15,629,065	1,198,220	16,827,285
Total Capital Assets	51,890,221	346,285	52,236,506
Less: Accumulated depreciation	(30,043,066)	(1,236,067)	(31,279,133)
Total Capital Assets, Net	<u>\$ 21,847,155</u>	<u>\$ (889,782)</u>	<u>\$ 20,957,373</u>

Component Unit IDA of Mecklenburg County, Virginia

	<u>Balance June 30, 2009</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2010</u>
Land and land improvements	\$ 2,847,059	\$ 1,267,214	\$ 4,114,273
Total Capital Assets, Net	<u>\$ 2,847,059</u>	<u>\$ 1,267,214</u>	<u>\$ 4,114,273</u>

School Board fixed assets are jointly owned by the County (primary government) and the Component Unit School Board. The County reports the School Board assets associated with outstanding debt on its books until the debt is paid off. As long as the debt remains unpaid, the School will be owned by the County as well as the debt being the responsibility of the County.

Long-Term Debt

As of June 30, 2010, the County's long-term obligations, exclusive of Component Units, total \$12,818,844, which includes the landfill obligation and compensated absences.

	<u>Balance June 30, 2009</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities			
Long-term debt, with premiums added	\$ 9,903,760	\$ (477,747)	\$ 9,426,013
Landfill obligation	1,050,051	1,003,240	2,053,291
OPEB obligation	-	103,600	103,600
Compensated absences	1,223,160	(14,220)	1,208,940
 Total Governmental Activities	 <u>\$ 12,176,971</u>	 <u>\$ 614,873</u>	 <u>\$ 12,791,844</u>
 Component Unit School Board			
Compensated absences	\$ 412,849	\$ (53,772)	\$ 359,077
 Total Component Unit School Board	 <u>\$ 412,849</u>	 <u>\$ (53,772)</u>	 <u>\$ 359,077</u>
 Component Unit IDA of Mecklenburg County, Virginia			
Long-term debt	\$ 664,210	\$ (41,867)	\$ 622,343
 Total Component Unit IDA of Mecklenburg County, Virginia	 <u>\$ 664,210</u>	 <u>\$ (41,867)</u>	 <u>\$ 622,343</u>

More detailed information on the County's long-term obligations is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Development

- The average unemployment rate for Mecklenburg County, Virginia in June 2010 was 11.6 percent, a decrease of .3 percent from June 2009. This compares unfavorably to the State's rate of 7.1 percent and the national rate of 9.6 percent.
- According to the 2000 U.S. Census, the population in Mecklenburg County, Virginia was 32,380, an increase of 11 percent since the 1990 U.S. Census.
- The per capita income in Mecklenburg County, Virginia was \$30,824, compared to \$23,975 for the State, according to the 2000 U.S. Census data.

The fiscal year 2011 adopted budget anticipates the reporting entity county-wide revenues and expenditures to be \$69,065,677. Of the expenditures, \$43,514,250 is budgeted for the Component Unit School Board.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Wayne Carter, County Administrator, or Treasurer, County of Mecklenburg, Virginia, P. O. Box 250, Boydton, Virginia 23917, telephone 434-738-6191, or visit the County's web site at www.mecklenburgva.com.

Basic Financial Statements



County of Mecklenburg, Virginia

Statement of Net Assets

At June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 18,743,349	\$ 2,025,861
Receivables, net	1,912,054	12,350
Due from other governments	<u>2,012,266</u>	<u>1,073,014</u>
Total Current Assets	22,667,669	3,111,225
Noncurrent Assets		
Lease receivable	-	1,023,820
Note receivable	-	759,595
Capital Assets		
Land and construction in progress	12,734,601	5,839,980
Other capital assets, net of accumulated depreciation	<u>21,724,780</u>	<u>19,231,666</u>
Total Noncurrent Assets	<u>34,459,381</u>	<u>26,855,061</u>
Total Assets	<u>\$ 57,127,050</u>	<u>\$ 29,966,286</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,156,098	\$ 113,847
Deferred revenue	1,679,143	-
<i>Due within one year</i>		
Bonds, loans, and capital leases payable	<u>470,290</u>	<u>44,376</u>
Total Current Liabilities	3,305,531	158,223
Noncurrent Liabilities		
Compensated absences	1,208,940	359,077
Net OPEB obligation	103,600	-
Landfill obligation	2,053,291	-
<i>Due in more than one year</i>		
Bonds, loans, and capital leases payable	<u>8,955,723</u>	<u>577,967</u>
Total Noncurrent Liabilities	<u>12,321,554</u>	<u>937,044</u>
Total Liabilities	15,627,085	1,095,267
Net Assets		
Invested in capital assets, net of related debt	25,033,368	24,449,302
Unrestricted	<u>16,466,597</u>	<u>4,421,717</u>
Total Net Assets	<u>41,499,965</u>	<u>28,871,019</u>
Total Liabilities and Net Assets	<u>\$ 57,127,050</u>	<u>\$ 29,966,286</u>

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

County of Mecklenburg, Virginia

Statement of Activities

For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units</u>
Primary Government						
Governmental Activities						
General government administration	\$ 3,226,003	\$ 61,762	\$ 561,746	\$ -	\$ (2,602,495)	
Judicial administration	2,260,638	14,704	1,271,874	-	(974,060)	
Public safety	9,526,613	386,309	3,879,246	-	(5,261,058)	
Public works	5,319,507	259,132	10,624	-	(5,049,751)	
Health and welfare	5,747,827	-	4,912,330	-	(835,497)	
Education - community college	9,830	-	-	-	(9,830)	
Education - public school system	10,063,384	-	-	-	(10,063,384)	
Parks, recreation, and cultural	445,600	-	-	-	(445,600)	
Community development	2,634,143	-	-	1,785,390	(848,753)	
Interest on long-term debt	431,640	-	-	-	(431,640)	
Total Governmental Activities	39,665,185	721,907	10,635,820	1,785,390	(26,522,068)	
Total Primary Government	<u>\$ 39,665,185</u>	<u>\$ 721,907</u>	<u>\$ 10,635,820</u>	<u>\$ 1,785,390</u>	<u>(26,522,068)</u>	
Component Units						
School Board	\$ 46,685,496	\$ 818,806	\$ 35,708,083	\$ -		\$ (10,158,607)
IDA of Mecklenburg County, Virginia	541,732	-	1,411,499	-		869,767
Total Component Units	<u>\$ 47,227,228</u>	<u>\$ 818,806</u>	<u>\$ 37,119,582</u>	<u>\$ -</u>		<u>(9,288,840)</u>
General Revenues						
Taxes						
General property taxes, real and personal					21,317,752	-
Other local taxes					5,156,870	-
Payment from County of Mecklenburg, Virginia						
Education					-	10,063,384
Economic development					-	657,295
Noncategorical aid from state					2,291,564	-
Use of property					50,123	18,389
Loss on disposition of property					-	(392,976)
Investment earnings					184,549	24,112
Miscellaneous					151,717	409,463
Total General Revenues					<u>29,152,575</u>	<u>10,779,667</u>
Change in Net Assets					2,630,507	1,490,827
Net Assets - Beginning of Year					31,806,942	30,103,640
Prior Period Adjustment					4,957,682	(618,614)
Fund Balance - Reclassification					2,104,834	(2,104,834)
Net Assets - End of Year					<u>\$ 41,499,965</u>	<u>\$ 28,871,019</u>

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

County of Mecklenburg, Virginia

Balance Sheet

Governmental Funds

At June 30, 2010

	<u>General Fund</u>	<u>Capital Projects Capital Outlay Fund</u>	<u>Landfill Funds</u>	<u>Comprehensive Services Fund</u>	<u>Public Assistance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and investments	\$ 8,113,962	\$ 9,359,261	\$ 153,568	\$ 597,999	\$ 500,811	\$ 17,748	\$ 18,743,349
Receivables, net	1,910,918	-	-	-	-	1,136	1,912,054
Due from other governments	1,409,940	-	-	274,032	202,432	125,861	2,012,266
Total Assets	<u>\$ 11,434,820</u>	<u>\$ 9,359,261</u>	<u>\$ 153,568</u>	<u>\$ 872,032</u>	<u>\$ 703,243</u>	<u>\$ 144,745</u>	<u>\$ 22,667,669</u>
Liabilities							
Accounts payable and accrued liabilities	\$ 524,601	\$ 339,571	\$ -	\$ 111,218	\$ 5,315	\$ 175,393	\$ 1,156,098
Deferred revenue - property taxes	1,679,143	-	-	-	-	-	1,679,143
Total Liabilities	2,203,744	339,571	-	111,218	5,315	175,393	2,835,241
Fund Balance							
Designated							
Subsequent years' expenditures	7,263,301	9,019,690	153,568	760,814	697,928	(30,648)	17,864,653
Undesignated	1,967,775	-	-	-	-	-	1,967,775
Total Fund Balance	<u>9,231,076</u>	<u>9,019,690</u>	<u>153,568</u>	<u>760,814</u>	<u>697,928</u>	<u>(30,648)</u>	<u>19,832,428</u>
Total Liabilities and Fund Balance	<u>\$ 11,434,820</u>	<u>\$ 9,359,261</u>	<u>\$ 153,568</u>	<u>\$ 872,032</u>	<u>\$ 703,243</u>	<u>\$ 144,745</u>	<u>\$ 22,667,669</u>

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

County of Mecklenburg, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

At June 30, 2010

Total Fund Balances for Governmental Funds \$ 19,832,428

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

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

Land	\$ 449,472
Construction in process	5,782,203
Infrastructure - water and sewer	6,502,926
South Hill Elementary School, net of accumulated depreciation	10,530,704
Buildings and improvements, net of accumulated depreciation	7,838,943
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>3,355,133</u>

Total Capital Assets 34,459,381

School bond proceeds for which capital assets have not been constructed or acquired. This adjustment is required to properly report actual debt used to construct or acquire new school construction assets.

Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net assets are as follows:

Bonds and notes payable	(9,426,013)
Net OPEB obligation	(103,600)
Landfill obligation	(2,053,291)
Compensated absences	<u>(1,208,940)</u>

Total (12,791,844)

Total Net Assets of Governmental Activities \$ 41,499,965

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

County of Mecklenburg, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2010

	<u>General Fund</u>	<u>Capital Projects Capital Outlay Fund</u>	<u>Landfill Funds</u>	<u>Comprehensive Services Fund</u>	<u>Public Assistance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 21,317,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,317,752
Other local taxes	5,156,870	-	-	-	-	-	5,156,870
Permits, privilege fees, and regulatory licenses	177,550	-	-	-	-	-	177,550
Fines and forfeitures	123,167	-	-	-	-	-	123,167
Use of money and property	242,535	-	-	-	-	-	242,535
Charges for services	408,653	-	-	-	-	12,537	421,190
Recovered costs	121,924	56,052	-	98,263	-	-	276,239
Miscellaneous	87,864	-	-	-	63,853	-	151,717
<i>Intergovernmental</i>							
Revenue from the Commonwealth of Virginia	8,191,738	-	-	2,090,287	1,290,078	-	11,572,103
Revenue from the Federal Government	900,311	-	-	-	1,531,965	708,395	3,140,671
Total Revenues	36,728,364	56,052	-	2,188,550	2,885,896	720,932	42,579,794
Expenditures							
Current							
General government administration	2,960,053	113,582	-	-	-	-	3,073,635
Judicial administration	2,049,939	-	-	-	-	7,870	2,057,809
Public safety	9,740,480	80,934	-	-	-	-	9,821,414
Public works	2,277,023	5,688,624	32,753	-	-	-	7,998,400
Health and welfare	423,505	-	-	2,180,155	3,164,206	-	5,767,866
Education - community college	9,830	-	-	-	-	-	9,830
Education - public school system	10,737,409	-	-	-	-	-	10,737,409
Parks, recreation, and cultural	445,600	-	-	-	-	-	445,600
Community development	3,499,881	-	-	-	-	753,937	4,253,818
Capital projects and capital outlay	56,078	-	-	-	-	-	56,078
Total Expenditures	32,199,798	5,883,140	32,753	2,180,155	3,164,206	761,807	44,221,859
Excess (Deficiency) of Revenues Over Expenditures	4,528,566	(5,827,088)	(32,753)	8,395	(278,310)	(40,875)	(1,642,065)
Other Financing Sources (Uses)							
Transfers in	-	5,478,435	-	685,000	(199,983)	-	5,963,452
Transfers out	(3,963,452)	(2,000,000)	-	-	-	-	(5,963,452)
Total Other Financing Sources (Uses)	(3,963,452)	3,478,435	-	685,000	(199,983)	-	-
Net Change in Fund Balance	565,114	(2,348,653)	(32,753)	693,395	(478,293)	(40,875)	(1,642,065)
Fund Balance - Beginning of Year	17,881,470	-	186,321	-	1,176,221	125,647	19,369,659
Prior Period Adjustments							
Fund balance reclassifications	(9,215,508)	11,368,343	-	67,419	-	(115,420)	2,104,834
Fund Balance - End of Year	\$ 9,231,076	\$ 9,019,690	\$ 153,568	\$ 760,814	\$ 697,928	\$ (30,648)	\$ 19,832,428

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

County of Mecklenburg, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (1,642,065)

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

4,893,597

Bond and capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Assets.

Reclassify leftover construction SNAP money to school

\$ (6,152)

Payments on debt paid for by the School Board

477,747

Net Adjustment

471,595

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Landfill obligation

(1,003,240)

Net OPEB obligation

(103,600)

Compensated absences

14,220

Net Adjustment

(1,092,620)

Change in Net Assets of Governmental Activities

\$ 2,630,507

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

County of Mecklenburg, Virginia

Statement of Fiduciary Assets and Liabilities

At June 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 217,475
Total Assets	<u>\$ 217,475</u>
Liabilities	
Amounts held for others	\$ 217,475
Total Liabilities	<u>\$ 217,475</u>

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

County of Mecklenburg, Virginia

Combining Statement of Net Assets - Component Units

At June 30, 2010

	Component Unit School Board	Component Unit IDA of Mecklenburg County, Virginia	Total Component Units
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,086,625	\$ 939,236	\$ 2,025,861
Receivables, net	12,350	-	12,350
Due from other governments	1,073,014	-	1,073,014
Capital Assets			
Land and construction in progress	1,725,707	4,114,273	5,839,980
Other capital assets, net of accumulated depreciation	19,231,666	-	19,231,666
Capital Assets, Net	20,957,373	4,114,273	25,071,646
Other Assets			
Lease receivable	-	1,023,820	1,023,820
Note receivable	-	759,595	759,595
Total Assets	<u>\$ 23,129,362</u>	<u>\$ 6,836,924</u>	<u>\$ 29,966,286</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 55,462	\$ 58,385	\$ 113,847
<i>Due within one year</i>			
Bonds, loans, and capital leases payable	-	44,376	44,376
Noncurrent Liabilities			
Compensated absences	359,077		359,077
<i>Due in more than one year</i>			
Bonds, loans, and capital leases payable	-	577,967	577,967
Total Liabilities	414,539	680,728	1,095,267
Net Assets			
Invested in capital assets, net of related debt	20,957,373	3,491,929	24,449,302
Unrestricted	1,757,450	2,664,267	4,421,717
Total Net Assets	<u>22,714,823</u>	<u>6,156,196</u>	<u>28,871,019</u>
Total Liabilities and Net Assets	<u>\$ 23,129,362</u>	<u>\$ 6,836,924</u>	<u>\$ 29,966,286</u>

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

County of Mecklenburg, Virginia
Combining Statement of Activities - Component Units
Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>School Board</u> <u>Net (Expense)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Assets</u>	<u>IDA of Mecklenburg</u> <u>County, Virginia</u> <u>Net (Expense)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Assets</u>	<u>Total</u> <u>Component</u> <u>Units</u>
School Board						
Education	\$ 44,616,067	\$ 818,806	\$ 35,708,083	\$ (8,089,178)		\$ (8,089,178)
Depreciation	<u>2,069,429</u>	<u>-</u>	<u>-</u>	<u>(2,069,429)</u>		<u>(2,069,429)</u>
Total School Board	46,685,496	818,806	35,708,083	(10,158,607)		(10,158,607)
IDA of Mecklenburg County, Virginia						
Interest expense	40,798	-	-		\$ (40,798)	(40,798)
Community development	<u>500,934</u>	<u>-</u>	<u>1,411,499</u>		<u>910,565</u>	<u>910,565</u>
Total IDA of Mecklenburg County, Virginia	<u>541,732</u>	<u>-</u>	<u>1,411,499</u>		869,767	869,767
Total Component Units	<u>\$ 47,227,228</u>	<u>\$ 818,806</u>	<u>\$ 37,119,582</u>			
General Revenues						
Payment from County				10,063,384	657,295	10,720,679
Use of property				18,389	-	18,389
Loss on disposition of property				(392,976)	-	(392,976)
Interest and investment earnings				4,917	19,195	24,112
Miscellaneous				<u>404,286</u>	<u>5,177</u>	<u>409,463</u>
Total General Revenues				<u>10,098,000</u>	<u>681,667</u>	<u>10,779,667</u>
Change in Net Assets				(60,607)	1,551,434	1,490,827
Net Assets - Beginning of Year				25,498,878	4,604,762	30,103,640
Prior Period Adjustment				(618,614)	-	(618,614)
Fund Balance Reclassification				<u>(2,104,834)</u>	<u>-</u>	<u>(2,104,834)</u>
Net Assets - End of Year				<u>\$ 22,714,823</u>	<u>\$ 6,156,196</u>	<u>\$ 28,871,019</u>

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

County of Mecklenburg, Virginia

Notes to Financial Statements

Year Ended June 30, 2010

1 Summary of Significant Accounting Policies

Narrative Profile

The County of Mecklenburg, Virginia (the "County") was formed from part of Lunenburg County in 1764 and was legally established in 1765. There are five incorporated towns within the County: Boynton, the county seat, Chase City, Clarksville, LaCrosse, and South Hill. The County has a population of approximately 32,380 and is governed by an appointed County Administrator and a nine-member Board of Supervisors.

The County engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation, and cultural, and community development.

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

A. The Financial Reporting Entity

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private sector financial reports.

GASB Statement No. 34 established requirements and a reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

- Management's Discussion and Analysis: GASB Statement No. 34 requires that 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). This analysis is similar to analysis the private sector provides in their annual reports.
- 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 (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

- Statement of Net Assets:** The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.
- Statement of Program Activities:** The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
- 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 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. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The discretely presented component units have a June 30 fiscal year end.

Inclusions in the Reporting Entity

Component Units

Mecklenburg County School Board

The Mecklenburg County School Board is elected to four-year terms by the County voters. The School Board may hold property and issue debt subject to approval by the Board of Supervisors. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are State and Federal grants and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget.

Industrial Development Authority of Mecklenburg County, Virginia

The Industrial Development Authority (the “Authority”) of Mecklenburg County, Virginia was created in 1980. The Authority is authorized to acquire, own, lease, and dispose of local properties, which will potentially promote industry and develop trade in Virginia through locating and remaining in the area. The Authority assists new and expanding businesses in securing low interest, tax-exempt industrial development revenue bonds. Bonds are issued when financing these facilities, covering the cost of land, buildings, machinery, or equipment. A mortgage or lien on the financed property is then secured and repaid from the revenue of the project. The Authority is governed by a seven-member Board. The County of Mecklenburg, Virginia has no financial responsibility for the debt issued by the Authority.

Exclusions from the Reporting Entity

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

Southside Regional Library

The Southside Regional Library provides library services to the County of Mecklenburg, Virginia. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes more than 50 percent of the Library's funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The County appropriated to the Library \$377,700 in operating funds in fiscal year 2010. The County has no equity interest in the Library.

Southside Community Services Board

The County of Mecklenburg, Virginia jointly participates in the Southside Community Services Board (the "Board") with other surrounding localities. The Board provides input to state and local agencies on service needs and priorities of persons with physical and sensory disabilities.

Southside Regional Public Service Authority

The Southside Regional Public Service Authority (the "Authority") was created under the authority of the Virginia State Corporation Commission on September 21, 2004.

The Authority consists of a six-member Board made up of two members from each locality for a term of four years. The Board operates independently of the localities.

Mecklenburg-Brunswick Airport Commission

The Commission consists of a ten-member board with the counties of Mecklenburg and Brunswick and the towns of South Hill, LaCrosse, and Brodnax participating in the governance of the airport. The Commission was formed in 1975 and serves all of its localities.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model, the focus is on either the County as a whole or major individual funds (within the fund financial statements). The focus is on both the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the Fiduciary Funds (by category), and the Component Units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that 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. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Proprietary Fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings, and other revenues not directly derived from the providing of services. At this time, the County does not have any Proprietary Funds.

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. The fund statements are presented on a current financial resource and modified accrual basis of accounting.

This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The County's Fiduciary Funds are presented in the fund financial statements by type (agency). Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in fiscal year 2010:

1. *Governmental Funds*

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

a. General Fund

The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes.

b. Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds include the following funds:

Grant Fund – This fund accounts for various Federal and State grant funds, mainly those that are non-categorical in nature, or not associated with the elected offices.

Public Assistance Fund – This fund accounts for County revenues collected and disbursed for welfare recipients of the County.

Law Library Fund – This fund accounts for the operation and maintenance of the County's law library.

CDBG Funds – The County has three CDBG projects in process that account for funds used to upgrade housing for low income citizens. These funds are Meadowview Terrace, Finchley Housing, and Skipwith Housing.

c. Debt Service Funds

The County does not account for its debt service in a separate fund. The debt is paid from either the General Fund or the Component Units.

d. Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities. This fund consists of the Landfill Construction Fund.

2. *Proprietary Funds*

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. The County has no Proprietary Funds at this time.

3. *Fiduciary Funds (Trust and Agency Funds)*

Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The 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 modified accrual basis of accounting described in the Governmental Funds presentation. The Private Purpose Trust and Agency Funds consist of the following:

a. Private Purpose Trust Funds

The County has no Private Purpose Trust Funds at this time.

b. Agency Funds

Special Welfare Fund – This fund accounts for monies provided primarily through private donors for assistance of children in foster care, needy senior citizens, and others. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.

Southside Regional Library Fund – This fund accounts for the operation and maintenance of the regional library of the County. The County acts as fiscal agent for the Library.

Thyne Project Memorial – This fund accounts for the operation and maintenance of this project. The County acts as fiscal agent for the Memorial.

4. *Component Units*

Mecklenburg County School Board

The Mecklenburg County School Board has the following funds:

School Operating Fund – This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Mecklenburg, Virginia, and State and Federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Food Services Fund – This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and State and Federal grants.

School Textbook Fund – This fund consists of monies used to buy textbooks for the schools.

Industrial Development Authority of Mecklenburg County, Virginia

The Industrial Development Authority of Mecklenburg County, Virginia has only one fund which is its operating fund. It accounts for all activities of the Authority.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide Statements of Net Assets and Statements of Activities and the Proprietary Fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the Statement of Net Assets or on the Statement of Fiduciary Net Assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the General, Special Revenue, Capital Projects, and Agency Funds (for the primary government and Component Unit School Board) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term “available” is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and Component Unit School Board. All appropriations are legally controlled at the department level for the primary Government Funds. The School Board appropriation is determined by the Board of Supervisors and controlled by major category by the primary government.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation, is not used by the County or the Component Unit School Board.

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

1. Prior to April 1, 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 budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments. Work sessions between the Board of Supervisors and School Board are conducted on the budget.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. The appropriation for each fund, function, and department can be revised only by the Board of Supervisors. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.
5. The County legally adopted budgets for the following funds:

General, Special Revenue, Capital Projects, and
School Board Funds

The County may adopt budgets for other funds, such as the Agency Funds, for use as a management control device over such funds.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30 for all County and School Board funds.
8. All budget data presented in the accompanying financial statements is the original budget as of June 30, 2010, as adopted, appropriated, and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and the School Board. State law requires that if budget amendments exceed 1 percent of the original adopted budget, the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

E. Investments

Investments are reported at fair value.

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance at June 30, 2010 is composed of the following:

General Fund - taxes receivable	\$ 189,499
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G. Capital Assets

Capital outlays are recorded as expenditures of the Governmental Funds of the primary government and Component Units, and as assets in the government-wide financial statements to the extent the County and School Board's capitalization threshold of \$5,000 is met. The County and Component Units do not have any infrastructure in its capital assets since roads, streets, bridges, and similar assets within its boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and improvements	10 to 75 years
Furniture and other equipment	3 to 25 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The County and Component Units do not capitalize historical treasures or works of art.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Compensated Absences

The County accrues compensated absences (annual and sick leave benefits) when vested. The current portions of the Governmental Funds' compensated absences liabilities are recorded as other liabilities in the Governmental Funds.

The current and noncurrent portions are recorded in the government-wide financial statements.

The Component Unit School Board accrues compensated absences (annual and sick leave benefits) when vested. The current portion of the compensated absences is recorded in the School Board Governmental Funds as accrued liabilities. The current and noncurrent portions are recorded in the School Board component unit government-wide financial statements.

I. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

J. Long-Term Obligations

The County reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

2 **Cash and Investments**

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market funds, certificates of deposit, and investments with maturities of three months or less.

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

Deposits

All cash of the County and its Component Units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance.

Investments

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

The County of Mecklenburg, Virginia only invests in Certificates of Deposit at local banks. Therefore, there is no custodial risk, credit risk of debt securities, concentration of credit risk, or foreign currency risk. The only risk of interest rates is that associated with short-term rates at the local banks which are generally invested in Certificates of Deposit held less than one year.

The following is a summary of pooled cash and investments at June 30, 2010:

	<u>Carrying Amount</u>	<u>Market Value</u>
Primary Government		
Investments	\$ -	\$ -
Total Investments	-	<u>\$ -</u>
Total Deposits	<u>18,955,824</u>	
Total Deposits and Investments - Primary Government	18,955,824	
Cash on Hand	<u>5,000</u>	
Total - Primary Government	18,960,824	
Component Unit School Board		
Total Investments	-	<u>\$ -</u>
Total Deposits	<u>1,086,625</u>	
Total - School Board	1,086,625	
Component Unit IDA of Mecklenburg County, Virginia		
Total Investments	-	<u>\$ -</u>
Total Deposits	<u>939,236</u>	
Total - IDA of Mecklenburg County, Virginia	<u>939,236</u>	
Grand Total	<u>\$ 20,986,685</u>	

The following is a summary and reconciliation of the pooled cash and investments at June 30, 2010:

	<u>Governmental Activities</u>	<u>Fiduciary Responsibilities</u>	<u>Total</u>
Primary Government			
Cash and cash equivalents	\$ 18,743,349	\$ -	\$ 18,743,349
Cash and investments with fiscal agents	<u>-</u>	<u>217,475</u>	<u>217,475</u>
Total Primary Government	18,743,349	217,475	18,960,824
Component Unit School Board			
Cash and cash equivalents	1,086,625	-	1,086,625
Component Unit IDA of Mecklenburg County, Virginia			
Cash and cash equivalents	<u>939,236</u>	<u>-</u>	<u>939,236</u>
Grand Total	<u>\$ 20,769,210</u>	<u>\$ 217,475</u>	<u>\$ 20,986,685</u>

3 Property Taxes

Real property taxes are assessed on property values as of January 1 and attach as an enforceable lien on property as of the date levied by the Board of Supervisors. Personal property taxes are assessed effective January 1 for the period the property is located in the County and also attach as an enforceable lien on the property.

Real estate and personal property taxes are due semiannually each year on June 5 and December 5.

A ten percent penalty is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on January 1 for taxes due December 5 and beginning on July 1 for taxes due June 5.

Property taxes for calendar year 2009 were levied by the County Board of Supervisors in April 2009 on the assessed value listed as of January 1, 2009.

Property taxes for calendar year 2010 were levied by the County Board of Supervisors in April 2010 on the assessed value listed as of January 1, 2010.

Property taxes levied in the current and prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year. Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as deferred revenues.

4 Receivables

Receivables at June 30, 2010 consist of the following:

	<u>Primary Government</u>			Component Unit School Board
	<u>Governmental Activities</u>			
	<u>General</u>	<u>Other Nonmajor</u>	<u>Total</u>	
Property taxes	\$ 1,986,767	\$ -	\$ 1,986,767	\$ -
Other	<u>113,650</u>	<u>1,136</u>	<u>114,786</u>	<u>12,350</u>
Total	2,100,417	1,136	2,101,553	12,350
Allowance for uncollectibles	<u>(189,499)</u>	<u>-</u>	<u>(189,499)</u>	<u>-</u>
Net Receivables	\$ 1,910,918	\$ 1,136	\$ 1,912,054	\$ 12,350

5 Due from Other Governmental Units

	<u>Governmental Funds</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia		
Local and State sales taxes	\$ 588,275	\$ -
Compensation Board - constitutional officers	378,761	-
Jail operations	71,264	-
Communications tax	101,940	-
Comprehensive services	274,033	-
Public assistance	202,432	-
State sales tax	-	662,602
Other state funds	119,700	230
Federal Government		
EDA	100,000	-
Rural Development	50,000	-
JROTC	-	8,931
Title I	-	344,035
Preschool handicapped	-	30,896
ARRA Title I	-	24,711
Title VI	-	1,609
Community development block grants	125,861	-
Total	<u>\$ 2,012,266</u>	<u>\$ 1,073,014</u>

6 Interfund Balances and Activity

Primary Government

There are no interfund obligations (Due to/Due from's).

	<u>Transfer to</u>	<u>Transfer from</u>
Transfers To/From Other Funds		
General Fund		
To Public Assistance - Welfare Fund	\$ 740,017	\$ -
From Grant Fund	-	-
To Capital Outlay Fund	<u>2,538,435</u>	<u>-</u>
Total General Fund	3,278,452	-
Public Assistance - Welfare Fund		
From General Fund	-	740,017
Grant Fund		
To General Fund	-	-
Capital Outlay Fund		
From General Fund	<u>-</u>	<u>2,538,435</u>
Total Transfers Within Primary Government	<u>\$ 3,278,452</u>	<u>\$ 3,278,452</u>

Transfers To/From Component Units**General Fund**

To School Fund for local appropriation

<u>Transfer to</u>	<u>Transfer from</u>
\$ 10,737,409	\$ -

School Fund

From General Fund for local appropriation

-	10,737,409
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Total Transfers Within Primary Government

<u>\$ 10,737,409</u>	<u>\$ 10,737,409</u>
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Transfers To/From Component Units**General Fund**

To IDA of Mecklenburg County, Virginia for economic stimulus and other miscellaneous items

\$ 657,295	\$ -
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Industrial Development Authority

From General Fund for economic stimulus

-	657,295
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Total Transfers Within Primary Government

<u>\$ 657,295</u>	<u>\$ 657,295</u>
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Component Unit School Board**School Fund**

To School Textbook Fund to purchase books

\$ 300,000	\$ -
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School Textbook Fund

From School Fund

-	300,000
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Total Transfers

<u>\$ 300,000</u>	<u>\$ 300,000</u>
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There were no interfund obligations in the Component Unit School Board.

7 Capital Assets

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Primary Government				
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 449,472	\$ -	\$ -	\$ 449,472
Infrastructure - in process	-	6,502,926	-	6,502,926
Construction in process	<u>2,099,892</u>	<u>3,682,311</u>	<u>-</u>	<u>5,782,203</u>
Total Capital Assets Not Being Depreciated	2,549,364	10,185,237	-	12,734,601
Other Capital Assets				
Buildings and improvements	10,461,903	-	-	10,461,903
South Hill Elementary School	11,674,384	-	-	11,674,384
Furniture, equipment, and vehicles	<u>6,841,677</u>	<u>762,980</u>	<u>24,830</u>	<u>7,579,827</u>
Total Other Capital Assets	28,977,964	762,980	24,830	29,716,114
Less: Accumulated depreciation for				
Buildings and improvements	2,373,122	249,838	-	2,622,960
South Hill Elementary School	908,318	235,362	-	1,143,680
Furniture, equipment, and vehicles	<u>3,637,786</u>	<u>603,875</u>	<u>16,967</u>	<u>4,224,694</u>
Total Accumulated Depreciation	<u>6,919,226</u>	<u>1,089,075</u>	<u>16,967</u>	<u>7,991,334</u>
Other Capital Assets, Net	<u>22,058,738</u>	<u>(326,095)</u>	<u>7,863</u>	<u>21,724,780</u>
Net Capital Assets	<u>\$ 24,608,102</u>	<u>\$ 9,859,142</u>	<u>\$ 7,863</u>	<u>\$ 34,459,381</u>
Depreciation expense was allocated as follows:				
General government administration	\$ 140,090			
Judicial administration	197,882			
Public safety	350,196			
Public works	87,321			
Education - public school system	235,362			
Health and welfare	<u>78,224</u>			
Total Depreciation Expense	<u>\$ 1,089,075</u>			

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Component Unit School Board				
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 1,878,683	\$ -	\$ 152,976	\$ 1,725,707
Total Capital Assets Not Being Depreciated	1,878,683	-	152,976	1,725,707
Other Capital Assets				
Buildings and improvements	34,382,473	139,041	838,000	33,683,514
Furniture, equipment, and vehicles	15,629,065	1,198,220	-	16,827,285
Total Other Capital Assets	50,011,538	1,337,261	838,000	50,510,799
Less: Accumulated depreciation for				
Buildings and improvements	20,959,237	530,838	598,000	20,892,075
Furniture, equipment, and vehicles	9,083,829	1,303,229	-	10,387,058
Total Accumulated Depreciation	30,043,066	1,834,067	598,000	31,279,133
Other Capital Assets, Net	19,968,472	(496,806)	240,000	19,231,666
Net Capital Assets	\$ 21,847,155	\$ (496,806)	\$ 392,976	\$ 20,957,373
Depreciation expense allocated to education		\$ 1,834,067		
Component Unit IDA of Mecklenburg County, Virginia				
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 2,847,059	\$ 1,267,214	\$ -	\$ 4,114,273

8 Long-Term Debt

PRIMARY GOVERNMENT

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

<u>Year(s) Ended June 30,</u>	<u>Primary Government General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 470,290	\$ 429,432
2012	484,461	404,861
2013	498,850	379,561
2014	513,469	353,747
2015	528,330	327,182
2016-2020	2,880,904	1,219,093
2021-2025	2,984,649	497,379
2026-2030	738,401	34,099
Total	9,099,354	3,645,354
Landfill obligation	2,053,291	-
OPEB obligation	103,600	-
Compensated absences	1,208,940	-
Total	12,465,185	\$ 3,645,354
Add: Unamortized Premium on Bond	326,659	
	<u>\$ 12,791,844</u>	

	<u>General Obligation Bonds</u>	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
Component Unit School Board		
Compensated absences	\$ 359,077	\$ -
Total	<u>\$ 359,077</u>	<u>\$ -</u>
Component Unit IDA of Mecklenburg County, Virginia		
2011	\$ 44,376	\$ 38,287
2012	47,047	35,617
2013	49,889	32,775
2014	52,913	29,750
2015	56,133	26,531
2016-2020	268,218	80,378
2021-2025	<u>103,767</u>	<u>7,101</u>
Total	<u>\$ 622,343</u>	<u>\$ 250,439</u>

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities					
General Fund					
<i>Details of Long-Term Indebtedness</i>					
U.S. Bank, Virginia Public School Authority (VPSA) General Obligation School Bond, Series 2006, proceeds used to construct new South Hill Elementary School; semiannual payments varying between approximately \$280,361 and \$372,067 with interest rates between 4.60% and 5.10% through January 2027.	\$ 6,000,680	\$ -	\$ 296,326	\$ 5,704,354	\$ 300,290
U.S. Bank, Virginia Public School Authority (VPSA) School Financing Bonds Series 2003C, proceeds used to construct new South Hill Elementary School; semiannual payments varying between approximately \$378,000 and \$338,415 with interest rates between 3.10% and 5.10% through January 2024. This bond had an original premium of \$250,000.	3,555,000	-	160,000	3,395,000	170,000
Landfill obligation	1,050,051	1,003,240	-	2,053,291	-
OPEB obligation	-	103,600	-	103,600	-
Compensated absences	<u>1,223,160</u>	<u>-</u>	<u>14,220</u>	<u>1,208,940</u>	<u>-</u>
	11,828,891	1,106,840	470,546	12,465,185	470,290
<i>Add</i>					
Unamortized Premium on Bond Series 2003 Bond	187,500	-	12,500	175,000	12,500
Unamortized Premium on Bond Series 2006 Bond	<u>160,580</u>	<u>-</u>	<u>8,921</u>	<u>151,659</u>	<u>8,921</u>
Total Long-Term Indebtedness - Primary Government	<u>\$ 12,176,971</u>	<u>\$ 1,106,840</u>	<u>\$ 491,967</u>	<u>\$ 12,791,844</u>	<u>\$ 491,711</u>

	Balance July 1, 2009	Increase	Decrease	Balance June 30, 2010	Due Within One Year
Component Unit School Board					
Compensated absences	\$ 412,849	\$ -	\$ 53,772	\$ 359,077	\$ -
Total Component Unit School Board	\$ 412,849	\$ -	\$ 53,772	\$ 359,077	\$ -

Component Unit IDA of Mecklenburg County, Virginia

Riley B. Lowe

The Authority originally borrowed \$650,000 to purchase a building in Chase City, Virginia jointly with the Industrial Development Authority of the Town of Chase City, Virginia to be leased for twenty years to a local business with the option to purchase at any time. The loan is payable in 240 monthly installments of \$5,039 through May 2022 at 7.00%.

\$ 511,162	\$ -	\$ 25,500	\$ 485,662	\$ 27,343
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Lake Country Development Corporation

The Authority originally borrowed \$250,000 to purchase a building (Riley B. Lowe Building). The loan is payable in 120 monthly installments of \$1,849 through July 2012 at 4.00%.

153,048	-	16,367	136,681	17,033
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Total Component Unit IDA of Mecklenburg County, Virginia

\$ 664,210	\$ -	\$ 41,867	\$ 622,343	\$ 44,376
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9 Claims, Judgments, and Compensated Absences

In accordance with NCGA Statement 4 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the County has accrued the liability arising from outstanding claims, judgments, and compensated absences. Each County employee earns sick leave at the rate of one day per month. Vacation pay begins with one day per month and increases with length of service. No benefits or pay are received for unused sick leave upon termination unless the employee has been with the County over five years and the employee receives only up to 30 days of unused sick leave. Accumulated vacation up to thirty-six days is paid upon termination. The County has outstanding accrued compensated absences totaling \$1,208,940 in the Governmental Activities. The Component Unit School Board has \$359,077 of compensated absences.

10 Deferred Revenues

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

Primary Government

Property taxes	\$ 1,679,143
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Total Primary Government	\$ 1,679,143
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11 Contingent Liabilities (Including Federally Assisted Programs - Compliance Audits)

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.

12 Defined Benefit Pension Plan

A. *Plan Description*

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, Virginia 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 annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 8.81% of annual covered payroll. The Component Unit School Board's contribution rate for non-professional employees for the fiscal year ended 2010 was 7.17% of annual covered payroll. The Component Unit School Board contributed \$1,550,763 to the teacher cost-sharing pool at a rate of 8.81%.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of \$728,971 and \$97,728 for the County and the County School Board non-professionals, respectively, was equal to the County's required and actual contributions.

Three-Year Trend Information for County and Component Unit School Board

<u>Fiscal Year Ending</u>	<u>County</u>			<u>Component Unit School Board</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 741,951	100.00%	\$ -	\$ 92,945	100.00%	\$ -
June 30, 2009	737,609	100.00%	-	96,651	100.00%	-
June 30, 2010	728,971	100.00%	-	97,728	100.00%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees 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. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

For the County, as of June 30, 2009, the most recent actuarial valuation date, the plan was 82.10% funded. The actuarial accrued liability for benefits was \$32,968,711, and the actuarial value of assets was \$27,065,721, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,902,990. The covered payroll (annual payroll of active employees covered by the plan) was \$8,347,188, and ratio of the UAAL to the covered payroll was 70.72%.

For the nonprofessional School Board, as of June 30, 2009, the most recent actuarial valuation date, the plan was 91.69% funded. The actuarial accrued liability for benefits was \$5,538,534, and the actuarial value of assets was \$5,078,179, resulting in an unfunded actuarial accrued liability (UAAL) of \$460,355. The covered payroll (annual payroll of active employees covered by the plan) was \$1,522,796, and ratio of the UAAL to the covered payroll was 30.23%.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for County and Component Unit School Board

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
County of Mecklenburg, Virginia						
June 30, 2007	\$ 24,423,098	\$ 28,320,400	\$ 3,897,302	86.24%	\$ 7,623,023	51.13%
June 30, 2008	26,642,361	30,419,905	3,777,544	87.58%	8,012,329	47.15%
June 30, 2009	27,065,721	32,968,711	5,902,990	82.10%	8,347,188	70.72%
Mecklenburg County School Board						
June 30, 2007	4,703,602	5,158,969	455,367	91.17%	1,361,327	33.45%
June 30, 2008	5,118,888	5,506,714	387,826	92.96%	1,356,292	28.59%
June 30, 2009	5,078,179	5,538,534	460,355	91.69%	1,522,796	30.23%

Notes to Required Supplementary Information

This information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>County</u>	<u>Component Unit School Board</u>
Valuation Date	June 30, 2009	June 30, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open
Payroll Growth Rate	3.00%	3.00%
Remaining Amortization Period	20 years	20 years
Asset Valuation Method	5-Year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial Assumptions		
Investment rate of return ¹	7.50%	7.50%
Projected salary increases ¹		
NonLaw Enforcement Officer Employees	3.75% to 5.60%	3.75% to 5.60%
Law Enforcement Officer Employees	3.50% to 4.75%	3.50% to 4.75%
Cost-of-living adjustments	2.50%	2.50%

¹Includes inflation of 2.50%

13 Designated Fund Balances

Fund balances have been designated for the following purposes:

<u>Fund</u>	<u>Designation</u>	<u>Amount</u>
General Fund	Equipment replacement	\$ 572,485
	Roof replacement	1,991,965
	School Carryover	2,144,940
	School DEQ Assurance	20,000
	School SNAP	9,576
	Drug Forfeiture Funds	115,045
	Jail Inmate	69,555
	Other sheriff accounts	44,288
	State Police Fund	4,645
	911 Fund	117,327
	OPEB Trust Account	167,400
	Economic development	1,670,433
	Landfill reserve	<u>335,642</u>
Total General Fund	Subsequent years' appropriations	7,263,301
Welfare Fund	Subsequent years' appropriations	697,928
Capital Outlay Fund	Subsequent years' appropriations	9,019,690
Comprehensive Services	Subsequent years' appropriations	760,814
Law Library Fund	Subsequent years' appropriations	14,894
Finchley Housing	Subsequent years' appropriations	(36,070)
Skipwith Housing	Subsequent years' appropriations	(9,472)
Capital Projects	Capital outlay - landfill	<u>153,568</u>
Total Governmental Funds - County		<u>\$ 17,864,653</u>

14 Legal Compliance

A. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations by \$1,394,465 in the General Fund.

B. Fund Deficits

There was a fund deficit in the Finchley Housing Project of \$36,070 and the Skipwith Housing Project of \$9,472.

C. Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Estate	<u>\$ 3,613,846,600</u>
Debt Limit - 10 Percent of Total Assessed Value	\$ 361,384,660
Amount of Debt Applicable to Debt Limit	
General obligation debt	<u>9,426,013</u>
Legal Debt Margin	<u>\$ 351,958,647</u>

15 Surety Bond Information

The following constitutional officers are insured through the Commonwealth of Virginia Faithful Performance of Duty Bond Plan in effect at June 30, 2010:

<u>Name</u>	<u>Title</u>	<u>Surety</u>	<u>Amount</u>
E. E. Coleman, Jr.	Clerk of the Circuit Court	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	\$ 2,210,000
Joseph E. "Ed" Taylor	Commissioner of Revenue	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	3,000
Sandra P. Langford	Treasurer	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	400,000
Danny R. Fox	Sheriff	Commonwealth of Virginia Faithful Performance of Duty Bond Plan	30,000

Other employees are insured as follows:

School Board Employees	Utica Insurance Company	2,500
All County Employees	VACo Insurance Programs	250,000
Department of Social Services Employees	VACo Insurance Programs	250,000

16 Landfill Closure and Postclosure Costs

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The County will recognize the remaining estimated cost of closure and postclosure care of \$2,053,291 as the remaining estimated capacity of the landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has cash of \$153,568 held for these purposes. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

17 Appropriation to School from General Fund

The local School Board appropriation is reported differently in the fund financial statements versus the government-wide financial statements due to the following adjustments:

Original School Board appropriation in the fund financial statements	\$ 10,737,409
Adjustments for:	
Payment of principal and interest on construction loans	(909,387)
Depreciation on school building and other fixed assets	<u>235,362</u>
Adjusted School Board appropriation in the government-wide financial statements	<u>\$ 10,063,384</u>

18 Other Postemployment Benefits

Plan Description

In addition to pension benefits offered by Virginia Retirement Services, the County provides postemployment healthcare benefits. These benefits are governed by the County and can be amended by the County. The County provides healthcare insurance to retirees and their dependents. Very strict criteria have to be met to qualify for the benefits and the retirees come off the plan once they start receiving Medicare benefits at age 65.

Cash and Cash Equivalents

The County has not yet established an OPEB Trust Fund for funding a portion of the costs for its OPEB plans. The estimated costs are minimal and can still be handled with current funds. The County will continue to monitor these costs.

Funding Policy

The County uses an unfunded approach with a discount rate of 4.00 percent. Amortization of the Unfunded Actuarial Accrued Liability is a Level of percentage of payroll over 30 years.

Net OPEB Obligations and Annual OPEB Cost

This summary identifies the value of benefits at January 1, 2010 and costs for the fiscal years through June 30, 2010, reflecting the unfunded approach, utilizing a discount rate of 4.00 percent, and amortizing the Unfunded Actuarial Accrued Liability as a level of percentage of payroll for 30 years. A summary of the net OPEB obligation is as follows:

	<u>County</u>
Annual OPEB Cost (Expense)	
Annual required contribution	<u>\$ 240,600</u>
Annual OPEB Cost (Expense)	240,600
Contributions Made	
Contributions for fiscal year	<u>137,000</u>
Increase in Net OPEB Obligation	103,600
Net OPEB Obligation - Beginning of Year	<u>-</u>
Net OPEB Obligation - End of Year	<u>\$ 103,600</u>

Three-year trend information is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 231,400	0.00%	\$ -
6/30/2010	240,600	56.94%	103,600

Required Supplementary Information is as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Liability (AAL) - Projected Unit Credit</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll</u> (b-a)/(c)
1/1/2009	\$ -	\$ 1,830,000	\$ 1,830,000	0.00%	\$ 6,990,800	26.18%

19 Prior Period Adjustment - Fund Reclassifications

In preparation of GASB 54 and in streamlining the County's general ledger by converting to a new accounting software package, the County reclassified the following beginning fund balances:

Fund Reclassifications

General Fund

From General to Capital Outlay	\$ (11,252,923)
From General to Comprehensive Services	(67,419)
From School to General	<u>2,104,834</u>
	<u>\$ (9,215,508)</u>

Capital Outlay

From General to Capital Outlay	\$ 11,252,923
From Grant to Capital Outlay	<u>115,420</u>
	<u>\$ 11,368,343</u>

Comprehensive Services

From General to Comprehensive Services	<u>\$ 67,419</u>
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Other Governmental Funds

From Grant to Capital Outlay	<u>\$ (115,420)</u>
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Component Unit School Board

From School to General	<u>\$ (2,104,834)</u>
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Total Net Fund Reclassifications	<u>\$ -</u>
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20 **Other Prior Period Adjustments**

The County has been involved in constructing an additional wastewater treatment cell that is an addition to the Town of South Hill, Virginia's existing treatment plant. Originally, these expenses were treated as contributions to the Town of South Hill, Virginia. However, after further discussion between the two governmental entities, it was determined that the County should capitalize this additional facility on its books since it has the control and discretion as to what businesses can have access to it in the future. Therefore, all capital costs associated with this project since 2006 were capitalized this year. The amount was \$4,957,682 of a total project cost when finished of \$6,700,000.

One additional prior period adjustment concerned disposition and sale of the old South Hill Elementary School building in March 2007. This asset was never removed from the capital assets. The net amount of loss on the disposal of the asset was \$618,614 based on its net book value. The proceeds of the sale of the building were recognized in fiscal year 2007.

Required Supplementary Information



County of Mecklenburg, Virginia

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
General Property Taxes				
Real property taxes	\$ 10,367,685	\$ 10,367,685	\$ 12,967,796	\$ 2,600,111
Mobile home taxes	-	-	39,105	39,105
Personal property taxes	7,221,128	7,221,128	6,579,161	(641,967)
Machinery and tools taxes	556,839	556,839	696,298	139,459
Merchants' capital	318,584	318,584	367,324	48,740
Delinquent taxes	131,699	131,699	320,696	188,997
Interest on taxes	2,142	2,142	132,054	129,912
Penalties on taxes	42,848	42,848	215,318	172,470
Total General Property Taxes	18,640,925	18,640,925	21,317,752	2,676,827
Other Local Taxes				
Local sales and use taxes	3,149,295	3,149,295	3,116,722	(32,573)
Utility and consumption taxes	550,000	550,000	635,980	85,980
Business licenses	-	-	1,312	1,312
911 local revenues	675,652	675,652	509,159	(166,493)
Franchise license taxes	18,000	18,000	3,646	(14,354)
Transient occupancy tax	15,000	15,000	21,807	6,807
Motor vehicle licenses	582,940	582,940	643,994	61,054
Tax on recordation and wills	184,000	184,000	224,250	40,250
Total Other Local Taxes	5,174,887	5,174,887	5,156,870	(18,017)
Permits, Privilege Fees, and Regulatory Licenses				
Animal licenses	25,000	25,000	37,538	12,538
Building permits	162,525	162,525	132,299	(30,226)
Other permits, licenses, and fees	25,000	25,000	7,713	(17,287)
Total Permits, Privilege Fees, and Regulatory Licenses	212,525	212,525	177,550	(34,975)
Fines and Forfeitures	72,800	72,800	123,167	50,367
Revenue from Use of Money and Property				
Interest income	202,000	202,000	184,549	(17,451)
Rental income	62,500	62,500	57,986	(4,514)
Total Revenue from Use of Money and Property	264,500	264,500	242,535	(21,965)
Charges for Services				
Sheriff's revenues	45,030	45,030	95,610	50,580
Commonwealth's Attorney fees	1,500	1,500	2,167	667
Sanitation, waste removal, and landfill charges	50,000	50,000	81,582	31,582
Other miscellaneous charges	13,335	13,335	61,762	48,427
Work release	35,000	35,000	24,545	(10,455)
Courthouse security and jail	113,000	113,000	142,987	29,987
Total Charges for Services	257,865	257,865	408,653	150,788

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Miscellaneous				
Other miscellaneous	69,973	69,973	87,864	17,891
Total Miscellaneous	69,973	69,973	87,864	17,891
Recovered Costs	124,481	124,481	121,924	(2,557)
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Non-Categorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	16,000	16,000	17,583	1,583
Auto rental tax	2,500	2,500	53,399	50,899
Personal Property Tax Relief Act	1,454,006	1,454,006	1,454,006	-
Communications tax from State	-	-	561,464	561,464
Mobile home titling tax	110,000	110,000	86,703	(23,297)
Recordation and grantors' tax - State	125,000	125,000	118,409	(6,591)
Total Non-Categorical Aid	1,707,506	1,707,506	2,291,564	584,058
<i>Categorical Aid</i>				
Shared Expenses				
Commonwealth's Attorney	467,561	467,561	450,755	(16,806)
Sheriff and Sheriff's auto	3,119,995	3,119,995	2,947,136	(172,859)
Commissioner of the Revenue	125,749	125,749	124,203	(1,546)
Treasurer	135,031	135,031	132,431	(2,600)
Electoral Board and General Registrar	45,720	45,720	156,636	110,916
Clerk of the Court	330,408	330,408	337,971	7,563
Jail operations	370,000	370,000	371,318	1,318
School security grant	10,000	10,000	15,169	5,169
Drug forfeiture revenues	-	-	25,387	25,387
Correctional Act - Piedmont Court Revenues	394,262	394,262	394,262	-
Victim Witness Grant	43,028	43,028	46,770	3,742
Virginia Domestic Violence (VDVVF)	40,000	40,000	50,000	10,000
VJCCCA	30,000	30,000	40,593	10,593
Fire Program Grant	55,000	55,000	63,595	8,595
Four for Life Grant	25,000	25,000	28,953	3,953
Litter Grant	11,000	11,000	10,624	(376)
Records Grant	-	-	42,116	42,116
Industrial Development Revenues				
Economic development - state	-	-	558,919	558,919
Tobacco Indemnification funds	-	-	94,830	94,830
Other miscellaneous State grants	-	-	8,506	8,506
Total Categorical Aid	5,202,754	5,202,754	5,900,174	697,420
Total Revenue from the Commonwealth of Virginia	6,910,260	6,910,260	8,191,738	1,281,478

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Revenue from the Federal Government</i>				
Emergency Services Grant	6,000	6,000	54,334	48,334
Recovery Act JAG State	-	-	169,443	169,443
Ground transportation safety	-	-	16,214	16,214
Economic development - federal	-	-	373,246	373,246
Recovery act grant - sheriff	-	-	36,225	36,225
Rural development grant	-	-	50,000	50,000
Violence Against Women	47,844	47,844	60,879	13,035
Small miscellaneous grants	7,736	7,736	1,818	(5,918)
Payment in lieu of taxes	80,000	80,000	138,152	58,152
Total Revenue from the Federal Government	141,580	141,580	900,311	758,731
Total Intergovernmental Revenue	7,051,840	7,051,840	9,092,049	2,040,209
Total Revenues	31,869,796	31,869,796	36,728,364	4,858,568
Expenditures				
Current				
<i>General Government Administration</i>				
Board of Supervisors	319,104	319,104	313,461	5,643
County Administrator	346,127	346,127	541,358	(195,231)
Commissioner of Revenue	555,462	555,462	543,665	11,797
Equalization board	585	585	586	(1)
Treasurer	620,459	620,459	598,921	21,538
County Attorney	77,130	77,130	77,131	(1)
Multipurpose and shared office expenses	544,622	544,622	703,101	(158,479)
Electoral Board	61,324	61,324	57,936	3,388
Registrar	129,623	129,623	123,894	5,729
Total General Government Administration	2,654,436	2,654,436	2,960,053	(305,617)
<i>Judicial Administration</i>				
Circuit Court	53,330	53,330	53,331	(1)
General District Court	4,042	4,042	1,745	2,297
Juvenile and Domestic Relations Court	321,833	321,833	321,834	(1)
Pretrial Court	128,321	128,321	106,939	21,382
Victim Witness Program	48,074	48,074	48,074	-
Piedmont Court Services - Corrections Act	310,510	310,510	348,436	(37,926)
Clerk of the Circuit Court	547,645	547,645	544,044	3,601
Commonwealth's Attorney	625,535	625,535	625,536	(1)
Total Judicial Administration	2,039,290	2,039,290	2,049,939	(10,649)
<i>Public Safety</i>				
Sheriff's Department	3,669,077	3,669,077	3,663,695	5,382
Jail	2,952,206	2,952,206	2,965,914	(13,708)
Work release	213,488	213,488	210,328	3,160
Fire departments	371,301	371,301	369,335	1,966
Rescue squads	434,307	434,307	409,223	25,084
911 Department	1,188,477	1,188,477	1,188,478	(1)
Emergency correctional officers	512,224	512,224	512,224	-
Emergency services	6,751	6,751	6,751	-
Inspections	225,635	225,635	225,635	-
Animal control	188,456	188,456	188,457	(1)
Medical Examiner	1,500	1,500	440	1,060
Total Public Safety	9,763,422	9,763,422	9,740,480	22,942

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Works</i>				
Refuse disposal	1,675,498	1,675,498	1,620,354	55,144
Maintenance of buildings and grounds	587,439	587,439	587,439	-
Jail building	83,000	83,000	69,230	13,770
Total Public Works	2,345,937	2,345,937	2,277,023	68,914
<i>Health and Welfare</i>				
Health department	245,713	245,713	202,664	43,049
Mental health	87,226	87,226	87,226	-
Comprehensive services	47,099	47,099	47,099	-
Welfare and social services	153,426	153,426	86,516	66,910
Total Health and Welfare	533,464	533,464	423,505	109,959
<i>Education</i>				
Community college	9,830	9,830	9,830	-
Appropriation to public school system	10,737,409	10,737,409	10,737,409	-
Total Education	10,747,239	10,747,239	10,747,239	-
<i>Parks, Recreation, and Cultural</i>				
Regional library	381,992	381,992	377,700	4,292
Miscellaneous contributions	69,150	69,150	67,900	1,250
Total Parks, Recreation, and Cultural	451,142	451,142	445,600	5,542
<i>Community Development</i>				
Town of Boynton - lost revenue	10,000	10,000	10,000	-
Miscellaneous community development	138,975	138,975	132,263	6,712
Payment to State of Virginia	276,972	276,972	269,755	7,217
Economic development fund expenses	-	-	1,780,083	(1,780,083)
Lake Gaston weed control	116,000	116,000	116,000	-
Airports	45,643	45,643	41,143	4,500
Economic development	220,923	220,923	220,207	716
Zoning	110,844	110,844	98,489	12,355
Other tax refunds	-	-	18,203	(18,203)
Industrial tax refunds	676,995	676,995	657,295	19,700
Soil and Water Conservation District	103,933	103,933	103,933	-
Cooperative extension program	73,430	73,430	52,510	20,920
Total Community Development	1,773,715	1,773,715	3,499,881	(1,726,166)
<i>Capital Outlay and Roof Replacement</i>	291,037	291,037	56,078	234,959
<i>Debt Service</i>	205,651	205,651	-	205,651
Total Expenditures	30,805,333	30,805,333	32,199,798	(1,394,465)
Excess (Deficiency) of Revenues Over Expenditures	1,064,463	1,064,463	4,528,566	3,464,103

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,425,017)</u>	<u>(1,425,017)</u>	<u>(3,963,452)</u>	<u>(2,538,435)</u>
Total Other Financing Sources (Uses)	<u>(1,425,017)</u>	<u>(1,425,017)</u>	<u>(3,963,452)</u>	<u>(2,538,435)</u>
Net Change in Fund Balance	(360,554)	(360,554)	565,114	925,668
From Surplus	<u>360,554</u>	<u>360,554</u>	-	<u>(360,554)</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	565,114	<u>\$ 565,114</u>
Fund Balance - Beginning of Year			17,881,470	
Prior Period Adjustment				
Fund balance reclassification - school			2,104,834	
Fund balance reclassification - comprehensive services			(67,419)	
Fund balance reclassification - capital outlay			<u>(11,252,923)</u>	
Fund Balance - End of Year			<u>\$ 9,231,076</u>	

Capital Outlay Fund

Revenues

Recovered costs

Meherrin jail reimbursement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,052</u>	<u>\$ 56,052</u>
Total Revenues	-	-	56,052	56,052

Expenditures

Current

General government administration	-	-	113,582	(113,582)
Public safety - regional jail	-	-	80,934	(80,934)
Public works - courthouse building	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,688,624</u>	<u>311,376</u>
Total Expenditures	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,883,140</u>	<u>116,860</u>

Excess (Deficiency) of Revenues Over Expenditures	(6,000,000)	(6,000,000)	(5,827,088)	172,912
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Other Financing Sources (Uses)

Transfers in	-	-	5,478,435	5,478,435
Transfers out	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,478,435</u>	<u>3,478,435</u>
Net Change in Fund Balance	(6,000,000)	(6,000,000)	(2,348,653)	3,651,347
From Surplus	<u>6,000,000</u>	<u>6,000,000</u>	-	<u>(6,000,000)</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	<u>(2,348,653)</u>	<u>\$ (2,348,653)</u>
Fund Balance - Beginning of Year			-	

Prior Period Adjustment

Fund balance reclassification - General Fund			11,252,923	
Fund balance reclassification - Grant Fund			<u>115,420</u>	
Fund Balance - End of Year			<u>\$ 9,019,690</u>	

Variance
With
Final Budget
Positive
(Negative)

Original
Budget

Final
Budget

Actual

Capital Projects - Landfill Construction Fund

Revenues

Revenue from Use of Money and Property

Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenue from Use of Money and Property	-	-	-	-
Total Revenues	-	-	-	-

Expenditures

Current

Public Works

Landfill construction	300,000	300,000	32,753	\$ 267,247
Total Expenditures	300,000	300,000	32,753	267,247

Excess (Deficiency) of Revenues Over Expenditures	(300,000)	(300,000)	(32,753)	267,247
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Other Financing Sources (Uses)

Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-

Net Change in Fund Balance	(300,000)	(300,000)	(32,753)	267,247
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From Surplus	300,000	300,000	-	(300,000)
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Net Change in Fund Balance After Surplus	\$ -	\$ -	(32,753)	\$ (32,753)
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Fund Balance - Beginning of Year			186,321	
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Fund Balance - End of Year			\$ 153,568	
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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Public Assistance Fund				
Revenues				
Recovered Costs	\$ -	\$ -	\$ 63,853	\$ 63,853
Intergovernmental Revenues				
Revenue from the Commonwealth of Virginia	1,468,457	1,468,457	1,290,078	(178,379)
Revenue from the Federal Government	<u>1,201,465</u>	<u>1,201,465</u>	<u>1,531,965</u>	<u>330,500</u>
Total Intergovernmental Revenues	<u>2,669,922</u>	<u>2,669,922</u>	<u>2,822,043</u>	<u>152,121</u>
Total Revenues	2,669,922	2,669,922	2,885,896	215,974
Expenditures				
Current				
Health and welfare	<u>3,409,939</u>	<u>3,409,939</u>	<u>3,164,206</u>	<u>245,733</u>
Total Expenditures	<u>3,409,939</u>	<u>3,409,939</u>	<u>3,164,206</u>	<u>245,733</u>
Excess (Deficiency) of Revenues Over Expenditures	(740,017)	(740,017)	(278,310)	461,707
Other Financing Sources (Uses)				
Transfers in	<u>740,017</u>	<u>740,017</u>	<u>(199,983)</u>	<u>(940,000)</u>
Total Other Financing Sources (Uses)	<u>740,017</u>	<u>740,017</u>	<u>(199,983)</u>	<u>(940,000)</u>
Net Change in Fund Balance	-	-	(478,293)	(478,293)
From Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	(478,293)	<u>\$ (478,293)</u>
Fund Balance - Beginning of Year			<u>1,176,221</u>	
Fund Balance - End of Year			<u>\$ 697,928</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Comprehensive Services Fund				
Revenues				
Recovered Costs	\$ -	\$ -	\$ 98,263	\$ 98,263
Intergovernmental Revenues				
Revenue from the Commonwealth of Virginia	<u>2,291,444</u>	<u>2,291,444</u>	<u>2,090,287</u>	<u>(201,157)</u>
Total Intergovernmental Revenues	<u>2,291,444</u>	<u>2,291,444</u>	<u>2,090,287</u>	<u>(201,157)</u>
Total Revenues	2,291,444	2,291,444	2,188,550	(102,894)
Expenditures				
Current				
Health and welfare	<u>2,291,444</u>	<u>2,291,444</u>	<u>2,180,155</u>	<u>111,289</u>
Total Expenditures	<u>2,291,444</u>	<u>2,291,444</u>	<u>2,180,155</u>	<u>111,289</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	8,395	8,395
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>685,000</u>	<u>685,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>685,000</u>	<u>685,000</u>
Net Change in Fund Balance	-	-	693,395	693,395
From Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance After Surplus	<u>\$ -</u>	<u>\$ -</u>	693,395	<u>\$ 693,395</u>
Fund Balance - Beginning of Year			-	
Reclassification from General Fund			<u>67,419</u>	
Fund Balance - End of Year			<u>\$ 760,814</u>	

Other Supplementary Information



County of Mecklenburg, Virginia

Combining Balance Sheet

Other Governmental Funds

At June 30, 2010

	<u>Special Revenue Funds</u>					<u>Total Other Governmental Funds</u>
	<u>Grant Fund</u>	<u>Law Library Fund</u>	<u>Meadowview Terrace</u>	<u>CDBG Funds Finchley Housing</u>	<u>Skipwith Housing</u>	
Assets						
Cash and investments	\$ -	\$ 13,758	\$ -	\$ -	\$ 3,990	\$ 17,748
Account receivable	-	1,136	-	-	-	1,136
Due from other governments	-	-	31,234	-	94,627	125,861
	<u>-</u>	<u>-</u>	<u>31,234</u>	<u>-</u>	<u>94,627</u>	<u>125,861</u>
 Total Assets	 <u>\$ -</u>	 <u>\$ 14,894</u>	 <u>\$ 31,234</u>	 <u>\$ -</u>	 <u>\$ 98,617</u>	 <u>\$ 144,745</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 31,234	\$ 36,070	\$ 108,089	\$ 175,393
	<u>-</u>	<u>-</u>	<u>31,234</u>	<u>36,070</u>	<u>108,089</u>	<u>175,393</u>
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>31,234</u>	 <u>36,070</u>	 <u>108,089</u>	 <u>175,393</u>
Fund Balance						
Designated						
Subsequent years' expenditures	-	14,894	-	(36,070)	(9,472)	(30,648)
	<u>-</u>	<u>14,894</u>	<u>-</u>	<u>(36,070)</u>	<u>(9,472)</u>	<u>(30,648)</u>
 Total Fund Balance	 <u>-</u>	 <u>14,894</u>	 <u>-</u>	 <u>(36,070)</u>	 <u>(9,472)</u>	 <u>(30,648)</u>
 Total Liabilities and Fund Balance	 <u>\$ -</u>	 <u>\$ 14,894</u>	 <u>\$ 31,234</u>	 <u>\$ -</u>	 <u>\$ 98,617</u>	 <u>\$ 144,745</u>

County of Mecklenburg, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Other Governmental Funds

At June 30, 2010

	<u>Special Revenue Funds</u>					<u>Total Other Governmental Funds</u>
	<u>Grant Fund</u>	<u>Law Library Fund</u>	<u>Meadowview Terrace</u>	<u>CDBG Funds Finchley Housing</u>	<u>Skipwith Housing</u>	
Revenues						
Charges for services	\$ -	\$ 12,537	\$ -	\$ -	\$ -	\$ 12,537
Intergovernmental						
From the Commonwealth of Virginia	-	-	-	-	-	-
From the Federal Government	-	-	187,656	314,013	206,726	708,395
Total Revenues	-	12,537	187,656	314,013	206,726	720,932
Expenditures						
Current						
Judicial administration	-	7,870	-	-	-	7,870
Community development	-	-	187,656	350,083	216,198	753,937
Total Expenditures	-	7,870	187,656	350,083	216,198	761,807
Excess (Deficiency) of Revenues Over Expenditures	-	4,667	-	(36,070)	(9,472)	(40,875)
Other Financing Sources (Uses)						
Transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	-	4,667	-	(36,070)	(9,472)	(40,875)
Fund Balance - Beginning of Year	115,420	10,227	-	-	-	125,647
Prior Period Adjustment						
Fund balance reclassification	(115,420)	-	-	-	-	(115,420)
Fund Balance - End of Year	\$ -	\$ 14,894	\$ -	\$ (36,070)	\$ (9,472)	\$ (30,648)

County of Mecklenburg, Virginia

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

At June 30, 2010

	<u>Special Welfare</u>	<u>Southside Regional Library</u>	<u>Thyne Project Memorial</u>	<u>Totals</u>
Assets				
Cash	<u>\$ 108,716</u>	<u>\$ 81,513</u>	<u>\$ 27,246</u>	<u>\$ 217,475</u>
Liabilities				
Amounts held for others	<u>\$ 108,716</u>	<u>\$ 81,513</u>	<u>\$ 27,246</u>	<u>\$ 217,475</u>
Total Liabilities	<u>\$ 108,716</u>	<u>\$ 81,513</u>	<u>\$ 27,246</u>	<u>\$ 217,475</u>

County of Mecklenburg, Virginia

Component Unit School Board

Combining Balance Sheet

At June 30, 2010

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Textbook Fund</u>	<u>Total Component Unit School Board</u>
Assets				
Cash and investments	\$ 6,584	\$ 474,336	\$ 605,705	\$ 1,086,625
Accounts receivable	12,350	-	-	12,350
Due from other governments	<u>1,073,014</u>	<u>-</u>	<u>-</u>	<u>1,073,014</u>
Total Assets	<u>\$ 1,091,948</u>	<u>\$ 474,336</u>	<u>\$ 605,705</u>	<u>\$ 2,171,989</u>
Liabilities				
Accounts payable	<u>\$ 55,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,462</u>
Total Liabilities	55,462	-	-	55,462
Fund Balance				
Designated				
School textbooks	-	-	605,705	605,705
Undesignated	<u>1,036,486</u>	<u>474,336</u>	<u>-</u>	<u>1,510,822</u>
Total Fund Balance	<u>1,036,486</u>	<u>474,336</u>	<u>605,705</u>	<u>2,116,527</u>
Total Liabilities and Fund Balance	<u>\$ 1,091,948</u>	<u>\$ 474,336</u>	<u>\$ 605,705</u>	<u>\$ 2,171,989</u>

County of Mecklenburg, Virginia

Component Unit School Board

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

At June 30, 2010

Total Fund Balances for Governmental Funds	\$ 2,116,527
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Total net assets reported for governmental activities in the Statement of Net Assets is different because:

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

Land	\$ 1,725,707
Buildings and improvements, net of depreciation	12,791,439
Furniture, equipment, and vehicles, net of depreciation	<u>6,440,227</u>

Total Capital Assets	20,957,373
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School bond construction cash for which capital assets have not been constructed or acquired. This adjustment is required to properly report actual debt used to construct or acquire new school construction assets.

Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net assets are as follows:

Compensated absences	<u>(359,077)</u>
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Total	<u>(359,077)</u>
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Total Net Assets of Governmental Activities	<u>\$ 22,714,823</u>
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County of Mecklenburg, Virginia

Component Unit School Board

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Year Ended June 30, 2010

	<u>School Operating Fund</u>	<u>School Food Services Fund</u>	<u>School Textbook Fund</u>	<u>Total Component Unit School Board</u>
Revenues				
Use of money and property	\$ 18,821	\$ 1,916	\$ 2,569	\$ 23,306
Charges for services	251,551	545,683	21,572	818,806
Rebates and refunds	142,975	-	-	142,975
Miscellaneous	394,634	76	-	394,710
Intergovernmental				
From County of Mecklenburg, Virginia	10,737,409	-	-	10,737,409
From the Commonwealth of Virginia	27,374,354	33,169	-	27,407,523
From the Federal Government	<u>6,970,307</u>	<u>1,330,253</u>	<u>-</u>	<u>8,300,560</u>
Total Revenues	45,890,051	1,911,097	24,141	47,825,289
Expenditures				
Education				
Instruction	34,018,672	-	217,329	34,236,001
Technology	1,366,919	-	-	1,366,919
Administration, attendance, and health	1,495,263	-	-	1,495,263
Transportation	3,712,330	-	-	3,712,330
Operation and maintenance	3,489,476	-	-	3,489,476
School food service	-	1,850,086	-	1,850,086
Debt Service	<u>909,387</u>	<u>-</u>	<u>-</u>	<u>909,387</u>
Total Expenditures	<u>44,992,047</u>	<u>1,850,086</u>	<u>217,329</u>	<u>47,059,462</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources	898,004	61,011	(193,188)	765,827
Other Financing Sources (Uses)				
Transfer in (out)	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balances	598,004	61,011	106,812	765,827
Fund Balances - Beginning of Year	2,543,316	413,325	498,893	3,455,534
Fund Balance - Reclassification	<u>(2,104,834)</u>	<u>-</u>	<u>-</u>	<u>(2,104,834)</u>
Fund Balances - End of Year	<u>\$ 1,036,486</u>	<u>\$ 474,336</u>	<u>\$ 605,705</u>	<u>\$ 2,116,527</u>

County of Mecklenburg, Virginia

Component Unit School Board

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2010

Net Change in Fund Balances \$ 765,827

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

(889,782)

Bond and Capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Assets.

Adjust the leftover money in the SNAP account \$ 9,576
Net Adjustment 9,576

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Compensated absences 53,772
Net Adjustment 53,772

Change in Net Assets of Governmental Activities \$ (60,607)

County of Mecklenburg, Virginia

Component Unit School Board

School Operating Fund

Budgetary Comparison Schedule

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Use of money and property	\$ -	\$ -	\$ 18,821	\$ 18,821
Charges for services	615,000	615,000	251,551	(363,449)
Rebates and refunds	-	-	142,975	142,975
Miscellaneous	-	-	394,634	394,634
Intergovernmental				
From County of Mecklenburg, Virginia	10,737,409	10,737,409	10,737,409	-
From the Commonwealth of Virginia	31,010,521	31,010,521	27,374,354	(3,636,167)
From the Federal Government	<u>3,694,890</u>	<u>3,694,890</u>	<u>6,970,307</u>	<u>3,275,417</u>
Total Revenues	46,057,820	46,057,820	45,890,051	(167,769)
Expenditures				
Current				
<i>Education</i>				
Instruction	33,416,428	33,416,428	34,018,672	(602,244)
Technology	2,109,147	2,109,147	1,366,919	742,228
Administration, attendance, and health	1,435,306	1,435,306	1,495,263	(59,957)
Transportation	3,863,770	3,863,770	3,712,330	151,440
Operation and maintenance	4,009,169	4,009,169	3,489,476	519,693
<i>Debt Service</i>	<u>924,000</u>	<u>924,000</u>	<u>909,387</u>	<u>14,613</u>
Total Expenditures	<u>45,757,820</u>	<u>45,757,820</u>	<u>44,992,047</u>	<u>765,773</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources	300,000	300,000	898,004	598,004
Other Financing Sources (Uses)				
Transfers in (out)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	598,004	598,004
Funds from Surplus of Operating Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances After Funds from Surplus	<u>\$ -</u>	<u>\$ -</u>	598,004	<u>\$ 598,004</u>
Fund Balance - Beginning of Year			2,543,316	
Prior Period Adjustment				
Fund balance reclassification			<u>(2,104,834)</u>	
Fund Balance - End of Year			<u>\$ 1,036,486</u>	

County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

Statement of Net Assets

June 30, 2010

Assets

Current Assets

Cash	\$ 939,236
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Noncurrent Assets

Capital Assets

Land and buildings held for sale	4,114,273
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Other Noncurrent Assets

Lease receivable	1,023,820
Note receivable	<u>759,595</u>

Total Noncurrent Assets	<u>5,897,688</u>
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Total Assets	<u>\$ 6,836,924</u>
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Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable	\$ 58,385
Notes payable - current portion	<u>44,376</u>
Total Current Liabilities	102,761

Long-Term Liabilities

Note payable - less current portion	<u>577,967</u>
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Total Long-Term Liabilities	<u>577,967</u>
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Total Liabilities	680,728
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Net Assets

Invested in capital assets	3,491,929
Unrestricted	<u>2,664,267</u>

Total Net Assets	<u>6,156,196</u>
------------------	------------------

Total Liabilities and Net Assets	<u>\$ 6,836,924</u>
----------------------------------	---------------------

County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

Statement of Activities

Year Ended June 30, 2010

Operating Revenues

HUD - Virginia Lake Commerce Park	\$ 53,164
Contributions from Mecklenburg County, Virginia for	
Economic Stimulus Grant - industrial tax refund	657,295
Reimbursement from Brunswick County, Virginia	5,006
Miscellaneous	171
TROF funds	130,000
Tobacco indemnification funds	<u>1,228,335</u>
Total Operating Revenues	2,073,971

Operating Expenses

Insurance	2,586
Legal and professional fees	1,816
Administrative	421
Utility companies	6,899
Donation to Longwood University	10,000
Contribution to IDA of Chase City, Virginia	1,842
Contribution to IDA of Brunswick County, Virginia	3,473
Repairs and maintenance	11,550
Board	1,293
Payouts to businesses	130,000
Grant payouts - stimulus grants	<u>331,054</u>
Total Operating Expenses	<u>500,934</u>

Operating Income	1,573,037
------------------	-----------

Non-Operating Revenues (Expenses)

Interest income	19,195
Interest expense	<u>(40,798)</u>

Net Non-Operating Revenues (Expenses)	<u>(21,603)</u>
---------------------------------------	-----------------

Change in Net Assets	1,551,434
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Total Net Assets - Beginning of Year	<u>4,604,762</u>
--------------------------------------	------------------

Total Net Assets - End of Year	<u><u>\$ 6,156,196</u></u>
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County of Mecklenburg, Virginia

Component Unit - Industrial Development Authority of Mecklenburg County, Virginia

Statement of Cash Flows

Year Ended June 30, 2010

Cash Flows from Operating Activities

Contributions from Mecklenburg County, Virginia	\$ 657,295
Contributions from Brunswick County, Virginia	5,006
Payments received on leases receivable	86,520
Payments received on notes receivable	24,645
TROF funds	130,000
Miscellaneous	171
Tobacco indemnification funds	1,228,335
HUD - Virginia Lake Commerce Park	53,164
Payments to suppliers	<u>(442,549)</u>

Net Cash Provided by Operating Activities 1,742,587

Cash Flows from Capital and Related Financing Activities

Payments on notes payable	(41,866)
Purchase of Kinderton property	(1,000,000)
Improvements for Kinderton property	(247,215)
Security deposit on Harden Building	(20,000)
Interest expense	<u>(40,798)</u>

Net Cash Used in Capital and Related Financing Activities (1,349,879)

Cash Flows from Investing Activities

Interest income	<u>19,195</u>
-----------------	---------------

Net Cash Provided by Investing Activities 19,195

Net Increase in Cash and Cash Equivalents 411,903

Cash and Cash Equivalents - Beginning of Year 527,333

Cash and Cash Equivalents - End of Year \$ 939,236

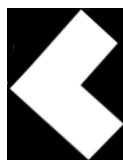
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities

Operating income	\$ 1,573,037
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Changes in assets and liabilities	
Leases receivable	86,520
Notes receivable	24,645
Accounts payable	<u>58,385</u>

Net Cash Provided by Operating Activities \$ 1,742,587

COMPLIANCE SECTION





**Creedle
Jones
& Alga**

A Professional Corporation

*Sherwood H. Creedle, CPA
Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
Denise C. Williams, CPA, CSEP*

*James A. Allen, Jr., CPA
Nadine L. Chase, CPA
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Scott A. Thompson, CPA*

*Members of
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Virginia Society of Certified Public Accountants*

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 Mecklenburg, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mecklenburg, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Mecklenburg, Virginia's basic financial statements and have issued our report thereon dated February 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered County of Mecklenburg, Virginia's internal control over financial reporting as a basis for designing our auditing procedures 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 Mecklenburg, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Mecklenburg, Virginia's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

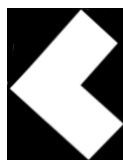
As part of obtaining reasonable assurance about whether County of Mecklenburg, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*.

This report is intended solely for the information and use of management, the audit committee, Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Creedle, Jones & Alga, P.C.

Creedle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
February 3, 2011



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& Alga**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of County of Mecklenburg, Virginia with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The County of Mecklenburg, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Mecklenburg, Virginia's management. Our responsibility is to express an opinion on County of Mecklenburg, Virginia's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards, OMB Circular A-133, and specifications 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 Mecklenburg, 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. Our audit does not provide a legal determination of County of Mecklenburg, Virginia's compliance with those requirements.

In our opinion, County of Mecklenburg, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of County of Mecklenburg, Virginia, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered County of Mecklenburg, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Mecklenburg, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Creedle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
February 3, 2011



REPORT ON COMPLIANCE WITH COMMONWEALTH OF VIRGINIA'S LAWS, REGULATIONS, CONTRACTS, AND GRANTS

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

We have audited the basic financial statements of the County of Mecklenburg, Virginia, as of and for the year ended June 30, 2010, and have issued our report thereon dated February 3, 2011.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County of Mecklenburg, Virginia, is the responsibility of the County of Mecklenburg, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Mecklenburg, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property
- Enhanced 911 Services Tax
- Personal Property Tax Relief Act

State Agency Requirements

- Social Services
- Education
- Comprehensive Services Act Funds
 - We are recommending that caseworkers for these children code the invoices prior to submitting the invoices to the fiscal person who is responsible for filing the reimbursement reports to CSA.
- Economic Development Opportunity Fund

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Mecklenburg, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Board of Supervisors, County of Mecklenburg, Virginia's management, the Auditor of Public Accounts and applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Creedle, Jones & Alga, P.C.

Creedle, Jones & Alga, P.C.
Certified Public Accountants

South Hill, Virginia
February 3, 2011

County of Mecklenburg, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Federal Granting Agency/Recipient State Agency/ Grant Program	<u>Federal Catalog Number</u>	<u>State Agency Number</u>	<u>Expenditures</u>
U. S. Economic Development Administration			
Direct Payments			
Economic Development Grant	11.300	N/A	\$ 373,246
U. S. Department of Agriculture			
Direct Payments			
Rural Development	10.766	N/A	50,000
Pass-Through Payments			
<i>State Department of Agriculture</i>			
Food Distribution - Schools	10.555	N/A	119,138
<i>Department of Social Services</i>			
Food Stamp Cluster			
Administration for Food Stamp Program	10.561	765	327,436
Food Stamp Cluster Total			327,436
<i>Department of Education</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	197	1,039,009
School Breakfast Program	10.553	197	291,244
Child Nutrition Cluster Total			1,330,253
Subtotal - U. S. Department of Agriculture			1,826,827
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
Child Care Cluster			
Child Care and Development Fund	93.596	765	77,272
ARRA Child Care and Development Fund	93.713	765	43,288
Head Start Wrap-Around Child Care	93.575	765	114,213
Child Care Cluster Total			234,773
Family Preservation and Support Services	93.556	765	20,056
Temporary Assistance to Needy Families	93.558	765	327,376
Refugee and Entrant Assistance - State Admin. Programs	93.566	765	719
Low Income Home Energy Assistance	93.568	765	14,569
Chafee Education and Training	93.599	765	264
Child Welfare Services	93.645	765	824
Foster Care - Title IV-E	93.658	765	209,837
Adoption Assistance	93.659	765	86,804
Social Services Block Grant	93.667	765	100,651
Chafee Foster Care Independence Program	93.674	765	2,048
State Children's Insurance Program	93.767	765	14,314
Medical Assistance Program (Medicaid; Title XIX)	93.778	765	192,294
Subtotal - U. S. Department of Health and Human Services			1,204,529

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Catalog Number	State Agency Number	Expenditures
U. S. Department of Justice			
Direct Payments			
Recovery Act Grant - Sheriff	16.804	N/A	36,225
Federal asset forfeitures	16.000	N/A	1,818
Pass-Through Payments			
<i>Department of Criminal Justice Services</i>			
Violence Against Women Formula Grants	16.588	140	60,879
<i>Compensation Board</i>			
Recovery Act JAG Funding	16.803	157	169,443
Subtotal - U. S. Department of Justice			268,365
U. S. Department of Homeland Security			
Pass-Through Payments			
<i>Department of Emergency Management</i>			
Emergency Management Preparedness Grant	97.042	127	54,334
Subtotal - U. S. Department of Homeland Security			54,334
U. S. Department of Education			
Pass-Through Payments			
<i>Department of Education</i>			
<i>Special Education Cluster</i>			
IDEA 611 Flow-Through	84.027	197	697,956
ARRA IDEA 611 Flow-Through	84.391	197	551,359
ARRA Preschool Handicapped Allocations	84.392	197	11,617
Preschool Handicapped Allocations	84.173	197	30,896
Special Education Cluster Total			1,291,828
Title I	84.010	197	1,356,079
ARRA Title I	84.389	197	670,732
Title VI - Rural and Low Income Schools	84.358	197	149,313
Vocational Education/Federal Payments	84.048	197	226,524
Literacy Challenge Grant	84.318	197	15,396
ARRA Education Technology Grant	84.386	197	15,812
ARRA State Fiscal Stabilization Fund	84.394	197	2,882,213
Federal Energy Regulation	84.096	197	6,556
Drug Free School Payments	84.186	197	27,746
COPS Grant	84.188	197	59,858
JROTC	84.000	197	8,931
Title II Part A	84.367	197	259,319
Subtotal - U. S. Department of Education - School			6,970,307
U. S. Department of Transportation			
Pass-Through Payments			
<i>Department of Motor Vehicles</i>			
Alcohol Traffic Safety	20.601	510	3,434
Alcohol Open Container	20.607	510	12,780
Subtotal - U. S. Department of Transportation			16,214

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Catalog Number	State Agency Number	Expenditures
U. S. Department of Housing and Urban Development			
Direct Payments			
HUD Grant for Mecklenburg County IDA	14.000	N/A	53,164
Pass-Through Payments			
<i>Department of Housing and Community Development</i>			
Community Development Block Grants/State's Programs	14.228	165	<u>708,395</u>
Subtotal - U. S. Department of Housing and Urban Development			761,559
U. S. Department of the Interior			
Direct Payments			
Bureau of Land Management			
Payments in Lieu of Taxes - Public Law (National Forest Acreage in the Localities)	10.664	N/A	<u>138,152</u>
Subtotal - U. S. Department of the Interior			<u>138,152</u>
Grand Totals			<u>\$ 11,613,533</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County and is presented on GAAP. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Commodities – Food Distribution

Nonmonetary assistance in the form of food distribution amounting to \$119,138 for the schools is reported in the schedule as being received and disbursed.

County of Mecklenburg, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS

- (a) The auditor's report expresses a **qualified opinion** on the financial statements of the County of Mecklenburg, Virginia.
- (b) **No significant deficiencies** relating to the audit of the financial statements are reported in the 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*.
- (c) **No instances of noncompliance** material to the financial statements of the County of Mecklenburg, Virginia were disclosed during the audit.
- (d) **No significant deficiencies** relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133.
- (e) The auditor's report on compliance for the major federal award programs for the County of Mecklenburg, Virginia expresses an **unqualified opinion** on all major federal programs.
- (f) There were **no audit findings** relative to the major federal award programs for the County of Mecklenburg, Virginia to be reported in this schedule.
- (g) The programs tested as major programs included:
 - 1. **CFDA #11.300, Economic Development Grant**
 - 2. **CFDA #10.561, Food Stamp Cluster**
 - 3. **CFDA #10.553 and 10.555, Child Nutrition Cluster**
 - 4. **CFDA #93.558, Temporary Assistance to Needy Families**
 - 5. **CFDA #84.027, 84.391, 84.392, 84.173, Special Education Cluster**
 - 6. **CFDA #84.010 and 84.389, Title I and ARRA Title 1**
 - 7. **CFDA #84.394, ARRA State Fiscal Stabilization Fund**
 - 8. **CFDA #14.228, Community Development Block Grants**
- (h) The **threshold** for distinguishing Types A and B programs was **\$300,000**.
- (i) The County of Mecklenburg, Virginia was determined **not** to be a **low-risk auditee**.

2. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding No. 2010-1 – Component Unit School Board

Statement of Condition: The GASB 45 Postemployment Retirement Benefits for health insurance were not determined for the Component Unit School Board.

Criteria: The Component Unit School Board needs to have actuarial data for OPEB requirements.

Effect of Condition: The disclosures do not include information on the School Board's postemployment benefits.

Recommendation: The Component Unit School Board needs to hire an actuary and provide all relevant data to that actuary so that these figures and disclosure information can be available in future audits.

Finding No. 2010-2 – Accruals Due to Computer Conversion

Statement of Condition: Due to conversion from the County's manual system of accounting to a modified accrual basis using sophisticated state-of-the-art accounting software, some consistency was lost between previous reporting periods and ongoing reporting periods. The new accounting software is much more extensive in capturing this data for accruals of receivables and payables.

Criteria: Accruals are necessary for accurate, ongoing reporting for the County and the new software will handle this.

Effect of Condition: Revenues and expenses were accrued based on months further past the balance sheet date than in previous years.

Recommendation: The new accounting system will resolve this problem. Accruals just need to continue to be made as was done this year.

3. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

County of Mecklenburg, Virginia

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2010

FINANCIAL STATEMENTS

There were no findings in the prior year.

COUNTY OF MECKLENBURG, VIRGINIA

P. O. Box 250

Boydton, Virginia 23917

CORRECTIVE ACTION PLAN

February 3, 2011

County of Mecklenburg, Virginia respectfully submits the following corrective action plan for the year ended June 30, 2010.

Name and address of independent public accounting firm:

Creedle, Jones & Alga, P.C.
P. O. Box 487
South Hill, Virginia 23970

Audit Period: July 1, 2009 through June 30, 2010

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2010 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding No. 2010-1 – Component Unit School Board

Recommendation: The Component Unit School Board needs to hire an actuary and provide all relevant data to that actuary so that these figures and disclosure information can be available in future audits.

Action Taken: As of this report, an actuary has been selected but the employee data has not been submitted to the actuary for calculating the OPEB figures. The School Board will begin submitting census data to the actuary.

Finding No. 2010-2 – Accruals Due to Computer Conversion

Recommendation: The new accounting system will resolve this problem. Accruals just need to continue to be made as was done this year.

Action Taken: There is no action to be taken. This issue will resolve itself because these accruals will continue to be made now that the computer conversion is completed.

If anyone has questions regarding this plan, please call, Wayne Carter, County Administrator, or Sandra Langford, Treasurer, at 434-447-7636.

Sincerely yours,

Wayne Carter
County Administrator

Sandra Langford
Treasurer