

COUNTY OF ROCKBRIDGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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## COUNTY OF ROCKBRIDGE, VIRGINIA

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### **BOARD OF SUPERVISORS**

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Russell L. Ford, Vice-Chairman

Carroll R. Comstock  
Mack R. Smith  
R. Hunt Riegel

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### **OTHER OFFICIALS**

Judge of the Circuit Court .....	Michael S. Irvine
Clerk of the Circuit Court .....	D. Bruce Patterson
Judge of the General District Court .....	Gordon F. Saunders
Judge of the Juvenile & Domestic Relations Court .....	Anita D. Filson
Commonwealth's Attorney .....	Robert N. "Bucky" Joyce, Jr.
Commissioner of the Revenue.....	David C. Whitesell
Treasurer.....	Carol B. Hines
Sheriff .....	R. W. Day
Superintendent of Schools.....	John T. Reynolds
Clerk of the School Board .....	Rhonda Humphries
County Administrator.....	Claire Collins
Director of Fiscal Services .....	Robert E. Claytor
County Attorney.....	Vickie L. Huffman



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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, 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 the County of Rockbridge, 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 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockbridge, 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 December 15, 2010 on our consideration of the County of Rockbridge, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison schedule, and schedules of funding progress as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis and schedules of funding progress. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rockbridge, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements of the County of Rockbridge, Virginia. The other supplementary information, supporting schedules, budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
December 15, 2010

## **Management's Discussion and Analysis**

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of the County's financial activities for the Fiscal Year ending June 30, 2010.

### **Financial Highlights**

The assets of the County of Rockbridge, Virginia exceeded its liabilities by \$32,397,440 (net assets) at the close of the most recent fiscal year. Of the total net assets, \$29,733,686 is associated with governmental activities and \$2,663,754 is associated with business-type activities. Of the net governmental activities assets \$16,443,020 may be used to meet the government's ongoing obligations to creditors and citizens. There is a restricted net asset of \$935,021 which meets the debt service reserve requirement for a \$15,000,000 revenue bond issued January 5, 2006. Within the \$16,443,020 in net unrestricted net assets, there is \$1,596,196 in net assets restricted by the County Board of Supervisors to ensure the availability of funds for specific functions, programs and for anticipated specific future liabilities. These restricted accounts are shown on the Balance Sheet of Government Funds. Of the business type activities net assets, \$1,236,582 is unrestricted and available to meet the business type's obligations. For the year ending June 30, 2010, the assets show \$9,030,048 in taxes receivable and \$7,124,575 in unearned revenues. This is shown as part of compliance with GASB. The \$9,030,048 in taxes receivable are booked in the first half of calendar year 2010, but because of twice a year tax billing, \$7,124,575 is not due until December 2010 and is shown as an unearned revenue. When compared to the net assets at years' end June 30, 2009, total net assets decreased by \$1,036,634. This net asset decrease is associated with revenue reductions from operating grants, tax collections and revenue from use of money and property.

At the fiscal year end, unreserved fund balance for the general fund was \$13,602,863 or 38.98% of total general fund expenditures. This is a 5.45% decrease in fund balance to expenditure ratio compared to year ending June 30, 2009.

As of the close of the current fiscal year June 30, 2010, the County's governmental funds reported combined ending fund balance of \$16,448,741. This is a decrease of \$ 988,522 as compared with the previous fiscal year. The decrease in fund balance was caused by inclusion of taxes receivable and deferred revenue in the balance sheet and the increase in temporary restricted funds from \$1,863,469 to \$2,531,217. The increase in temporary restricted funds is to ensure funding for high priority programs, future liabilities, capital improvements, and economic development. The remaining fund balance \$13,602,863 or 82.7% is available for spending at the government's discretion.

### **Overview of the Financial Statements**

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

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

## Government-wide Financial Statements

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

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

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare, parks, recreation and cultural, community development, and transfers to other funds. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows the Rockbridge County Service Authority as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, five component units: 1) the Rockbridge County School Board, 2) the Rockbridge County Service Authority, 3) the Rockbridge Regional Jail Commission, 4) the Rockbridge Area Social Services Board, and 5) the Rockbridge Solid Waste Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component unit.

## Fund Financial Statements

The fund financial statements present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## **Governmental funds**

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

## **Proprietary funds**

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

The Rockbridge County Service Authority is a component unit of the County of Rockbridge. The Authority's financial statements are shown as an enterprise fund in the County's fund financial statements. The Authority provides a centralized source for the provisions of water and sewer services to County residents. The Service Authority has a separate yearly financial report that provides more financial details.

The County of Rockbridge has two internal service funds: the Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and equipment, document management, telephone charges and other activities aimed at reducing cost of equipment, materials and supplies. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

## **Fiduciary funds**

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

## **Notes to the financial statements**

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

## **Government-wide Financial Analysis**

As noted, net assets may serve as a useful indicator of a government's financial position. For the County of Rockbridge, assets exceeded liabilities by \$32,397,440 at the end of the fiscal year.

The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. A comparative analysis has been provided below:

**COUNTY OF ROCKBRIDGE'S NET ASSETS**  
**June 30, 2010**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 26,059,927	\$ 20,043,881	\$ 3,208,683	\$ 2,850,581	\$ 29,268,610	\$ 22,894,462
Capital Assets	54,429,124	57,381,475	1,427,172	1,421,280	55,856,296	58,802,755
Total Assets	<u>\$ 80,489,051</u>	<u>\$ 77,425,356</u>	<u>\$ 4,635,855</u>	<u>\$ 4,271,861</u>	<u>\$ 85,124,906</u>	<u>\$ 81,697,217</u>
Long-term liabilities	\$ 42,402,846	\$ 44,691,270	\$ 1,841,048	\$ 1,827,635	\$ 44,243,894	\$ 46,518,905
Other liabilities	8,352,519	1,596,323	131,053	147,915	8,483,572	1,744,238
Total liabilities	<u>\$ 50,755,365</u>	<u>\$ 46,287,593</u>	<u>\$ 1,972,101</u>	<u>\$ 1,975,550</u>	<u>\$ 52,727,466</u>	<u>\$ 48,263,143</u>
Net Assets:						
Invest in capital assets						
Net of related debt	\$ 12,355,645	\$ 12,942,462	\$ 1,427,172	\$ 1,421,280	\$ 13,782,817	\$ 14,363,742
Unrestricted (deficit)	16,443,020	16,331,832	1,236,582	875,031	17,679,602	17,206,863
Restricted	935,021	1,863,469	-	-	935,021	1,863,469
Total net assets	<u>\$ 29,733,686</u>	<u>\$ 31,137,763</u>	<u>\$ 2,663,754</u>	<u>\$ 2,296,311</u>	<u>\$ 32,397,440</u>	<u>\$ 33,434,074</u>

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$13,782,817 which represents 42.54% of total net assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is of note that a portion of the capital assets is used to encourage economic development and in turn may produce revenue for operations in either fees or sale of property.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The restricted net assets for year 2009 included assets restricted by the Board of Supervisors for a variety of purposes. For year 2010, the restricted assets only show assets restricted by external source. The restricted assets meet the reserve requirements from a county debt discussed earlier in this report.

The unrestricted assets are \$17,679,602, which is 54.57% of total net assets that may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report positive balances in all three categories of net assets. For the year ending June 30, 2010, the government's total net assets decreased in value by \$1,036,634. This decrease represents the degree to which ongoing revenues have fallen short to meet ongoing expenses. With the economic decline, steps have been taken to reduce expenditures and increase revenues without tax increases; however revenues from state and other sources have decreased beyond expectations.

The changes in net assets show an increase in current and other assets of \$5,480,221 and an increase in Restricted Cash and Cash Equivalents of \$893,921. These changes are primarily related to the booking of second half taxes receivables and smaller increases in funds due from other units, components, and entities. The increase in restricted cash and cash equivalents is associated with Board of Supervisors restrictions of cash for future use. Additionally, the business type activities restrict a yearly amount for closure and post closure of the landfill.

During the year ending June 2010, total County liabilities increased by \$4,464,323. This overall increase is associated with the unearned revenue, which will be billed and collected, in the first half of next year. The budget plan for the year ending June 2010 emphasized debt reduction and limited borrowing for any project or equipment replacement. During year 2010, there were no major capital improvements planned for or accomplished.

### Governmental Activities

Governmental activities accounted for a decrease of \$1,404,077 in net assets for the year ending June 30, 2010. This decrease in net assets is primarily associated with transfers to other government activities and a shortfall of expenditures over revenues. Compared with last year we see a \$8,417,611 decrease. However, last year there was a contribution of capital assets worth \$4,260,000 and \$3,643,804 in other revenue associated with the completed courthouse construction project. The total results of this year's change are better than expected when considering the economic down turn we have experienced. The Board of Supervisors is committed to maintaining net assets at a level to ensure the availability of assets to provide required services and to have a reserve cash balance to fund emergencies or to fund opportunities that provide economic development or enhance the quality of life for county citizens. Key elements of the net assets changes for Governmental Activities other than indicated above are as follows:

- Loss of revenue associated with fiscal agent fees from the courthouse construction
- Less collection of property tax as a result of the economic turndown
- Loan to the PSA for wastewater treatment lines debt service

For the year, revenues decreased by \$8,626,494. The capital grant contribution and funds for courthouse construction account for \$7,630,847 of the reduction. Reductions in charges for services accounts for \$233,505, property tax and other tax collection reductions account for \$732,942, and grant receipt reductions of \$108,753 account for the remaining reduction.

For the year, the Boards of Supervisors' expenditure priorities were to maintain support for improvements in education, public safety, and economic development. Other expenditures were to be held in control because of the declining economic environment. Expenditures decreased by \$175,537 over the period which is .5% decrease. Key elements of the expenditures are as follows:

- Decrease in judicial administration cost of \$1,514,009 is associated with completion and occupation of the new Combined Court Facility and disposal of the old courthouse building.
- The increase in public safety is primarily related to decreased state funding for jail operations cost. This shifted operating cost to the local government. Additionally, there is an increase in prisoner days for county prisoners. Per a contractual agreement, the cost is borne on prisoner day cost, therefore, the county's share of unfunded jail operations cost increased.
- Increase in education funds of \$259,654 meets the priorities of the Board of Supervisors.
- The increase in community development is because of a loan made to the PSA that covers the shortfall of connection fees to meet debt service for a wastewater treatment lines. These lines supported economic development in addition to providing improved health services for citizens.

### Business-type Activities

The business-type activities, enterprise fund (landfill and recycling) net assets increased by \$367,443. Revenues derived from fees for services decreased by \$50,572 during the year. The fee structure for trash disposal was the same as last years. The decrease in revenues is because processed waste material tonnage was less for the year ending 2010. The increase in net assets comes from reduced operating cost of \$135,813. The remaining increase is associated with a transfer of funds from the General Fund to support landfill and recycling activities.



The County of Rockbridge's Changes in Net Assets Chart on the next page shows these government activities changes.

#### COUNTY OF ROCKBRIDGE'S CHANGES IN NET ASSETS

June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,824,032	\$ 1,744,482	\$ 1,317,960	\$ 1,368,532	\$ 3,141,992	\$ 3,113,014
Operating grants	2,165,017	2,398,519	18,913	23,013	2,183,930	2,421,532
Capital grants	-	4,260,000	-	-	-	4,260,000
General Revenues:						
Property taxes	19,737,346	20,100,078	-	-	19,737,346	20,100,078
Other taxes	7,710,929	7,859,118	-	-	7,710,929	7,859,118
Use of money and property	240,641	462,662	6,505	32,743	247,146	495,405
Other	272,957	3,643,804	117	1,166	273,074	3,644,970
Grants and contributions not restricted to specific programs	2,786,489	2,895,242	-	-	2,786,489	2,895,242
Total Revenues	\$ 34,737,411	\$ 43,363,905	\$ 1,343,495	\$ 1,425,454	\$ 36,080,906	\$ 44,789,359
Expenses:						
General						
General Govt. Admin	\$ 2,332,278	\$ 2,170,904	-	-	\$ 2,332,278	\$ 2,170,904
Judicial administration	1,211,172	2,725,181	-	-	1,211,172	2,725,181
Public safety	5,364,665	4,926,453	-	-	5,364,665	4,926,453
Public works	3,040,215	2,856,775	1,924,365	2,060,178	4,964,580	4,916,953
Health and welfare	1,459,423	1,527,149	-	-	1,459,423	1,527,149
Education	14,437,698	14,178,044	-	-	14,437,698	14,178,044
Parks, recreation, and culture	1,361,665	1,358,529	-	-	1,361,665	1,358,529
Community development	2,109,085	1,831,694	-	-	2,109,085	1,831,694
Non-departmental	1,932,209	1,733,021	-	-	1,932,209	1,733,021
Interest on long-term debt	1,944,765	2,060,962	-	-	1,944,765	2,060,962
Total expenses	\$ 35,193,175	\$ 35,368,712	\$ 1,924,365	\$ 2,060,178	\$ 37,117,540	\$ 37,428,890
Increase (decrease) in net assets before transfers	\$ (455,764)	\$ 7,995,193	\$ (580,870)	\$ (634,724)	\$ (1,036,634)	\$ 7,360,469
Transfers	(948,313)	(981,659)	948,313	981,659	-	-
Increase (decrease) net assets	(1,404,077)	7,013,534	367,443	346,935	(1,036,634)	7,360,469
Net assets - beginning	31,137,763	24,124,229	2,296,311	1,949,376	33,434,074	26,073,605
Fund balance - ending	\$ 29,733,686	\$ 31,137,763	\$ 2,663,754	\$ 2,296,311	\$ 32,397,440	\$ 33,434,074

### Financial Analysis of the Government's Funds

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

### Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$16,448,741, a decrease of \$988,522 over the prior year. The decrease is associated with the Board of Supervisors restriction of \$667,748 to meet future specific obligation and project financial requirements. Additionally, with completion of the courthouse construction project, the cash and cash equivalents associated with the project decreased by \$232,699. Of the available fund balance, approximately 82 percent of this total amount constitutes unreserved fund balance for spending at the government's discretion. The remaining fund balance is reserved to indicate it is not available for new spending because it is committed to other future obligations and projects. The restricted accounts are provided in the Balance Sheet of Governmental funds.

The general fund is the chief operating fund of the County. As of June 30, 2010, unreserved fund balance of the general fund was \$13,602,863. This is a decrease in fund balance by \$1,434,936 as compared with the previous year. The total fund balance of the general fund was \$16,134,080. This is a decrease over the previous year of \$767,188.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$12,565,769. Total fund balance represents 46 percent of total general fund expenditures. The Board of Supervisors goal is to maintain the ratio of unreserved fund balance as high as possible and in no case less than 30 percent.

As mentioned, the fund balances in the County's General Fund decreased by \$1,434,936 in the year ending June 30, 2010. The fund balance related to the County's Capital project funds decreased by \$221,104. The key factor in this change was the completion of the Combined Court Facility construction.

#### Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the landfill and recycling fund at the end of the year were \$2,392,013 and \$271,741 respectively. The County owns and operates a permitted landfill which must close no later than December 2012. Part of the fund balance will be used to meet landfill closure requirements of the Virginia Department of Environmental Quality. The net assets associated with financing these requirements are restricted. The remaining fund balance will support upcoming engineering and consultant work planned to determine the future of trash handling by the County. Other factors concerning the finances of this fund were discussed in the County's business-type activities section of this letter.

#### General Fund Budgetary Highlights

The difference between the original budgeted appropriations and the final amended budgeted appropriations was a \$1,021,757 increase. This is 2.9 percent of the total original budget. The actual expenditures were \$427,667 less than budgeted. This is a 1.2% increase over the original budget. The major components of these changes are:

- Judicial Administration decrease of \$112,634 associated with decreased expenditures for court security and furloughs of Clerk of the Court personnel dictated by the Governor.
- Increase in fire and rescue services of \$140,985 associated with Consolidated Dispatch expenditures.
- An increase in jail Commission contribution for operations of the Regional Jail by \$225,136. Much of this increase is associated with funding cuts for jail operations from the Commonwealth of Virginia.

- A \$179,208 decrease in public works. Much of this is associated with trash and recycling cost reductions and general property operations, maintenance, and upkeep.
- Contribution to School Board decrease of \$2,804,346.
- Increase in debt service of \$2,917,682.

## **Capital Asset and Debt Administration**

### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2010 was \$54,429,124 (net of accumulated depreciation). This is a decrease of \$2,952,354. This investment in capital assets includes land, buildings and system, and machinery and equipment. At the end of the year June 30, 2010, there was no construction in progress. The Board of Supervisors is actively seeking companies to use the donated property received last year for economic development. The total net decrease in the County's investment in capital assets for the current fiscal year was 5.15 percent for government activities. Prior to the end of the year, the Board of Supervisors entered an agreement to use part of the capital assets for economic development. The work associated with this agreement will be in FY 2011. The remaining change in capital assets is the result of depreciation.

The County's investment in capital assets for its proprietary funds is \$1,427,172, an increase of \$5,892. This is a result of construction of a convenience center in the county.

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

### **COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,824,033	\$ 2,824,033	\$ 540,137	\$ 540,137	\$ 3,364,170	\$ 3,364,170
Buildings and systems	50,764,273	53,445,854	740,573	713,068	51,504,846	54,158,922
Machinery & equipment	840,818	1,111,588	146,462	168,075	987,280	1,279,663
Total	<u>\$ 54,429,124</u>	<u>\$ 57,381,475</u>	<u>\$ 1,427,172</u>	<u>\$ 1,421,280</u>	<u>\$ 55,856,296</u>	<u>\$ 58,802,755</u>

### **Long-term debt**

At the end of fiscal year 2010, the County had the following outstanding debt:

### **COUNTY OF ROCKBRIDGE'S LONG-TERM DEBT**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 19,638,305	\$ 21,079,658	\$ -	\$ -	\$ 19,638,305	\$ 21,079,658
Revenue Bonds	19,967,851	20,474,555	-	-	19,967,851	20,474,555
Literary Loans	2,400,000	2,600,000	-	-	2,400,000	2,600,000
Capital Leases	67,323	284,800	-	-	67,323	284,800
OPEB Obligation	71,000	38,000	2,000	1,000	73,000	39,000
Landfill closure liability	-	-	1,818,313	1,805,673	1,818,313	1,805,673
Compensated Absences	258,367	252,257	22,735	21,962	281,102	274,219
Total long-term debt	<u>\$ 42,402,846</u>	<u>\$ 44,729,270</u>	<u>\$ 1,843,048</u>	<u>\$ 1,828,635</u>	<u>\$ 44,245,894</u>	<u>\$ 46,557,905</u>

The County's long-term debt includes the Rockbridge County Schools debt and the business type activities debt. For the year, the total long-term debt decreased by \$2,312,011. The OPEB obligation is included in the long term debt to meet GASB requirements. The obligation increased by \$33,000 for Government Activities and by \$1,000 for business type activities for the year. The landfill closure liability increased by an inflation factor used to accurately display estimated closure cost. A restricted cash account is designated to meet this long term obligation. The remaining change in long-term debt is because of debt service payments made during the year.

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

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the County is currently 6.9 percent. The State unemployment rate is 7.1 percent. The increase in the County over the past year was only 1.3 percent, which is more than the rate increase for the State, which was .5 percent. There is great concern that unemployment could continue to climb within the County. To combat this decline, the Board of Supervisors is funding a variety of economic development initiatives to create jobs and increase revenue.
- The economy factors affecting the county are expected to continue through the next year. Unexpected cuts in year 2010, and well as announced state funding cuts mean reductions in revenue. These factors were accounted for in the FY2011 budget. The anticipated revenues continue to be developed using very conservative guidelines with the uncertainty of the financial climate. With a weak economy and high unemployment rate, real estate revenues are expected to remain stable at best. A concern is that delinquency rate could increase with the downturn of the economy.
- The real property tax rate for fiscal year 2011 remained at \$0.59 per \$100.00 of assessed valuation to generate required revenues. A personal property rate of \$4.25 remained at the previous year's level.
- The Board of Supervisors budget priorities and goals included reducing expenditures in all areas except education, fire and rescue and public library. Additionally the Boards' goals included meeting all mandates, debt service and legal obligations.
- For the budget year 2011, an Early Retirement Incentive Program was offered. Several employees participated in the program. This program allowed some jobs to be eliminated and others to be filled with employees with less compensation. Benefit from the program will continue through FY 2012 because the incentives will be eliminated and personnel cost will be reduced.
- The Board of Supervisors made a commitment to the School Board to provide the greatest support they could in this economic turndown. Through several meetings and with close communication with the School Board and administration, this goal was met. Local funding for schools remained at the previous year's level. However, the Commonwealth made significant cuts in educational funds. The strategy to address the Commonwealth's revenue cuts was to emphasis school programs, not capital. With this in mind, the School Board closed one elementary school and consolidated students into other schools.

### **Requests for Information**

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration, 150 S. Main Street, Lexington, Virginia 24450.

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## **BASIC FINANCIAL STATEMENTS**



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



County of Rockbridge, Virginia  
Statement of Net Assets  
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,535,836	\$ 770,442	\$ 12,306,278
Receivables (net of allowance for uncollectibles):			
Taxes receivable	9,030,048	-	9,030,048
Accounts receivable	470,420	79,019	549,439
Due from other funds	-	44,927	44,927
Due from component units	1,459,473	-	1,459,473
Due from other governmental units	873,276	-	873,276
Inventories	96,178	-	96,178
Advances to other entities	63,479	-	63,479
Prepaid expenses	-	-	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	2,531,217	2,314,295	4,845,512
Capital assets (net of accumulated depreciation):			
Land	2,824,033	540,137	3,364,170
Buildings and improvements	50,764,273	740,573	51,504,846
Machinery and equipment	840,818	146,462	987,280
Utility plant and equipment	-	-	-
Construction in progress	-	-	-
Total assets	<u>\$ 80,489,051</u>	<u>\$ 4,635,855</u>	<u>\$ 85,124,906</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 355,521	\$ 54,761	\$ 410,282
Advances from participating entities	-	74,292	74,292
Accrued interest payable	827,496	-	827,496
Due to other funds	44,927	-	44,927
Due to primary government	-	-	-
Due to other governmental units	-	-	-
Unearned revenue	7,124,575	-	7,124,575
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	1,812,636	-	1,812,636
Due in more than one year	40,590,210	1,843,048	42,433,258
Total liabilities	<u>\$ 50,755,365</u>	<u>\$ 1,972,101</u>	<u>\$ 52,727,466</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 12,355,645	\$ 1,427,172	\$ 13,782,817
Restricted for:			
Debt service and bond covenants	935,021	-	935,021
Unrestricted (deficit)	16,443,020	1,236,582	17,679,602
Total net assets	<u>\$ 29,733,686</u>	<u>\$ 2,663,754</u>	<u>\$ 32,397,440</u>

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

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 383,204	\$ 640,092	\$ 3,515	\$ 3,389,580
-	-	-	-
125,066	12,110	12,442	427,144
-	-	-	-
-	-	-	-
467,156	437,397	258,180	-
34,545	-	-	63,925
-	-	-	-
338,659	-	-	-
-	-	-	37,609
117,555	-	-	363,589
13,516,662	-	1,484,605	-
948,789	31,230	17,641	-
-	-	-	25,643,679
-	-	147,379	225,162
<u>\$ 15,931,636</u>	<u>\$ 1,120,829</u>	<u>\$ 1,923,762</u>	<u>\$ 30,150,688</u>
\$ 94,111	\$ 380,528	\$ 26,202	\$ 213,298
-	-	-	-
-	-	-	-
-	-	-	-
833,062	626,411	-	-
-	81,674	-	-
-	-	-	-
-	-	-	37,609
10,155	10,632	-	894,362
501,398	161,255	178,408	12,502,621
<u>\$ 1,438,726</u>	<u>\$ 1,260,500</u>	<u>\$ 204,610</u>	<u>\$ 13,647,890</u>
\$ 14,583,006	\$ (10,694)	\$ 1,649,625	\$ 12,868,852
-	-	-	-
(90,096)	(128,977)	69,527	3,633,946
<u>\$ 14,492,910</u>	<u>\$ (139,671)</u>	<u>\$ 1,719,152</u>	<u>\$ 16,502,798</u>

County of Rockbridge, Virginia  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities:					
General government administration	\$ 2,332,278	\$ 11,700	\$ 265,299	\$ -	
Judicial administration	1,211,172	346,456	598,183	-	
Public safety	5,364,665	15,584	1,126,766	-	
Public works	3,040,215	1,154,832	-	-	
Health and welfare	1,459,423	-	-	-	
Education	14,437,698	-	-	-	
Parks, recreation, and cultural	1,361,665	90,891	-	-	
Community development	2,109,085	204,569	174,769	-	
Nondepartmental	1,932,209	-	-	-	
Interest on long-term debt	1,944,765	-	-	-	
Total governmental activities	<u>\$ 35,193,175</u>	<u>\$ 1,824,032</u>	<u>\$ 2,165,017</u>	<u>\$ -</u>	
Business-type activities:					
Landfill Fund	\$ 969,972	\$ 1,213,411	\$ -	\$ -	
Recycling Fund	954,393	104,549	18,913	-	
Total business-type activities	<u>\$ 1,924,365</u>	<u>\$ 1,317,960</u>	<u>\$ 18,913</u>	<u>\$ -</u>	
Total primary government	<u>\$ 37,117,540</u>	<u>\$ 3,141,992</u>	<u>\$ 2,183,930</u>	<u>\$ -</u>	
<b>COMPONENT UNITS:</b>					
Governmental activities:					
School Board	\$ 30,246,650	\$ 1,614,721	\$ 15,143,934	\$ -	
Rockbridge Area Social Services Board	4,451,503	-	4,448,388	-	
Rockbridge Regional Jail Commission	2,673,293	1,024,689	1,579,739	-	
Business-type activities:					
Rockbridge Public Service Authority	<u>2,437,946</u>	<u>1,950,490</u>	<u>185,600</u>	<u>185,770</u>	
Total component units	<u>\$ 39,809,392</u>	<u>\$ 4,589,900</u>	<u>\$ 21,357,661</u>	<u>\$ 185,770</u>	
General revenues:					
General property taxes					
Local sales tax					
Consumers utility tax					
E-911 tax					
Business license tax					
Meals tax					
Motor vehicle licenses					
Lodging tax					
Other local taxes					
Unrestricted revenues from use of money and property					
Miscellaneous					
Grants and contributions not restricted to specific programs					
Transfers					
Total general revenues					
Change in net assets					
Net assets - beginning					
Net assets - ending					

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

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Unit	Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,055,279)	\$ -	\$ (2,055,279)	\$ -	\$ -	\$ -	\$ -
(266,533)	-	(266,533)	-	-	-	-
(4,222,315)	-	(4,222,315)	-	-	-	-
(1,885,383)	-	(1,885,383)	-	-	-	-
(1,459,423)	-	(1,459,423)	-	-	-	-
(14,437,698)	-	(14,437,698)	-	-	-	-
(1,270,774)	-	(1,270,774)	-	-	-	-
(1,729,747)	-	(1,729,747)	-	-	-	-
(1,932,209)	-	(1,932,209)	-	-	-	-
(1,944,765)	-	(1,944,765)	-	-	-	-
<u>\$ (31,204,126)</u>	<u>\$ -</u>	<u>\$ (31,204,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 243,439	\$ 243,439	\$ -	\$ -	\$ -	\$ -
-	(830,931)	(830,931)	-	-	-	-
<u>\$ -</u>	<u>\$ (587,492)</u>	<u>\$ (587,492)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (31,204,126)</u>	<u>\$ (587,492)</u>	<u>\$ (31,791,618)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (13,487,995)	\$ -	\$ -	\$ -
-	-	-	-	(3,115)	-	-
-	-	-	-	-	(68,865)	-
-	-	-	-	-	-	(116,086)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,487,995)</u>	<u>\$ (3,115)</u>	<u>\$ (68,865)</u>	<u>\$ (116,086)</u>
\$ 19,737,346	\$ -	\$ 19,737,346	\$ -	\$ -	\$ -	\$ -
2,238,747	-	2,238,747	-	-	-	-
1,538,143	-	1,538,143	-	-	-	-
1,763	-	1,763	-	-	-	-
723,687	-	723,687	-	-	-	-
1,254,917	-	1,254,917	-	-	-	-
547,407	-	547,407	-	-	-	-
1,113,279	-	1,113,279	-	-	-	-
292,986	-	292,986	-	-	-	-
240,641	6,505	247,146	512	-	158	14,206
272,957	117	273,074	101,196	-	-	-
2,786,489	-	2,786,489	14,369,314	-	-	-
(948,313)	948,313	-	-	-	-	-
<u>\$ 29,800,049</u>	<u>\$ 954,935</u>	<u>\$ 30,754,984</u>	<u>\$ 14,471,022</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ 14,206</u>
(1,404,077)	367,443	(1,036,634)	983,027	(3,115)	(68,707)	(101,880)
31,137,763	2,296,311	33,434,074	13,509,883	(136,556)	1,787,859	16,604,678
<u>\$ 29,733,686</u>	<u>\$ 2,663,754</u>	<u>\$ 32,397,440</u>	<u>\$ 14,492,910</u>	<u>\$ (139,671)</u>	<u>\$ 1,719,152</u>	<u>\$ 16,502,798</u>

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## **FUND FINANCIAL STATEMENTS**



County of Rockbridge, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2010

Exhibit 3

	General	School Capital Projects Fund	Courthouse Construction Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,219,338	\$ 62,261	\$ 254,237	\$ 11,535,836
Receivables (net of allowance for uncollectibles):				
Taxes receivable	9,030,048	-	-	9,030,048
Accounts receivable	470,420	-	-	470,420
Advances to other entities	63,479	-	-	63,479
Due from other funds	1,837	-	-	1,837
Due from component units	1,459,473	-	-	1,459,473
Due from other governmental units	873,276	-	-	873,276
Inventories	96,178	-	-	96,178
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	2,531,217	-	-	2,531,217
Total assets	<u>\$ 25,745,266</u>	<u>\$ 62,261</u>	<u>\$ 254,237</u>	<u>\$ 26,061,764</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 355,521	\$ -	\$ -	\$ 355,521
Due to other funds	44,927	1,837	-	46,764
Deferred revenue	9,210,738	-	-	9,210,738
Total liabilities	<u>\$ 9,611,186</u>	<u>\$ 1,837</u>	<u>\$ -</u>	<u>\$ 9,613,023</u>
Fund balances:				
Reserved for:				
Garage	\$ 231,480	\$ -	\$ -	\$ 231,480
Fire program	39,225	-	-	39,225
School carryover	652,618	-	-	652,618
Convenience centers	12,075	-	-	12,075
Debt service and bond covenants	935,021	-	-	935,021
County property	224,806	-	-	224,806
School retirement	264,464	-	-	264,464
Partnership	82,097	-	-	82,097
Court security	85,018	-	-	85,018
Rental assistance	4,413	-	-	4,413
Unreserved, reported in:				
General fund	13,602,863	-	-	13,602,863
Capital projects funds	-	60,424	254,237	314,661
Total fund balances	<u>\$ 16,134,080</u>	<u>\$ 60,424</u>	<u>\$ 254,237</u>	<u>\$ 16,448,741</u>
Total liabilities and fund balances	<u>\$ 25,745,266</u>	<u>\$ 62,261</u>	<u>\$ 254,237</u>	<u>\$ 26,061,764</u>

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



County of Rockbridge, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2010

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Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	16,448,741
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,429,124
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,086,163
----------------------------------------------------------------------------------------------------------------------------	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(43,230,342)
Net assets of governmental activities	<u>\$ 29,733,686</u>

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

County of Rockbridge, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

Exhibit 5

	General	School Capital Projects Fund	Courthouse Construction Fund	Total
<b>REVENUES</b>				
General property taxes	\$ 19,568,375	\$ -	\$ -	\$ 19,568,375
Other local taxes	7,710,929	-	-	7,710,929
Permits, privilege fees, and regulatory licenses	202,087	-	-	202,087
Fines and forfeitures	153,837	-	-	153,837
Revenue from the use of money and property	239,918	165	558	240,641
Charges for services	1,468,108	-	-	1,468,108
Miscellaneous	257,616	-	-	257,616
Recovered costs	344,525	-	15,341	359,866
Intergovernmental revenues:				
Commonwealth	4,652,229	-	-	4,652,229
Federal	299,277	-	-	299,277
Total revenues	<u>\$ 34,896,901</u>	<u>\$ 165</u>	<u>\$ 15,899</u>	<u>\$ 34,912,965</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,774,607	\$ -	\$ -	\$ 1,774,607
Judicial administration	1,199,478	-	-	1,199,478
Public safety	5,334,327	-	-	5,334,327
Public works	2,911,708	-	-	2,911,708
Health and welfare	1,459,363	-	-	1,459,363
Education	12,565,769	-	-	12,565,769
Parks, recreation, and cultural	1,257,674	-	-	1,257,674
Community development	2,101,876	-	-	2,101,876
Nondepartmental	1,932,209	-	-	1,932,209
Capital projects	-	-	62,263	62,263
Debt service:				
Principal retirement	2,320,388	-	-	2,320,388
Interest and other fiscal charges	2,033,512	-	-	2,033,512
Total expenditures	<u>\$ 34,890,911</u>	<u>\$ -</u>	<u>\$ 62,263</u>	<u>\$ 34,953,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,990</u>	<u>\$ 165</u>	<u>\$ (46,364)</u>	<u>\$ (40,209)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 175,135	\$ -	\$ -	\$ 175,135
Transfers out	<u>\$ (948,313)</u>	<u>\$ -</u>	<u>\$ (175,135)</u>	<u>\$ (1,123,448)</u>
Total other financing sources (uses)	<u>\$ (773,178)</u>	<u>\$ -</u>	<u>\$ (175,135)</u>	<u>\$ (948,313)</u>
Net change in fund balances	\$ (767,188)	\$ 165	\$ (221,499)	\$ (988,522)
Fund balances - beginning	16,901,268	60,259	475,736	17,437,263
Fund balances - ending	<u>\$ 16,134,080</u>	<u>\$ 60,424</u>	<u>\$ 254,237</u>	<u>\$ 16,448,741</u>

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

County of Rockbridge, Virginia  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2010

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Exhibit 6

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

Net change in fund balances - total governmental funds	\$	(988,522)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(2,952,351)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	168,971
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,365,534
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>2,291</u>
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Change in net assets of governmental activities	\$	<u><u>(1,404,077)</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

Exhibit 7

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 770,442	\$ -	\$ 770,442
Accounts receivable	74,387	4,632	79,019
Due from other funds	44,927		44,927
Total current assets	<u>\$ 889,756</u>	<u>\$ 4,632</u>	<u>\$ 894,388</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents-landfill closure costs	\$ 2,314,295	\$ -	\$ 2,314,295
Total restricted assets	<u>\$ 2,314,295</u>	<u>\$ -</u>	<u>\$ 2,314,295</u>
Capital assets, net of accumulated depreciation:			
Land	\$ 540,137	\$ -	\$ 540,137
Buildings and improvements	545,765	194,808	740,573
Machinery and equipment	62,191	84,271	146,462
Total capital assets	<u>\$ 1,148,093</u>	<u>\$ 279,079</u>	<u>\$ 1,427,172</u>
Total noncurrent assets	<u>\$ 3,462,388</u>	<u>\$ 279,079</u>	<u>\$ 3,741,467</u>
Total assets	<u>\$ 4,352,144</u>	<u>\$ 283,711</u>	<u>\$ 4,635,855</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 53,810	\$ 951	\$ 54,761
Advances from participating localities	74,292	-	74,292
Total current assets	<u>\$ 128,102</u>	<u>\$ 951</u>	<u>\$ 129,053</u>
Noncurrent liabilities:			
Compensated absences	\$ 11,716	\$ 11,019	\$ 22,735
Net OPEB obligation	2,000	-	2,000
Closure and post-closure liability	1,818,313	-	1,818,313
Total noncurrent liabilities	<u>\$ 1,832,029</u>	<u>\$ 11,019</u>	<u>\$ 1,843,048</u>
Total liabilities	<u>\$ 1,960,131</u>	<u>\$ 11,970</u>	<u>\$ 1,972,101</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 1,148,093	\$ 279,079	\$ 1,427,172
Unrestricted (deficit)	1,243,920	(7,338)	1,236,582
Total net assets	<u>\$ 2,392,013</u>	<u>\$ 271,741</u>	<u>\$ 2,663,754</u>

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

County of Rockbridge, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

Exhibit 8

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Landfill Rockbridge County	\$ 740,913	\$ -	\$ 740,913
Landfill City of Lexington	294,223	-	294,223
Landfill City of Buena Vista	178,275	-	178,275
Sale of recycles	-	97,584	97,584
Waste water treatment fees	-	6,965	6,965
Miscellaneous	117	-	117
Total operating revenues	\$ 1,213,528	\$ 104,549	\$ 1,318,077
<b>OPERATING EXPENSES</b>			
Personal services	\$ 167,886	\$ 244,103	\$ 411,989
Fringe benefits	74,500	76,868	151,368
Contractual services	465,353	19,502	484,855
Other charges	99,493	19,093	118,586
Rent	86,399	3,359	89,758
Depreciation	76,341	25,849	102,190
Total operating expenses	\$ 969,972	\$ 388,774	\$ 1,358,746
Operating income (loss)	\$ 243,556	\$ (284,225)	\$ (40,669)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	\$ 6,505	\$ -	\$ 6,505
Contribution-Maury Service Authority	-	(565,619)	(565,619)
Commonwealth of Virginia-litter control grant	-	18,913	18,913
Total nonoperating revenues (expenses)	\$ 6,505	\$ (546,706)	\$ (540,201)
Income before contributions and transfers	\$ 250,061	\$ (830,931)	\$ (580,870)
Transfers in	\$ -	\$ 948,313	\$ 948,313
Change in net assets	\$ 250,061	\$ 117,382	\$ 367,443
Total net assets - beginning	2,141,952	154,359	2,296,311
Total net assets - ending	\$ 2,392,013	\$ 271,741	\$ 2,663,754

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

County of Rockbridge, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010

Exhibit 9

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,186,810	\$ 99,917	\$ 1,286,727
Payments to suppliers	(614,182)	(71,019)	(685,201)
Payments to employees	(238,863)	(322,421)	(561,284)
Net cash provided by (used in) operating activities	\$ 333,765	\$ (293,523)	\$ 40,242
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Commonwealth of Virginia-litter control grant	\$ -	\$ 18,913	\$ 18,913
Operating transfer from general fund	-	382,694	382,694
Net cash provided by (used in) noncapital financing activities	\$ -	\$ 401,607	\$ 401,607
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ -	\$ (108,084)	\$ (108,084)
General fund transfer Maury Service Authority debt	-	565,619	565,619
Contribution-Maury Service Authority	-	(565,619)	(565,619)
Landfill closure costs	12,640	-	12,640
Net cash provided by (used in) capital and related financing activities	\$ 12,640	\$ (108,084)	\$ (95,444)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	\$ 6,505	\$ -	\$ 6,505
Net increase (decrease) in cash and cash equivalents	\$ 352,910	\$ -	\$ 352,910
Cash and cash equivalents - beginning - including restricted	2,731,827	-	2,731,827
Cash and cash equivalents - ending - including restricted	\$ 3,084,737	\$ -	\$ 3,084,737
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 243,556	\$ (284,225)	\$ (40,669)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	76,341	25,849	102,190
(Increase) decrease in accounts receivable	44,367	(4,632)	39,735
Increase (decrease) in accounts payable	37,063	(29,065)	7,998
Increase (decrease) in compensated absences	2,223	(1,450)	773
Increase (decrease) in Net OPEB obligation	1,300	-	1,300
Increase (decrease) in due to other funds	(71,085)	-	(71,085)
Net cash provided by (used in) operating activities	\$ 333,765	\$ (293,523)	\$ 40,242

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

County of Rockbridge, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

Exhibit 10

	Primary Government Agency Funds	Component Unit Rockbridge Area Social Services Board Agency Funds	Component Unit Rockbridge Regional Jail Commission Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 53,933	\$ 7,579	\$ 16,176
Total assets	<u>\$ 53,933</u>	<u>\$ 7,579</u>	<u>\$ 16,176</u>
<b>LIABILITIES</b>			
Accounts payable	\$ (63,291)	\$ -	\$ -
Amounts held for payroll deductions	63,291	-	-
Amounts held for veterans memorial	10,844	-	-
Amounts held for drug enforcement	39,567	-	-
Amounts held for employee benefits	2,249	-	-
Amounts held for commonwealth attorney forfeitures	1,273	-	-
Amounts held for social services clients	-	7,579	-
Amounts held for inmates/jail	-	-	16,176
Total liabilities	<u>\$ 53,933</u>	<u>\$ 7,579</u>	<u>\$ 16,176</u>

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

# COUNTY OF ROCKBRIDGE, VIRGINIA

## Notes to Financial Statements As of June 30, 2010

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### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

#### A. Reporting Entity

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

**Blended component units** - The Rockbridge Solid Waste Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Rockbridge County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Rockbridge County. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 150 South Main Street, Lexington, Virginia 24450.

#### Discretely Presented Component Units:

##### Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2010.

##### Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista and Rockbridge County. The Rockbridge County Board of Supervisors appoint one (1) member to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member respectively. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2010. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Commission, Route 7, Box 42, Lexington, Virginia 24450.



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

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Discretely Presented Component Units: (Continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2010. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office, 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Board is a legally separate organization. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2010. The Board is included in these financial statements because of the Board's fiscal dependency on the County. Complete financial statements of the Rockbridge Area Social Services Board are available at the Board's office in Lexington, Virginia.

**B. Other Organizations:**

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Industrial Development Authority:

The County created the Industrial Development Authority to attract industry to the County and to provide financing for such industries. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board.

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

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**B. Other Organizations: (Continued)**

Excluded from the County's Financial Report: (Continued)

Rockbridge Area Economic Development Commission:

The Rockbridge Area Economic Development Commission is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Complete financial statements can be obtained from the Rockbridge Area Economic Development Commission.

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

**C. Government-wide and fund financial statements**

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

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

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

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

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**D. Measurement focus, basis of accounting, and financial statement presentation**

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the School Capital Projects Fund and the Courthouse Construction Fund.

The government reports the following major proprietary funds:

The *landfill and recycling funds* account for the activities of the Rockbridge County Solid Waste Authority, a blended component unit of the government. The Authority operates the landfill and recycling operations of the County.

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

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

Additionally, the government reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Payroll Deduction, Drug, Veterans Memorial, Employee Benefits and the Commonwealth Attorney's Forfeitures Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

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

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

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

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**E. Assets, liabilities, and net assets or equity**

**2. *Receivables and payables***

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. *Inventory***

Inventory is valued using the *first in, first out* method. Inventories in the General Fund and Discretely Presented Component Unit - School Board consist of expendable supplies held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

**4. *Property Taxes***

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

**5. *Allowance for Uncollectible Accounts***

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$321,999 at June 30, 2010 and is comprised solely of property taxes.

**6. *Use of Estimates***

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

**7. *Restricted Assets***

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. These funds are restricted for the payment of future closure and post-closure costs associated with the County's landfill. The Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****E. Assets, liabilities, and net assets or equity (continued)****8. Capital assets**

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30

**9. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

**10. Long-term obligations**

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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

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#### E. Assets, liabilities, and net assets or equity (continued)

##### 10. Long-term obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 11. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

##### 12. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

### NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

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#### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$43,230,342) and (\$511,553) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (42,006,156)	\$ -
Accrued interest payable	(827,496)	-
Capital leases payable	(67,323)	-
Net OPEB liability	(71,000)	(410,000)
Compensated absences	(258,367)	(101,553)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ (43,230,342)	\$ (511,553)

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these (\$2,952,351) and \$1,172,821 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 82,996	\$ 707,348
Depreciation expense	(1,393,988)	(1,175,886)
Allocation of debt financed school assets based on current year repayments	(1,641,359)	1,641,359
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (2,952,351)	\$ 1,172,821

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$2,365,534 difference in the primary government are as follows:

Principal repayments:	
General obligation debt	\$ 2,102,911
Capital leases	217,477
Premium on general obligation bonds	45,146
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 2,365,534



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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

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

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these \$2,291 and (\$196,869) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (6,110)	\$ 2,131
Net OPEB liability	(35,200)	(199,000)
Accrued interest	43,601	-
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 2,291	\$ (196,869)

### NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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#### A. Budgetary information

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

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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#### B. Excess of expenditures over appropriations:

For the year ended June 30, 2010, there were no funds with expenditures exceeding appropriations.

#### C. Deficit fund equity

At June 30, 2010, there were no funds with deficit fund equity.

### NOTE 4—JOINT VENTURES:

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As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington, Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2010 is provided below:

	Maury Service Authority	Rockbridge Area Community Services Board
Total assets	\$ 21,359,885	\$ 8,127,372
Total liabilities	12,397,193	5,039,024
Total net assets	8,992,826	3,088,348
For the year ended June 30, 2010:		
Operating revenue	2,367,422	4,601,127
Operating expenses	1,631,956	7,456,823
Change in net assets	(30,137)	398,382
Net assets at beginning of year	8,992,826	2,689,966
Net assets at end of year	8,962,689	3,088,348

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

	General	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 446,353	\$ -	\$ -
Local sales taxes	411,114	-	-	-
Public assistance grants	-	-	-	49,700
Comprehensive services act	-	-	-	310,685
Other	431,556	11,121	192,773	-
Federal Government:				
Federal funds	30,606	9,682	-	77,012
Other Governmental Units:				
City of Lexington	-	-	989	-
City of Buena Vista	-	-	50,853	-
County of Rockbridge	-	-	13,565	-
Totals	<u>\$ 873,276</u>	<u>\$ 467,156</u>	<u>\$ 258,180</u>	<u>\$ 437,397</u>

## NOTE 6—INTERFUND OBLIGATIONS:

Fund	Due From Other Funds	Due To Other Funds	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General Fund	\$ 1,837	\$ 44,927	\$ 1,459,473	\$ -
Landfill Fund	44,927	-	-	-
School Capital Projects Fund	-	1,837	-	-
Component Unit Rockbridge Area Social Services	-	-	-	626,411
Component Unit School Board	-	-	-	833,062
Total	<u>\$ 46,764</u>	<u>\$ 46,764</u>	<u>\$ 1,459,473</u>	<u>\$ 1,459,473</u>

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
As of June 30, 2010

**NOTE 7—LONG-TERM LIABILITIES:****Primary Government – Governmental Activity Indebtedness:**

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 444,314	\$ 908,459	\$ 1,055,854	\$ 931,991
2012	467,811	890,990	1,084,617	874,485
2013	491,023	871,938	876,183	822,219
2014	489,703	851,402	903,061	777,111
2015	480,000	831,896	945,038	729,985
2016	500,000	812,296	977,118	680,970
2017	520,000	792,234	1,089,658	629,311
2018	540,000	770,971	1,057,709	574,694
2019	565,000	747,946	1,100,553	518,755
2020	590,000	723,003	1,147,446	464,387
2021	615,000	696,101	1,189,438	407,915
2022	645,000	667,678	1,237,271	346,284
2023	670,000	637,834	1,100,253	283,127
2024	700,000	606,741	1,143,391	225,914
2025	735,000	573,825	890,000	174,844
2026	770,000	538,963	930,000	131,065
2027	805,000	502,475	690,000	92,468
2028	840,000	464,363	725,000	57,248
2029	885,000	424,388	760,000	19,380
2030	920,000	382,550	-	-
2031	970,000	338,738	-	-
2032	1,015,000	290,875	-	-
2033	1,060,000	239,000	-	-
2034	1,115,000	184,625	-	-
2035	1,175,000	127,375	-	-
2036	1,230,000	67,250	-	-
2037	355,000	27,625	-	-
2038	375,000	9,375	-	-
Total	\$ <u>19,967,851</u>	\$ <u>14,980,915</u>	\$ <u>18,902,590</u>	\$ <u>8,742,151</u>

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

### Primary Government – Governmental Activity Indebtedness: (continued)

Year Ending June 30,	Literary Fund Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2011	\$ 200,000	\$ 96,000	\$ 67,323	\$ 1,276
2012	200,000	88,000	-	-
2013	200,000	80,000	-	-
2014	200,000	72,000	-	-
2015	200,000	64,000	-	-
2016	200,000	56,000	-	-
2017	200,000	48,000	-	-
2018	200,000	40,000	-	-
2019	200,000	32,000	-	-
2020	200,000	24,000	-	-
2021	200,000	16,000	-	-
2022	200,000	8,000	-	-
Total	<u>\$ 2,400,000</u>	<u>\$ 624,000</u>	<u>\$ 67,323</u>	<u>\$ 1,276</u>

### Changes in Long-Term Liabilities:

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

	Revenue Bonds	General Obligation Bonds	Unamortized Bond Premium	Literary Loans	Capital Leases	Net OPEB Obligation	Compensated Absences	Total
Balance payable at July 1, 2009	\$ 20,474,555	\$ 20,298,797	\$ 780,861	\$ 2,600,000	\$ 284,800	\$ 38,000	\$ 252,257	\$ 44,729,270
Retirements:								
Revenue Bonds	(506,704)	-	-	-	-	-	-	(506,704)
General obligation bonds	-	(1,396,207)	-	-	-	-	-	(1,396,207)
Capital lease obligations	-	-	-	-	(217,477)	-	-	(217,477)
Premium on bond issues	-	-	(45,146)	-	-	-	-	(45,146)
Literary loans	-	-	-	(200,000)	-	-	-	(200,000)
Increase in OPEB obligation	-	-	-	-	-	33,000	-	33,000
Increase in accrued leave liability	-	-	-	-	-	-	6,110	6,110
Balance payable at June 30, 2010	<u>\$ 19,967,851</u>	<u>\$ 18,902,590</u>	<u>\$ 735,715</u>	<u>\$ 2,400,000</u>	<u>\$ 67,323</u>	<u>\$ 71,000</u>	<u>\$ 258,367</u>	<u>\$ 42,402,846</u>

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
As of June 30, 2010

**NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)****Primary Government – Governmental Activity Liabilities: (continued)****Details of Long-Term Liabilities:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bonds:		
\$1,299,514, issued March 15, 2001 payable in semi-annual installments of principal and interest on March 1, and September 1, interest at 4.8%	\$ 142,851	\$ 34,314
\$6,000,000 issued December 19, 2007 payable in semi-annual installments of approximately \$383,000, maturing June 30, 2038	5,835,000	105,000
\$15,000,000, issued January 5, 2006 payable in semi-annual installments of principal and interest on February 1, and August 1, variable interest at 3.5%-5.0%	<u>13,990,000</u>	<u>305,000</u>
Total revenue bonds	\$ <u>19,967,851</u>	\$ <u>444,314</u>
School bonds:		
\$3,790,997, issue dated July 31, 1991 due in various annual principal installments, interest payable semi-annually at 6.7515%	\$ 482,666	\$ 237,126
\$1,500,000 issue dated May 17, 2001, payable in semi-annual installments of principal and interest on January 15, and July 15, through January 2022, interest at 4.79%	1,075,000	65,000
\$3,012,956 issue dated March 1, 2001, payable in semi-annual installments of principal and interest on February 1 and August 1 through August 2010, interest at 4.33%	11,665	11,665
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95%	720,000	40,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	9,550,000	305,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	3,943,259	267,063

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

#### Primary Government – Governmental Activity Liabilities: (continued)

##### Details of Long-Term Liabilities:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
School bonds: (continued)		
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	\$ <u>3,120,000</u>	\$ <u>130,000</u>
Total school bonds	\$ <u>18,902,590</u>	\$ <u>1,055,854</u>
Literary loans:		
\$4,000,000 issue dated January 1, 2002, payable in various annual principal and interest installments through January 1, 2022, interest at 4%	\$ <u>2,400,000</u>	\$ <u>200,000</u>
Capital lease obligations:		
\$102,826 issued January 20, 2006 for a bulldozer, due in monthly payments of \$1,940 through January 20, 2011, interest at 5.0%	\$ <u>13,360</u>	\$ <u>13,360</u>
\$157,000 issued June 30, 2008 for a vehicles, due in quarterly payments of \$13,754 through August 30, 2011, interest at 3.11	<u>53,963</u>	<u>53,963</u>
Total capital lease obligations	\$ <u>67,323</u>	\$ <u>67,323</u>
Unamortized bond premium	\$ <u>735,715</u>	\$ <u>45,145</u>
Net OPEB obligation (payable from the General Fund)	\$ <u>71,000</u>	\$ <u>-</u>
Accrued leave obligation (payable from the General Fund)	\$ <u>258,367</u>	\$ <u>-</u>
Total general long-term indebtedness	\$ <u>42,402,846</u>	\$ <u>1,812,636</u>

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

### Primary Government – Enterprise Activity Liabilities:

#### Changes in Long-Term Liabilities:

The following is a summary of long-term liability transactions of the enterprise activities for the year ended June 30, 2010.

		Landfill Closure and Post-Closure Liability	Net OPEB Obligation	Accrued Leave	Total
Long-term debt July 1, 2009	\$	1,805,673	\$ 1,000	\$ 21,962	\$ 1,828,635
Increase in accrued leave liability	\$	-	\$ -	\$ 773	\$ 773
Increase in net OPEB obligation		-	1,000	-	1,000
Landfill closure and post-closure liability		12,640	-	-	12,640
Long-term debt June 30, 2010	\$	<u>1,818,313</u>	<u>\$ 2,000</u>	<u>\$ 22,735</u>	<u>\$ 1,843,048</u>

#### Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Landfill closure and post-closure liability	\$ 1,818,313	\$ -
Net OPEB obligation	\$ 2,000	\$ -
Accrued leave obligation	\$ 22,735	\$ -
Total indebtedness	<u>\$ 1,843,048</u>	<u>\$ -</u>

### Component Unit – Rockbridge County Public Service Authority:

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

Years Ending June 30,	Revenue Bonds	
	Principal	Interest
2011	\$ 863,757	\$ 84,537
2012	875,664	76,133
2013	882,908	66,541
2014	895,305	56,183
2015	905,669	45,044
2016-2020	4,009,654	94,314
2021-2025	3,585,584	10,455
2026-2027	1,035,175	-
Total	<u>\$ 13,053,716</u>	<u>\$ 433,207</u>



# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

### Component Unit – Rockbridge County Public Service Authority: (continued)

#### Changes in Long-Term Liabilities:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Water Fund:				
Revenue Bonds	\$ 1,833,649	\$ -	\$ 166,861	\$ 1,666,788
Other Post-Employment Benefits	-	1,596	-	1,596
Compensated Absences	16,032	1,413	-	17,445
Total Water Fund	\$ 1,849,681	\$ 3,009	\$ 166,861	\$ 1,685,829
Sewer Fund:				
Revenue Bonds	\$ 12,077,045	\$ -	\$ 690,117	\$ 11,386,928
Other Post-Employment Benefits	-	1,204	-	1,204
Advances	-	309,862	-	309,862
Compensated Absences	12,977	183	-	13,160
Total Sewer Fund	\$ 12,090,022	\$ 311,249	\$ 690,117	\$ 11,711,154
Totals	\$ 13,939,703	\$ 314,258	\$ 856,978	\$ 13,396,983

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2001 Water Revenue Refunding Bond	\$ 117,106
Principal and interest payments on the Route 60 Project	68,494
Total	\$ 185,600

	Total Amount	Amount Due Within One Year
Water Fund:		
Revenue Bonds:		
\$1,266,223 Water Revenue Refunding Bond dated March 1, 2001, payable in semi-annual installments through October 1, 2016. Interest rate of 4.74%. Payments on this bond are anticipated to be made by Rockbridge County.	\$ 647,520	\$ 87,017
\$767,900 Water Revenue Obligation issued through the Buena Vista Industrial Development Authority (Authority portion of \$1,400,000 issue), dated August 1, 1996, payable semi-annually through July 14, 2016, average interest rate of approximately 6.3%. Payments on this bond are anticipated to be made by Rockbridge County.	359,268	46,623
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	660,000	40,000
Total Bonds	\$ 1,666,788	\$ 173,640

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
As of June 30, 2010

**NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)****Component Unit —Rockbridge County Public Service Authority: (continued)**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Water Fund: (Continued)		
Compensated absences	\$ 17,445	\$ 17,445
Other post-employment benefits	<u>1,596</u>	<u>-</u>
Total Water Fund	\$ <u>1,685,829</u>	\$ <u>191,085</u>
Sewer Fund:		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	\$ 11,386,928	\$ 690,117
Notes:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	309,862	-
Compensated absences	13,160	13,160
Other post-employment benefits	<u>1,204</u>	<u>-</u>
Total Sewer Fund	\$ <u>11,711,154</u>	\$ <u>703,277</u>
Total	\$ <u><u>13,396,983</u></u>	\$ <u><u>894,362</u></u>

**Component Unit – Rockbridge County Regional Jail Commission:**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>
Net OPEB Obligation (payable from Rockbridge County Regional Jail Commission)	\$ 9,000	\$ 3,000	\$ -	\$ 12,000
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	<u>140,773</u>	<u>25,635</u>	<u>-</u>	<u>166,408</u>
Total Long-Term Liabilities	\$ <u><u>149,773</u></u>	\$ <u><u>28,635</u></u>	\$ <u><u>-</u></u>	\$ <u><u>178,408</u></u>

Details of long-term liabilities:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Net OPEB obligation	\$ <u>12,000</u>	\$ -
Accrued compensated absences	\$ <u>166,408</u>	\$ -
Total indebtedness	\$ <u><u>178,408</u></u>	\$ -

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

### Component Unit – Rockbridge Area Social Services Board:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Capital leases	\$ 51,579	\$ -	\$ 9,655	\$ 41,924
Compensated Absences (payable from Rockbridge Area Social Services Board)	126,625	3,338	-	129,963
Total Long-Term Liabilities	<u>\$ 178,204</u>	<u>\$ 3,338</u>	<u>\$ 9,655</u>	<u>\$ 171,887</u>

### Component Unit – Rockbridge Area Social Services Board: (continued)

Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Capital Leases:		
\$15,620 capital lease, issued June, 10, 2009, payable in monthly installments of \$380, at 7.75% interest beginning July 2009 and ending June 2012	\$ 12,144	\$ 3,754
\$36,709 capital lease, issued May 27, 2009, payable in monthly installments of \$729, at 7% interest beginning June 2009 and ending May 2014	29,780	6,878
Accrued compensated absences	129,963	-
	<u>\$ 171,887</u>	<u>\$ 10,632</u>

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

Years Ending June 30,	Capital Leases	
	Principal	Interest
2011	\$ 10,632	\$ 2,676
2012	11,431	1,878
2013	12,243	1,019
2014	7,618	265
Total	<u>\$ 41,924</u>	<u>\$ 5,838</u>

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

#### Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term liabilities transactions of the School Board Component Unit for the year ended June 30, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Compensated Absences	\$ 103,684	\$ -	\$ 2,131	\$ 101,553
Net OPEB Obligation	211,000	199,000		410,000
Total	<u>\$ 314,684</u>	<u>\$ 199,000</u>	<u>\$ 2,131</u>	<u>\$ 511,553</u>

Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	\$ 101,553	\$ 10,155
Net OPEB obligation	410,000	-
Total long-term indebtedness	<u>\$ 511,553</u>	<u>\$ 10,155</u>

### NOTE 8—DEFINED BENEFIT PENSION PLAN:

#### A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years 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 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 our web site 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, VA, 23218-2500.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

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#### **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 participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2010 were 9.86% and 4.53%, respectively of annual covered payroll.

The School Board's contributions for professional employees were \$976,426, \$1,364,997, and \$1,544,653, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008, respectively and these contributions represented 8.81%, for July 1, 2009 through March 2010 and zero (0.00%) for April through June 2010, 8.81%, and 10.30% respectively, of current covered payroll.

#### **Component Unit - Rockbridge County Regional Jail Commission**

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 Commission is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended 2010 was 9.86% of annual covered payroll.

#### **Component Unit - Rockbridge County Public Service Authority**

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 Authority is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2010 was 8.78% of annual covered payroll.

#### **Component Unit - Rockbridge Area Social Services Board**

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 Board is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Board's contribution rate for the fiscal year ended 2010 was 7.51% of annual covered payroll.

#### **C. Annual Pension Cost**

For fiscal year 2010, the County's annual pension cost of \$555,926 was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$66,794 which was equal to the Board's required and actual contributions.

For fiscal year 2010, the Rockbridge County Regional Jail Commission's annual pension cost for the board's non-professional employees was \$201,864 which was equal to the Commission's required and actual contributions.

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

### C. Annual Pension Cost (Continued)

For fiscal year 2010, the Rockbridge County Public Service Authority's annual pension cost of \$26,457 was equal to the equal to the Authority's required and actual contributions.

For fiscal year 2010, the Rockbridge Area Social Services Board's annual pension cost of \$64,388 was equal to the equal to the Board's required and actual contributions.

Trend information for the Primary government and its discretely presented component units is as follows:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:			
Fiscal year ending June 30, 2010	\$ 555,926	100%	\$ -
Fiscal year ending June 30, 2009	561,401	100%	-
Fiscal year ending June 30, 2008	567,010	100%	-
Component Unit - School Board Non-Professional Employees:			
Fiscal year ending June 30, 2010	\$ 66,794	100%	\$ -
Fiscal year ending June 30, 2009	71,210	100%	-
Fiscal year ending June 30, 2008	43,810	100%	-
Component Unit - Rockbridge Regional Jail Commission:			
Fiscal year ending June 30, 2010	\$ 201,864	100%	\$ -
Fiscal year ending June 30, 2009	201,402	100%	-
Fiscal year ending June 30, 2008	125,177	100%	-
Component Unit - Rockbridge County Public Service Authority:			
Fiscal year ending June 30, 2010	\$ 26,457	100%	\$ -
Fiscal year ending June 30, 2009	25,207	100%	-
Fiscal year ending June 30, 2008	27,599	100%	-
Component Unit - Rockbridge Area Social Services Board:			
Fiscal year ending June 30, 2010	\$ 64,388	100%	\$ -
Fiscal year ending June 30, 2009	63,321	100%	-
Fiscal year ending June 30, 2008	61,309	100%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal 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 projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 8—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

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#### **C. Funded Status and Funding Progress:**

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 86.35% funded. The actuarial accrued liability for benefits was \$22,860,428, and the actuarial value of assets was \$19,740,598, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,119,830. The covered payroll (annual payroll of active employees covered by the plan) was \$5,579,551, and ratio of the UAAL to the covered payroll was 55.92%. The Rockbridge County Regional Jail Commission Participates in the County's plan and does not have a separate actuarial valuation.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's non-professional plan was 102.48% funded. The actuarial accrued liability for benefits was \$6,118,892, and the actuarial value of assets was \$6,270,516, resulting in an unfunded actuarial accrued liability (UAAL) of (\$151,624). The covered payroll (annual payroll of active employees covered by the plan) was \$1,428,289, and ratio of the UAAL to the covered payroll was (10.62%).

As of June 30, 2009, the most recent actuarial valuation date, the Rockbridge County Public Service Authority's plan was 91.01% funded. The actuarial accrued liability for benefits was \$1,190,172, and the actuarial value of assets was \$1,083,167, resulting in an unfunded actuarial accrued liability (UAAL) of \$107,005. The covered payroll (annual payroll of active employees covered by the plan) was \$301,331, and ratio of the UAAL to the covered payroll was 35.51%.

As of June 30, 2009, the most recent actuarial valuation date, the Rockbridge Area Social Services Board's plan was 90.78% funded. The actuarial accrued liability for benefits was \$4,556,809, and the actuarial value of assets was \$4,136,771, resulting in an unfunded actuarial accrued liability (UAAL) of \$420,038. The covered payroll (annual payroll of active employees covered by the plan) was \$867,390, and ratio of the UAAL to the covered payroll was 48.43%.

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

### NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

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#### **County and Other Participating Entities:**

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

#### A. Plan Description

The Rockbridge County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits.

To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement. The Rockbridge Landfill and Component Units Rockbridge Regional Jail Commission and Rockbridge Public Service Authority (herein are referred to as Other Participating Entities) are included in this plan.

#### B. Funding Policy

The Rockbridge County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

#### C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is presented in the following table for fiscal year 2010. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the County and Other Participating entities' annual OPEB cost for the year, the estimated contribution to the Plan, and changes in the County and Other Participating Entities' net OEPB obligation to the Plan:

	County	Rockbridge Regional Jail	Rockbridge Landfill	Rockbridge Public Service Authority
Annual Required Contribution (ARC)	\$ 52,000	\$ 17,000	\$ 1,000	\$ 2,800
Interest on OPEB Obligation	760	180	20	-
Adjustment to ARC	(760)	(180)	(20)	-
Annual OPEB Cost	\$ 52,000	\$ 17,000	\$ 1,000	\$ 2,800
Estimated Contributions Made				
During FY10	(19,000)	(14,000)	-	-
Increase in Net OPEB Obligation	\$ 33,000	\$ 3,000	\$ 1,000	\$ 2,800
Net OPEB Obligation -beginning of year	38,000	9,000	1,000	-
Net OPEB Obligation -				
Net OPEB Obligation - end of year	\$ 71,000	\$ 12,000	\$ 2,000	\$ 2,800



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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

For fiscal year 2010, the County's expected cash payment of \$19,000 was \$33,000 short of the OPEB cost.

For fiscal year 2010, the Rockbridge Regional Jail Commission's expected cash payment of \$14,000 was \$3,000 short of the OPEB cost.

For fiscal year 2010, the Rockbridge Landfill's expected cash payment of \$0 was \$1,000 short of the OPEB cost.

For fiscal year 2010, the Rockbridge Public Service Authority's expected cash payment of \$0 was \$2,800 short of the OPEB cost.

The plan's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Annual OPEB Cost:		Percentage of Annual OPEB Cost Contributed			Net OPEB Obligation	
	Fiscal Year Ended	Annual OPEB Cost				
County	June 30, 2010	\$ 52,000	36.54%		\$	71,000
	June 30, 2009	50,000	28.40%			35,800
Rockbridge Regional Jail	June 30, 2010	17,000	82.35%			12,000
	June 30, 2009	17,000	28.82%			12,100
Rockbridge Landfill	June 30, 2010	1,000	0.00%			2,000
	June 30, 2009	1,000	30.00%			700
Rockbridge Public Service Authority	June 30, 2010	2,800	0.00%			2,800
	June 30, 2009	1,000	60.00%			400

#### D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$	630,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	630,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	6,925,000
UAAL as a percentage of covered payroll		9.10%

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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#### D. Funded Status and Funding Progress (continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### E. Actuarial Methods and Assumptions

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

##### Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Date is net of any retiree contributions.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

#### School Board:

#### Health Insurance Plan

##### A. Plan Description

The Rockbridge County School Board Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits.

To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

#### School Board Health Insurance Plan (continued)

##### B. Funding Policy

The Rockbridge County School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$381,000 for fiscal year 2010. The School Board has elected not to pre-fund OPEB liabilities. The School Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the School Board's annual OPEB cost for the year, the estimated contributions to the Plan, and changes in the School Board's net OPEB obligation to the Plan:

	<u>School Board</u>
Annual Required Contribution (ARC)	\$ 395,000
Interest on OPEB Obligation	8,000
Adjustment to ARC	<u>(9,000)</u>
Annual OPEB Cost	\$ 394,000
Estimated Contributions Made During FY 10	<u>(195,000)</u>
Increase in Net OPEB Obligation	\$ 199,000
Net OPEB Obligation - beginning of year	<u>211,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 410,000</u></u>

*Annual OPEB Cost.* For 2010, the School Board's expected cash payment of \$195,000 is \$199,000 less than the OPEB cost (expense) of \$394,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 394,000	-4%	\$ 410,000
June 30, 2009	\$ 381,000	45%	\$ 211,000

NOTE 9—OTHER POST EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

C. Funded Status and Funding Progress.

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	4,311,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		4,311,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	17,687,000
UAAL as a percentage of covered payroll		24.37%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

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

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Date is net of any retiree contributions.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

**NOTE 9—OTHER POST EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

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**VRS Health Insurance Credit Program**

**A. Plan Description**

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

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

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

**B. Funding Policy**

The School board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$400,669, \$593,483, and \$614,435, respectively and equaled the required contributions for each year.

**NOTE 10—UNEARNED REVENUE:**

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$7,124,575 is comprised of the following:

- A. Prepaid Property Taxes: Property taxes due to subsequent to June 30, 2010 but paid in advance by taxpayers totaled \$383,997 at June 30, 2010.
- B. Unbilled Property Taxes: Property taxes for the second half of 2010 that had not been billed as of June 30, 2010 amounted to \$6,740,578.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 11—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the provisions of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

### NOTE 12—DEPOSITS AND INVESTMENTS:

Deposits: All cash of the County and its discretely presented 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 (a multiple financial institution collateral pool) or covered by federal depository insurance.

Investments: Statutes authorize the County and its discretely component units 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), and Asian Development Bank, the African Development Bank, prime quality commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and state Treasurer's Local Government Investment Pool (LGIP).

#### Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The County and its discretely presented component units rated debt investments as of June 30, 2010 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

#### Locality's Rated Debt Investments' Values

	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 6,437,033	\$ -	\$ -	\$ -	\$ -
SNAP External Investment Pool	61,943	-	-	-	-
Total	<u>\$ 6,498,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### External Investment Pools

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2010

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### **NOTE 12—DEPOSITS AND INVESTMENTS: (CONTINUED)**

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#### Interest Rate Risk

All County investments must be in securities maturing within five years.

### **NOTE 13—COMMITMENTS AND CONTINGENCIES:**

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The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2009 in the amount of \$1,727,025. The amount to be paid on January 1, 2011, and which is not included in the financial statements, totals \$1,728,590 for the fiscal year ended June 30, 2010.

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# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

## NOTE 14—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2010 was as follows:

### Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,824,033	\$ -	\$ -	\$ 2,824,033
Total capital assets not being depreciated	\$ 2,824,033	\$ -	\$ -	\$ 2,824,033
Capital assets being depreciated:				
Buildings and improvements	\$ 57,605,232	\$ 41,405	\$ (1,641,359)	\$ 56,005,278
Machinery and equipment	3,520,415	41,591	(261,484)	3,300,522
Total capital assets being depreciated	\$ 61,125,647	\$ 82,996	\$ (1,902,843)	\$ 59,305,800
Less accumulated depreciation for:				
Buildings and improvements	\$ (4,159,378)	\$ (1,402,391)	\$ 320,764	\$ (5,241,005)
Machinery and equipment	(2,408,827)	(312,361)	261,484	(2,459,704)
Total accumulated depreciation	\$ (6,568,205)	\$ (1,714,752)	\$ 582,248	\$ (7,700,709)
Total capital assets being depreciated, net	\$ 54,557,442	\$ (1,631,756)	\$ (1,320,595)	\$ 51,605,091
Governmental activities capital assets, net	\$ 57,381,475	\$ (1,631,756)	\$ (1,320,595)	\$ 54,429,124
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 540,137	\$ -	\$ -	\$ 540,137
Total capital assets not being depreciated	\$ 540,137	\$ -	\$ -	\$ 540,137
Capital assets being depreciated:				
Buildings and improvements	\$ 1,327,053	\$ 81,620	\$ -	\$ 1,408,673
Machinery and equipment	1,172,171	26,464	-	1,198,635
Total other capital assets	\$ 2,499,224	\$ 108,084	\$ -	\$ 2,607,308
Less accumulated depreciation for:				
Buildings and improvements	\$ (602,274)	\$ (65,826)	\$ -	\$ (668,100)
Machinery and equipment	(1,015,809)	(36,364)	-	(1,052,173)
Total accumulated depreciation	\$ (1,618,083)	\$ (102,190)	\$ -	\$ (1,720,273)
Total capital assets being depreciated, net	\$ 881,141	\$ 5,894	\$ -	\$ 887,035
Business-type activities capital assets, net	\$ 1,421,278	\$ 5,894	\$ -	\$ 1,427,172



**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
As of June 30, 2010

**NOTE 14—CAPITAL ASSETS: (CONTINUED)****Primary Government :(continued)**

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

Governmental activities:	
General government	\$ 804,267
Public safety	115,666
Public works	134,936
Parks, recreation, and cultural	100,430
Community Development	8,119
Education	551,334
Total depreciation expense-governmental activities	\$ <u>1,714,752</u>
Business-type activities:	
Solid Waste Authority	\$ 102,190
Total depreciation expense-business-type activities	\$ <u>102,190</u>

**Discretely Presented Component Unit-School Board:**

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Construction in progress	22,500	208,712	(231,212)	-
Total capital assets not being depreciated	\$ <u>140,055</u>	\$ <u>208,712</u>	\$ <u>(231,212)</u>	\$ <u>117,555</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 23,651,985	\$ 1,872,571	\$ -	\$ 25,524,556
Machinery and equipment	3,471,459	507,365	(117,734)	3,861,090
Total capital assets being depreciated	\$ <u>27,123,444</u>	\$ <u>2,379,936</u>	\$ <u>(117,734)</u>	\$ <u>29,385,646</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (11,153,872)	\$ (854,022)	\$ -	\$ (12,007,894)
Machinery and equipment	(2,699,442)	(321,864)	109,005	(2,912,301)
Total accumulated depreciation	\$ <u>(13,853,314)</u>	\$ <u>(1,175,886)</u>	\$ <u>109,005</u>	\$ <u>(14,920,195)</u>
Total capital assets being depreciated, net	\$ <u>13,270,130</u>	\$ <u>1,204,050</u>	\$ <u>(8,729)</u>	\$ <u>14,465,451</u>
School Board capital assets, net	\$ <u>13,410,185</u>	\$ <u>1,412,762</u>	\$ <u>(239,941)</u>	\$ <u>14,583,006</u>

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

### NOTE 14—CAPITAL ASSETS: (CONTINUED)

#### Discretely Presented Component Unit-School Board: (continued)

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$ 1,406,456
Transfer of accumulated depreciation from primary government for corresponding debt financed assets	(230,570)
Net increase in accumulated depreciation	<u>\$ 1,175,886</u>

- a. Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$22,038,307 are reported in the Primary Government for financial reporting purposes.

#### Discretely Presented Component Unit— Rockbridge Area Social Services Board:

Capital asset activity for the Social Services Board for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 69,693	\$ -	\$ 69,693
Vehicle	73,036	-	73,036
Furniture and fixtures	8,857	-	8,857
Total capital assets being depreciated	\$ 151,586	\$ -	\$ 151,586
Less: Accumulated depreciation	(109,938)	(10,418)	(120,356)
Net capital assets	<u>\$ 41,648</u>	<u>\$ (10,418)</u>	<u>\$ 31,230</u>

Depreciation expense for the year ended June 30, 2010 was \$10,418.

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
As of June 30, 2010

**NOTE 14—CAPITAL ASSETS: (CONTINUED)****Component Unit—Regional Jail Commission:**

A summary of capital assets is summarized below:

	Beginning Balance	Additions	Ending Balance
Capital assets not being depreciated			
Construction in progress	\$ 100,800	\$ 46,579	\$ 147,379
Capital assets being depreciated:			
Jail facility	\$ 3,711,513	\$ -	\$ 3,711,513
Food service equipment	67,907	-	67,907
Washers/dryers	11,028	-	11,028
Communications	7,106	-	7,106
Office equipment	98,157	-	98,157
Telephone system	13,771	-	13,771
Other equipment	229,857	-	229,857
Total capital assets being depreciated	\$ 4,139,339	\$ -	\$ 4,139,339
Less: Accumulated depreciation	(2,537,329)	(99,764)	(2,637,093)
Net capital assets	\$ 1,702,810	\$ (53,185)	\$ 1,649,625

Depreciation expense for the fiscal year totaled \$99,764.

**Component Unit—Rockbridge County Public Service Authority:**

A summary of changes in capital assets for the year ended June 30, 2010 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 356,029	\$ 7,560	\$ -	\$ 363,589
Construction in progress	206,753	70,409	(52,000)	225,162
Total capital assets not being depreciated	\$ 562,782	\$ 77,969	\$ (52,000)	\$ 588,751
Capital assets being depreciated:				
Utility plant and equipment	\$ 34,463,568	\$ 96,380	\$ -	\$ 34,559,948
Less: Accumulated depreciation	(8,086,522)	(829,747)	-	(8,916,269)
Capital assets being depreciated, net	\$ 26,377,046	\$ (733,367)	\$ -	\$ 25,643,679
Net capital assets	\$ 26,939,828	\$ (655,398)	\$ (52,000)	\$ 26,232,430

Depreciation expense for the fiscal year totaled \$829,747.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 15—ADVANCES FROM PARTICIPATING ENTITIES:

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The Solid Waste Authority has established advances from participating localities as follows:

	Balance July 1, 2009	Increase (Decrease)	Balance June 30, 2010
City of Lexington	\$ 5,303	\$ -	\$ 5,303
City of Buena Vista	5,510	-	5,510
Rockbridge County	63,479	-	63,479
Total	<u>\$ 74,292</u>	<u>\$ -</u>	<u>\$ 74,292</u>

### NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

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The Solid Waste Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Solid Waste Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 60%, the City of Lexington's share has been approximately 15%, and Buena Vista approximately 25%.

State and federal laws and regulations require the Solid Waste Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and currently has an estimated capacity to last until the year 2012. The \$1,818,313 reported as accrued closure and postclosure liability at June 30, 2010 represents the cumulative amount reported based on the estimated number of years remaining (nine). The Authority expects to close the landfill in the year 2012. The estimated total current cost of the landfill closure and postclosure care of \$1,818,313 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Solid Waste Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2010

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### NOTE 17—RISK MANAGEMENT:

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The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### NOTE 18—SURETY BONDS:

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
D. Bruce Patterson, Clerk of the Circuit Court	\$ 25,000
Carol B. Hines, Treasurer	400,000
David Whitesell, Commissioner of the Revenue	3,000
R. W. Day, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
U.S. Fidelity and Guaranty Company - Surety, Board of Supervisors	1,000
St. Paul Fire and Marine Insurance - Surety	
Mary Fleshman, Clerk of the School Board	10,000
Travelers Indemnity Insurance Company - Surety	
Claire Collins, County Administrator	2,000

### NOTE 19—INTERFUND TRANSFERS:

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Interfund transfers for the year ended June 30, 2010 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 175,135	\$ 948,313
Recycling Fund	948,313	-
Courthouse Construction Fund	-	175,135
Total	<u>\$ 1,123,448</u>	<u>\$ 1,123,448</u>

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

### Notes to Financial Statements (Continued)

As of June 30, 2010

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#### NOTE 20—LEASES:

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The government has financed the acquisition of sheriff's vehicles and landfill equipment by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 226,554
Less: Accumulated depreciation	(147,684)
Total	\$ <u>78,870</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, is as follows:

Year Ended June 30,	Governmental Activities
2011	\$ 68,599
Total minimum lease payments	\$ 68,599
Less: Amount representing interest	(1,276)
Present value of minimum lease payments	\$ <u>67,323</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**





## General Fund

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

For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 19,426,098	\$ 19,425,753	\$ 19,568,375	\$ 142,622
Other local taxes	8,243,000	8,242,611	7,710,929	(531,682)
Permits, privilege fees, and regulatory licenses	239,900	239,900	202,087	(37,813)
Fines and forfeitures	150,350	150,350	153,837	3,487
Revenue from the use of money and property	300,000	300,000	239,918	(60,082)
Charges for services	1,435,395	1,435,395	1,468,108	32,713
Miscellaneous	150,800	150,440	257,616	107,176
Recovered costs	332,132	332,132	344,525	12,393
Intergovernmental revenues:				
Commonwealth	4,958,518	4,958,518	4,652,229	(306,289)
Federal	135,000	135,000	299,277	164,277
Total revenues	<u>\$ 35,371,193</u>	<u>\$ 35,370,099</u>	<u>\$ 34,896,901</u>	<u>\$ (473,198)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,591,319	\$ 1,792,890	\$ 1,774,607	\$ 18,283
Judicial administration	1,312,112	1,338,351	1,199,478	138,873
Public safety	5,080,992	5,563,613	5,334,327	229,286
Public works	3,090,916	3,173,827	2,911,708	262,119
Health and welfare	1,313,757	1,526,942	1,459,363	67,579
Education	15,370,115	15,468,326	12,565,769	2,902,557
Parks, recreation, and cultural	1,212,143	1,265,537	1,257,674	7,863
Community development	2,192,647	2,276,246	2,101,876	174,370
Nondepartmental	1,925,288	2,049,890	1,932,209	117,681
Debt service:				
Principal retirement	1,423,597	1,423,597	2,320,388	(896,791)
Interest and other fiscal charges	12,621	12,621	2,033,512	(2,020,891)
Total expenditures	<u>\$ 34,525,507</u>	<u>\$ 35,891,840</u>	<u>\$ 34,890,911</u>	<u>\$ 1,000,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 845,686</u>	<u>\$ (521,741)</u>	<u>\$ 5,990</u>	<u>\$ 527,731</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 175,135	\$ 175,135
Transfers out	<u>(845,686)</u>	<u>(950,132)</u>	<u>(948,313)</u>	<u>1,819</u>
Total other financing sources and uses	<u>\$ (845,686)</u>	<u>\$ (950,132)</u>	<u>\$ (773,178)</u>	<u>\$ 176,954</u>
Net change in fund balances	\$ -	\$ (1,471,873)	\$ (767,188)	\$ 704,685
Fund balances - beginning	-	1,471,873	16,901,268	15,429,395
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,134,080</u>	<u>\$ 16,134,080</u>

**Schedule of Pension Funding Progress**  
**As of June 30, 2010**

**PRIMARY GOVERNMENT:**  
**County Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09	\$ 19,740,598	\$ 22,860,428	\$ 3,119,830	86.35%	\$ 5,579,551	55.92%
06/30/08	19,014,389	21,165,702	2,151,313	89.84%	5,583,034	38.53%
06/30/07	16,871,738	19,302,359	2,430,621	87.41%	5,371,242	45.25%

**DISCRETELY PRESENTED COMPONENT UNITS:**

**School Board Non-Professional Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09	\$ 6,270,516	\$ 6,118,892	\$ (151,624)	102.48%	\$ 1,428,289	-10.62%
06/30/08	6,336,897	6,030,145	(306,752)	105.09%	1,595,157	-19.23%
06/30/07	5,859,177	5,750,313	(108,864)	101.89%	1,600,363	-6.80%

**Component Unit-Rockbridge Area Social Services Board**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09	\$ 4,136,771	\$ 4,556,809	\$ 420,038	90.78%	\$ 867,390	48.43%
06/30/08	4,119,874	4,460,057	340,183	92.37%	838,282	40.58%
06/30/07	3,763,117	4,132,307	369,190	91.07%	806,039	45.80%

**Schedule of Pension Funding Progress**  
**As of June 30, 2010 (continued)**

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**Component Unit Rockbridge County Public Service Authority**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09 \$	1,083,167	\$ 1,190,172	\$ 107,005	91.01% \$	301,331	35.51%
06/30/08	1,094,463	1,138,924	44,461	96.10%	290,862	15.29%
06/30/07	1,003,586	1,069,324	65,738	93.85%	297,696	22.08%

Other Post-Employment Benefit Program  
 Schedule of Funding Progress  
 As of June 30, 2010

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**PRIMARY GOVERNMENT:**

**County Other Post-Employment Benefit Program (includes Rockbridge  
 Regional Jail Commission, Landfill, and Rockbridge County Public  
 Service Authority)**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09 \$	- \$	630,000 \$	630,000 \$	0.00% \$	6,925,000	9.1%
06/30/08 \$	- \$	579,000 \$	579,000 \$	0.00% \$	6,756,000	8.6%

**DISCRETELY PRESENTED COMPONENT UNIT:**

**School Board Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09 \$	- \$	4,311,000 \$	4,311,000 \$	0.00% \$	17,687,000	24.4%
06/30/08 \$	- \$	4,098,000 \$	4,098,000 \$	0.00% \$	17,256,000	23.7%

**Note:**

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

## **OTHER SUPPLEMENTARY INFORMATION**

## School Capital Projects Fund

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

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 165	\$ 165
Total revenues	\$ -	\$ -	\$ 165	\$ 165
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 165	\$ 165
Net change in fund balances	\$ -	\$ -	\$ 165	\$ 165
Fund balances - beginning	-	-	60,259	60,259
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,424</u>	<u>\$ 60,424</u>

## Courthouse Construction Fund

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

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 558	\$ 558
Recovered costs	-	-	15,341	15,341
Total revenues	\$ -	\$ -	\$ 15,899	\$ 15,899
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 83,091	\$ 62,263	\$ 20,828
Total expenditures	\$ -	\$ 83,091	\$ 62,263	\$ 20,828
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (83,091)	\$ (46,364)	\$ 36,727
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (175,135)	\$ (175,135)
Total other financing sources and uses	\$ -	\$ -	\$ (175,135)	\$ (175,135)
Net change in fund balances	\$ -	\$ (83,091)	\$ (221,499)	\$ (138,408)
Fund balances - beginning	-	83,091	475,736	392,645
Fund balances - ending	\$ -	\$ -	\$ 254,237	\$ 254,237



	Agency Funds					
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 39,567	\$ 10,844	\$ 2,249	\$ 1,273	\$ 53,933
Total assets	<u>\$ -</u>	<u>\$ 39,567</u>	<u>\$ 10,844</u>	<u>\$ 2,249</u>	<u>\$ 1,273</u>	<u>\$ 53,933</u>
<b>LIABILITIES</b>						
Accounts payable	\$ (63,291)	\$ -	\$ -	\$ -	\$ -	\$ (63,291)
Amounts held for payroll deduction	63,291	-	-	-	-	63,291
Amounts held for veterans memorial	-	-	10,844	-	-	10,844
Amounts held for drug enforcement	-	39,567	-	-	-	39,567
Amounts held for employee benefits	-	-	-	2,249	-	2,249
Amounts held for commonwealth attorney forfeitures	-	-	-	-	1,273	1,273
Total liabilities	<u>\$ -</u>	<u>\$ 39,567</u>	<u>\$ 10,844</u>	<u>\$ 2,249</u>	<u>\$ 1,273</u>	<u>\$ 53,933</u>

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Payroll Deduction Fund</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ (73,472)	\$ 332,277	\$ 322,096	\$ (63,291)
Amounts held for payroll deduction	73,472	(332,277)	(322,096)	63,291
Total liabilities	\$ -	\$ -	\$ -	\$ -
<b>Drug Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 35,847	\$ 15,920	\$ 12,200	\$ 39,567
Total assets	\$ 35,847	\$ 15,920	\$ 12,200	\$ 39,567
<b>LIABILITIES</b>				
Amounts held for drug enforcement	\$ 35,847	\$ 15,920	\$ 12,200	\$ 39,567
Total liabilities	\$ 35,847	\$ 15,920	\$ 12,200	\$ 39,567
<b>Veterans Memorial Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,927	\$ -	\$ 83	\$ 10,844
Total assets	\$ 10,927	\$ -	\$ 83	\$ 10,844
<b>LIABILITIES</b>				
Amounts held for veterans memorial	\$ 10,927	\$ -	\$ 83	\$ 10,844
Total liabilities	\$ 10,927	\$ -	\$ 83	\$ 10,844
<b>Employee Benefit Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,249	\$ -	\$ -	\$ 2,249
Total assets	\$ 2,249	\$ -	\$ -	\$ 2,249
<b>LIABILITIES</b>				
Amounts held for employee benefits	\$ 2,249	\$ -	\$ -	\$ 2,249
Total liabilities	\$ 2,249	\$ -	\$ -	\$ 2,249
<b>Commonwealth Attorney Forfeitures Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 257	\$ 1,218	\$ 202	\$ 1,273
Total assets	\$ 257	\$ 1,218	\$ 202	\$ 1,273
<b>LIABILITIES</b>				
Amounts held for commonwelath's attorney forfeitures	\$ 257	\$ 1,218	\$ 202	\$ 1,273
Total liabilities	\$ 257	\$ 1,218	\$ 202	\$ 1,273
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 51,227	\$ 17,138	\$ 12,485	\$ 53,933
Total assets	\$ 51,227	\$ 17,138	\$ 12,485	\$ 53,933
<b>LIABILITIES</b>				
Accounts payable	\$ (73,472)	\$ 332,277	\$ 322,096	\$ (63,291)
Amounts held for payroll deduction	73,472	(332,277)	(322,096)	63,291
Amounts held for drug enforcement	35,847	15,920	12,200	39,567
Amounts held for veterans memorial	10,927	-	83	10,844
Amounts held for employee benefits	2,249	-	-	2,249
Amounts held for commonwelath's attorney forfeitures	257	1,218	202	1,273
Total liabilities	\$ 51,227	\$ 17,138	\$ 12,485	\$ 53,933

County of Rockbridge, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010

Exhibit 18

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 200	\$ 342,686	\$ 40,318	\$ 383,204
Receivables (net of allowance for uncollectibles):				
Accounts receivable	120,269	4,797	-	125,066
Due from other governmental units	467,156	-	-	467,156
Inventories	-	34,545	-	34,545
Prepaid items	338,659	-	-	338,659
Total assets	<u>\$ 926,284</u>	<u>\$ 382,028</u>	<u>\$ 40,318</u>	<u>\$ 1,348,630</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 93,222	\$ 889	\$ -	\$ 94,111
Due to primary government	833,062	-	-	833,062
Total liabilities	<u>\$ 926,284</u>	<u>\$ 889</u>	<u>\$ -</u>	<u>\$ 927,173</u>
Fund balances:				
Reserved for:				
Endowments	\$ -	\$ -	\$ 40,318	\$ 40,318
Unreserved:				
Designated for subsequent expenditure	-	381,139	-	381,139
Total fund balances	<u>\$ -</u>	<u>\$ 381,139</u>	<u>\$ 40,318</u>	<u>\$ 421,457</u>
Total liabilities and fund balances	<u>\$ 926,284</u>	<u>\$ 382,028</u>	<u>\$ 40,318</u>	<u>\$ 1,348,630</u>

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

Total fund balances per above	\$ 421,457
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,583,006
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(511,553)
Net assets of governmental activities	<u>\$ 14,492,910</u>

County of Rockbridge, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2010

Exhibit 19

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 208	\$ 304	\$ 512
Charges for services	1,112,868	501,853	-	1,614,721
Miscellaneous	101,196	-	-	101,196
Intergovernmental revenues:				
Local government	12,497,385	-	-	12,497,385
Commonwealth	11,006,600	15,130	-	11,021,730
Federal	3,573,311	548,893	-	4,122,204
Total revenues	<u>\$ 28,291,360</u>	<u>\$ 1,066,084</u>	<u>\$ 304</u>	<u>\$ 29,357,748</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 28,288,321	\$ 1,059,313	\$ -	\$ 29,347,634
Debt service:				
Interest and other fiscal charges	3,039	-	-	3,039
Total expenditures	<u>\$ 28,291,360</u>	<u>\$ 1,059,313</u>	<u>\$ -</u>	<u>\$ 29,350,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 6,771</u>	<u>\$ 304</u>	<u>\$ 7,075</u>
Net change in fund balances	\$ -	\$ 6,771	\$ 304	\$ 7,075
Fund balances - beginning	-	374,368	40,014	414,382
Fund balances - ending	<u>\$ -</u>	<u>\$ 381,139</u>	<u>\$ 40,318</u>	<u>\$ 421,457</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 7,075
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	1,172,821
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(196,869)
Change in net assets of governmental activities	<u>\$ 983,027</u>

County of Rockbridge, Virginia

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

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,104,500	1,104,500	1,112,868	8,368
Miscellaneous	12,000	12,000	101,196	89,196
Intergovernmental revenues:				
Local government	15,301,731	15,301,731	12,497,385	(2,804,346)
Commonwealth	12,196,892	12,196,892	11,006,600	(1,190,292)
Federal	791,073	791,073	3,573,311	2,782,238
Total revenues	\$ 29,406,196	\$ 29,406,196	\$ 28,291,360	\$ (1,114,836)
EXPENDITURES				
Current:				
Education	\$ 26,707,855	\$ 30,485,274	\$ 28,288,321	\$ 2,196,953
Debt service:				
Principal retirement	1,541,765	1,596,213	-	1,596,213
Interest and other fiscal charges	1,156,576	1,102,167	3,039	1,099,128
Total expenditures	\$ 29,406,196	\$ 33,183,654	\$ 28,291,360	\$ 4,892,294
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,777,458)	\$ -	\$ 3,777,458
Net change in fund balances	\$ -	\$ (3,777,458)	\$ -	\$ 3,777,458
Fund balances - beginning	-	3,777,458	-	(3,777,458)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 20

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,500	\$ 2,500	\$ 208	\$ (2,292)
692,656	692,656	501,853	(190,803)
-	-	-	-
-	-	-	-
14,500	14,500	15,130	630
458,420	458,420	548,893	90,473
<u>\$ 1,168,076</u>	<u>\$ 1,168,076</u>	<u>\$ 1,066,084</u>	<u>\$ (101,992)</u>
<u>\$ 1,168,076</u>	<u>\$ 1,168,076</u>	<u>\$ 1,059,313</u>	<u>\$ 108,763</u>
-	-	-	-
-	-	-	-
<u>\$ 1,168,076</u>	<u>\$ 1,168,076</u>	<u>\$ 1,059,313</u>	<u>\$ 108,763</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,771</u>	<u>\$ 6,771</u>
\$ -	\$ -	\$ 6,771	\$ 6,771
-	-	374,368	374,368
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,139</u>	<u>\$ 381,139</u>

County of Rockbridge, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2010

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	Scholarship Private-Purpose Trust
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 35,586
	<hr/>
<b>NET ASSETS</b>	
Held in trust for scholarships	\$ 35,586
	<hr/>

County of Rockbridge, Virginia  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds - Discretely Presented Component Unit School Board  
For the Year Ended June 30, 2010

Exhibit 22

	Scholarship Private-Purpose Trust
<b>ADDITIONS</b>	
Contributions:	
Private donations	\$ 700
Total contributions	\$ 700
Investment earnings:	
Interest	\$ 332
Total additions	\$ 1,032
<b>DEDUCTIONS</b>	
Scholarships	\$ (500)
Total deductions	\$ (500)
Change in net assets	\$ 532
Net assets - beginning	35,054
Net assets - ending	\$ 35,586



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## **SUPPORTING SCHEDULES**

County of Rockbridge, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 1 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,171,798	\$ 14,171,798	\$ 14,133,671	\$ (38,127)
Real and personal public service corporation taxes	505,000	505,000	547,397	42,397
Personal property taxes	4,119,800	4,119,455	4,170,959	51,504
Mobile home taxes	42,500	42,500	46,466	3,966
Machinery and tools taxes	272,000	272,000	285,679	13,679
Penalties	245,000	245,000	272,938	27,938
Interest	70,000	70,000	111,265	41,265
Total general property taxes	<u>\$ 19,426,098</u>	<u>\$ 19,425,753</u>	<u>\$ 19,568,375</u>	<u>\$ 142,622</u>
Other local taxes:				
Local sales and use taxes	\$ 2,495,000	\$ 2,495,000	\$ 2,238,747	\$ (256,253)
Consumers' utility taxes	1,569,000	1,569,000	1,538,143	(30,857)
E-911 telephone taxes	-	-	1,763	1,763
Business license taxes	800,000	800,000	723,687	(76,313)
Motor vehicle licenses	569,500	569,111	547,407	(21,704)
Bank stock taxes	110,000	110,000	100,803	(9,197)
Taxes on recordation and wills	210,000	210,000	192,183	(17,817)
Lodging tax	1,200,000	1,200,000	1,113,279	(86,721)
Meals tax	1,289,500	1,289,500	1,254,917	(34,583)
Total other local taxes	<u>\$ 8,243,000</u>	<u>\$ 8,242,611</u>	<u>\$ 7,710,929</u>	<u>\$ (531,682)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,800	\$ 8,800	\$ 8,668	\$ (132)
Land use application fees	3,000	3,000	1,780	(1,220)
Transfer fees	1,100	1,100	698	(402)
Permits and other licenses	227,000	227,000	190,941	(36,059)
Total permits, privilege fees, and regulatory licenses	<u>\$ 239,900</u>	<u>\$ 239,900</u>	<u>\$ 202,087</u>	<u>\$ (37,813)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 150,350</u>	<u>\$ 150,350</u>	<u>\$ 153,837</u>	<u>\$ 3,487</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 200,000	\$ 200,000	\$ 79,792	\$ (120,208)
Revenue from use of property	100,000	100,000	160,126	60,126
Total revenue from use of money and property	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 239,918</u>	<u>\$ (60,082)</u>
Charges for services:				
Excess fees of clerk	\$ 10,000	\$ 10,000	\$ 2,692	\$ (7,308)
Sheriff's fees	4,500	4,500	6,355	1,855
Charges for courthouse maintenance	29,000	29,000	34,164	5,164
Courthouse security fees	223,350	223,350	154,200	(69,150)
Consolidated share-Buena Vista	23,400	23,400	11,700	(11,700)
Charges for Commonwealth's Attorney	2,000	2,000	1,563	(437)
Charges for garage services	433,800	433,800	529,470	95,670
Charges for sanitation and waste removal	608,645	608,645	625,362	16,717
Charges for parks and recreation	97,350	97,350	90,891	(6,459)
Erosion Sediment Control Fee	2,500	2,500	11,150	8,650
DNA Fee	850	850	561	(289)
Total charges for services	<u>\$ 1,435,395</u>	<u>\$ 1,435,395</u>	<u>\$ 1,468,108</u>	<u>\$ 32,713</u>

County of Rockbridge, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Schedule 1  
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 150,800	\$ 150,440	\$ 257,616	\$ 107,176
Total miscellaneous revenue	\$ 150,800	\$ 150,440	\$ 257,616	\$ 107,176
Recovered costs:				
Joint services City of Lexington	\$ 184,332	\$ 184,332	\$ 165,497	\$ (18,835)
Charges for hazard materials cleanup	30,000	30,000	40,244	10,244
Fiscal agent fees	40,600	40,600	49,105	8,505
Other recovered costs	77,200	77,200	89,679	12,479
Total recovered costs	\$ 332,132	\$ 332,132	\$ 344,525	\$ 12,393
Total revenue from local sources	\$ 30,277,675	\$ 30,276,581	\$ 29,945,395	\$ (331,186)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 10,552	\$ 10,552	\$ -	\$ (10,552)
Motor vehicle carriers' tax	55,484	55,484	65,735	10,251
Mobile home titling tax	27,500	27,500	31,764	4,264
Timber sales	1,500	1,500	1,652	152
Motor vehicle rental tax	35,000	35,000	33,470	(1,530)
State recordation tax	58,200	58,200	68,582	10,382
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,637,860	\$ 2,637,860	\$ 2,650,827	\$ 12,967
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 349,829	\$ 349,829	\$ 311,736	\$ (38,093)
Sheriff	1,176,195	1,176,195	970,592	(205,603)
Commissioner of revenue	121,875	121,875	109,173	(12,702)
Treasurer	104,741	104,741	95,013	(9,728)
Registrar/electoral board	48,381	48,381	41,025	(7,356)
Emergency medical services	-	-	21,827	21,827
Clerk of the Circuit Court	257,628	257,628	242,922	(14,706)
Total shared expenses	\$ 2,058,649	\$ 2,058,649	\$ 1,792,288	\$ (266,361)
Other categorical aid:				
Victim-witness grant	\$ 27,816	\$ 27,816	\$ 43,525	\$ 15,709
Fire program	49,000	49,000	3,529	(45,471)
Soil erosion director	129,659	129,659	122,774	(6,885)
Other	55,534	55,534	39,286	(16,248)
Total other categorical aid	\$ 262,009	\$ 262,009	\$ 209,114	\$ (52,895)
Total categorical aid	\$ 2,320,658	\$ 2,320,658	\$ 2,001,402	\$ (319,256)
Total revenue from the Commonwealth	\$ 4,958,518	\$ 4,958,518	\$ 4,652,229	\$ (306,289)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 65,000	\$ 65,000	\$ 69,637	\$ 4,637
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 14,715	\$ 14,715
Homeland security grant	-	-	43,800	43,800
Rental assistance	70,000	70,000	51,684	(18,316)
DEQ mining rents and royalties	-	-	311	311
Edward Byrne memorial justice assistance grant	-	-	56,976	56,976
DCJS grant	-	-	8,350	8,350
Domestic violence	-	-	28,804	28,804
CDBG	-	-	25,000	25,000
Total categorical aid	\$ 70,000	\$ 70,000	\$ 229,640	\$ 159,640
Total revenue from the federal government	\$ 135,000	\$ 135,000	\$ 299,277	\$ 164,277
Total General Fund	\$ 35,371,193	\$ 35,370,099	\$ 34,896,901	\$ (473,198)
Capital Projects Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 165	\$ 165
Total School Capital Projects Fund	\$ -	\$ -	\$ 165	\$ 165
Courthouse Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 558	\$ 558
Total revenue from use of money and property	\$ -	\$ -	\$ 558	\$ 558
Recovered costs:				
City of Lexington	\$ -	\$ -	\$ 15,341	\$ 15,341
Total revenue from local sources	\$ -	\$ -	\$ 15,899	\$ 15,899
Total Courthouse Construction Fund	\$ -	\$ -	\$ 15,899	\$ 15,899
Total Primary Government	\$ 35,371,193	\$ 35,370,099	\$ 34,912,965	\$ (457,134)

County of Rockbridge, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Schedule 1  
Page 4 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ 3,500	\$ 3,500	\$ 4,368	\$ 868
Tuition-City of Lexington, Buena Vista	1,101,000	1,101,000	1,108,500	7,500
Total charges for services	<u>\$ 1,104,500</u>	<u>\$ 1,104,500</u>	<u>\$ 1,112,868</u>	<u>\$ 8,368</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 12,000	\$ 12,000	\$ 101,196	\$ 89,196
Total revenue from local sources	<u>\$ 1,116,500</u>	<u>\$ 1,116,500</u>	<u>\$ 1,214,064</u>	<u>\$ 97,564</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 15,301,731	\$ 15,301,731	\$ 12,497,385	\$ (2,804,346)
Total revenues from local governments	<u>\$ 15,301,731</u>	<u>\$ 15,301,731</u>	<u>\$ 12,497,385</u>	<u>\$ (2,804,346)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,661,029	\$ 2,661,029	\$ 2,539,455	\$ (121,574)
Basic school aid	6,465,904	6,465,904	5,518,724	(947,180)
Remedial summer education	59,699	59,699	53,557	(6,142)
Gifted and talented	64,144	64,144	60,860	(3,284)
Remedial education	124,106	124,106	117,750	(6,356)
Enrollment loss	-	-	103,215	103,215
Special education	719,533	719,533	697,489	(22,044)
Textbook payment	165,270	165,270	73,356	(91,914)
Vocational standards of quality payments	227,294	227,294	215,655	(11,639)
Social security fringe benefits	376,500	376,500	357,219	(19,281)
Retirement fringe benefits	485,267	485,267	345,312	(139,955)
Early reading intervention	30,733	30,733	38,820	8,087
Dropout prevention	-	-	4,299	4,299
Homebound education	11,526	11,526	9,777	(1,749)
Virginia tobacco grant	-	-	44,076	44,076
Vocational education other	57,311	57,311	53,559	(3,752)
At risk payments	64,658	64,658	60,239	(4,419)
School construction	126,713	126,713	-	(126,713)
Standards of learning algebra readiness	13,217	13,217	13,217	-
Reduced class size	161,597	161,597	159,764	(1,833)
Group life insurance	13,944	13,944	9,261	(4,683)
Technology grant	258,000	258,000	258,000	-
At risk four-year olds	82,243	82,243	82,243	-
English as a second language	4,628	4,628	12,350	7,722
Lottery proceeds	-	-	152,744	152,744
Adult Ed GED	23,576	23,576	23,576	-
Other state funds	-	-	2,083	2,083
Total categorical aid	<u>\$ 12,196,892</u>	<u>\$ 12,196,892</u>	<u>\$ 11,006,600</u>	<u>\$ (1,190,292)</u>
Total revenue from the Commonwealth	<u>\$ 12,196,892</u>	<u>\$ 12,196,892</u>	<u>\$ 11,006,600</u>	<u>\$ (1,190,292)</u>

County of Rockbridge, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Schedule 1  
Page 5 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 17,500	\$ 17,500	\$ 81,757	\$ 64,257
Adult literacy	-	-	16,341	16,341
Title I	-	-	556,278	556,278
Title VI-B, special education flow-through	-	-	610,196	610,196
Title VI-B, special education flow-through - recovery act	-	-	301,061	301,061
Vocational education	-	-	54,951	54,951
Title VI-B, special education pre-school	-	-	15,554	15,554
Title II, Part A	-	-	116,492	116,492
Title V	-	-	7,223	7,223
Title II Part D	-	-	5,128	5,128
Learn and serve grant	-	-	26,629	26,629
State fiscal stabilization funds - recovery act	773,573	773,573	972,071	198,498
21st Century grant	-	-	373,550	373,550
Carol White grant	-	-	388,204	388,204
Total action against poverty	-	-	38,725	38,725
Technology grant	-	-	9,151	9,151
Total categorical aid	\$ 791,073	\$ 791,073	\$ 3,573,311	\$ 2,782,238
Total School Operating Fund	\$ 29,406,196	\$ 29,406,196	\$ 28,291,360	\$ (1,114,836)
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,500	\$ 2,500	\$ 208	\$ (2,292)
Charges for services:				
Cafeteria sales	\$ 692,656	\$ 692,656	\$ 501,853	\$ (190,803)
Total revenue from local sources	\$ 695,156	\$ 695,156	\$ 502,061	\$ (193,095)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,500	\$ 14,500	\$ 15,130	\$ 630
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 458,420	\$ 458,420	\$ 482,898	\$ 24,478
Total action against poverty	-	-	20,553	20,553
Commodities	-	-	45,442	45,442
Total categorical aid	\$ 458,420	\$ 458,420	\$ 548,893	\$ 90,473
Total revenue from the federal government	\$ 458,420	\$ 458,420	\$ 548,893	\$ 90,473
Total School Cafeteria Fund	\$ 1,168,076	\$ 1,168,076	\$ 1,066,084	\$ (101,992)
Total Discretely Presented Component Unit - School Board	\$ 30,574,272	\$ 30,574,272	\$ 29,357,444	\$ (1,216,828)

County of Rockbridge, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 2  
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 74,498	\$ 73,736	\$ 69,939	\$ 3,797
General and financial administration:				
County administrator	\$ 219,598	\$ 224,688	\$ 221,398	\$ 3,290
Legal services	147,803	147,803	145,334	2,469
Commissioner of revenue	259,956	260,356	234,780	25,576
Reassessment	7,500	185,771	218,305	(32,534)
Land use	1,350	1,350	660	690
Treasurer	268,160	276,660	266,351	10,309
Central accounting	118,184	118,184	108,610	9,574
Data processing	132,707	135,246	112,205	23,041
Director of fiscal affairs	225,003	229,175	216,139	13,036
Central stores	-	-	54,445	(54,445)
Total general and financial administration	\$ 1,380,261	\$ 1,579,233	\$ 1,578,227	\$ 1,006
Board of elections:				
Electoral board and officials	\$ 136,560	\$ 139,921	\$ 126,441	\$ 13,480
Total board of elections	\$ 136,560	\$ 139,921	\$ 126,441	\$ 13,480
Total general government administration	\$ 1,591,319	\$ 1,792,890	\$ 1,774,607	\$ 18,283
Judicial administration:				
Courts:				
Circuit court	\$ 58,898	\$ 58,898	\$ 51,290	\$ 7,608
County court	19,950	21,950	20,482	1,468
Victim witness coordinator	53,032	53,032	50,150	2,882
Clerk of the circuit court	356,391	378,537	352,359	26,178
Courthouse security	399,612	399,612	310,900	88,712
Total courts	\$ 887,883	\$ 912,029	\$ 785,181	\$ 126,848
Commonwealth's attorney:				
Commonwealth's attorney	\$ 424,229	\$ 426,322	\$ 414,297	\$ 12,025
Total commonwealth's attorney	\$ 424,229	\$ 426,322	\$ 414,297	\$ 12,025
Total judicial administration	\$ 1,312,112	\$ 1,338,351	\$ 1,199,478	\$ 138,873
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,031,048	\$ 2,094,334	\$ 1,883,987	\$ 210,347
Fire and rescue services:				
Fire prevention	\$ 845,668	\$ 873,823	\$ 825,709	\$ 48,114
Emergency services	101,321	175,309	170,737	4,572
Rescue services	568,146	567,918	537,536	30,382
E-911 system	579,240	593,101	701,378	(108,277)
Total fire and rescue services	\$ 2,094,375	\$ 2,210,151	\$ 2,235,360	\$ (25,209)
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 503,361	\$ 728,498	\$ 728,497	\$ 1
Probation office	8,250	8,250	4,815	3,435
Juvenile probation and detention	83,706	110,371	83,708	26,663
Total correction and detention	\$ 595,317	\$ 847,119	\$ 817,020	\$ 30,099



County of Rockbridge, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Schedule 2  
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 214,302	\$ 265,619	\$ 253,550	\$ 12,069
Other protection:				
Other protective services	\$ 145,950	\$ 146,390	\$ 144,410	\$ 1,980
Total other protection	\$ 145,950	\$ 146,390	\$ 144,410	\$ 1,980
Total public safety	\$ 5,080,992	\$ 5,563,613	\$ 5,334,327	\$ 229,286
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 108,214	\$ 116,645	\$ 115,821	\$ 824
Total maintenance of highways, streets, bridges & sidewalks	\$ 108,214	\$ 116,645	\$ 115,821	\$ 824
Sanitation and waste removal:				
County pickup	\$ 1,198,111	\$ 1,180,399	\$ 1,153,464	\$ 26,935
Special enforcement-litter control	108,528	107,949	94,050	13,899
Other sanitation	86,403	86,403	-	86,403
Total sanitation and waste removal	\$ 1,393,042	\$ 1,374,751	\$ 1,247,514	\$ 127,237
Maintenance of general buildings and grounds:				
General properties	\$ 550,912	\$ 616,870	\$ 503,972	\$ 112,898
Central garage	1,038,748	1,065,561	1,044,401	21,160
Total maintenance of general buildings and grounds	\$ 1,589,660	\$ 1,682,431	\$ 1,548,373	\$ 134,058
Total public works	\$ 3,090,916	\$ 3,173,827	\$ 2,911,708	\$ 262,119
Health and welfare:				
Health:				
Supplement of local health department	\$ 250,170	\$ 250,170	\$ 213,652	\$ 36,518
Other contributions	86,401	86,401	83,901	2,500
Total health	\$ 336,571	\$ 336,571	\$ 297,553	\$ 39,018
Mental health and mental retardation:				
Community services board	\$ 154,220	\$ 154,220	\$ 154,220	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 773,707	\$ 978,011	\$ 858,879	\$ 119,132
Other public assistance and welfare administration	49,259	58,140	45,898	12,242
Tax relief for the elderly	-	-	102,813	(102,813)
Total welfare	\$ 822,966	\$ 1,036,151	\$ 1,007,590	\$ 28,561
Total health and welfare	\$ 1,313,757	\$ 1,526,942	\$ 1,459,363	\$ 67,579
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 68,384	\$ 68,384	\$ 68,384	\$ -
Contribution to County School Board	15,301,731	15,399,942	12,497,385	2,902,557
Total education	\$ 15,370,115	\$ 15,468,326	\$ 12,565,769	\$ 2,902,557

County of Rockbridge, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Schedule 2  
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 557,096	\$ 608,060	\$ 601,376	\$ 6,684
Preschool	100,790	103,220	102,041	1,179
Total parks and recreation	<u>\$ 657,886</u>	<u>\$ 711,280</u>	<u>\$ 703,417</u>	<u>\$ 7,863</u>
Library:				
Contribution to county libraries	\$ 554,257	\$ 554,257	\$ 554,257	-
Total parks, recreation, and cultural	<u>\$ 1,212,143</u>	<u>\$ 1,265,537</u>	<u>\$ 1,257,674</u>	<u>\$ 7,863</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 243,776	\$ 257,176	\$ 241,496	\$ 15,680
Geographic information system	146,328	146,328	143,542	2,786
Rental assistance	69,802	69,802	67,444	2,358
Industrial development	816,993	839,848	817,607	22,241
Other community development	105,788	140,250	140,248	2
Contribution to Public Service Authority	496,070	496,107	428,147	67,960
Total planning and community development	<u>\$ 1,878,757</u>	<u>\$ 1,949,511</u>	<u>\$ 1,838,484</u>	<u>\$ 111,027</u>
Environmental management:				
Agriculture and home economics	\$ 90,432	\$ 97,537	\$ 58,766	\$ 38,771
Other environmental management	80,027	85,767	75,949	9,818
Total environmental management	<u>170,459</u>	<u>183,304</u>	<u>134,715</u>	<u>48,589</u>
Cooperative extension program:				
Extension office	\$ 143,431	\$ 143,431	\$ 128,677	\$ 14,754
Total community development	<u>\$ 2,192,647</u>	<u>\$ 2,276,246</u>	<u>\$ 2,101,876</u>	<u>\$ 174,370</u>
Nondepartmental:				
Miscellaneous	\$ 95,288	\$ 40,263	\$ 3,594	\$ 36,669
Contribution to Town of Goshen	-	201,616	201,615	1
Annexation payment	1,830,000	1,808,011	1,727,000	81,011
Total nondepartmental	<u>\$ 1,925,288</u>	<u>\$ 2,049,890</u>	<u>\$ 1,932,209</u>	<u>\$ 117,681</u>
Debt service:				
Principal retirement	\$ 1,423,597	\$ 1,423,597	\$ 2,320,388	\$ (896,791)
Interest and other fiscal charges	12,621	12,621	2,033,512	(2,020,891)
Total debt service	<u>\$ 1,436,218</u>	<u>\$ 1,436,218</u>	<u>\$ 4,353,900</u>	<u>\$ (2,917,682)</u>
Total General Fund	<u>\$ 34,525,507</u>	<u>\$ 35,891,840</u>	<u>\$ 34,890,911</u>	<u>\$ 1,000,929</u>
<b>Courthouse Construction Fund:</b>				
Capital projects expenditures:				
Courthouse construction	\$ -	\$ 83,091	\$ 62,263	\$ 20,828
Total capital projects	<u>\$ -</u>	<u>\$ 83,091</u>	<u>\$ 62,263</u>	<u>\$ 20,828</u>
Total Courthouse Construction Fund	<u>\$ -</u>	<u>\$ 83,091</u>	<u>\$ 62,263</u>	<u>\$ 20,828</u>
Total Primary Government	<u>\$ 34,525,507</u>	<u>\$ 35,974,931</u>	<u>\$ 34,953,174</u>	<u>\$ 1,021,757</u>

County of Rockbridge, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Schedule 2  
Page 4 of 4

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Instruction	\$ 20,481,298	\$ 23,481,854	\$ 21,891,379	\$ 1,590,475
Administration, attendance and health	1,310,356	1,596,356	1,200,071	396,285
Pupil transportation	1,819,314	1,907,174	1,917,478	(10,304)
Operation and maintenance	2,926,222	2,959,957	2,814,271	145,686
Facilities	170,665	539,933	465,122	74,811
Total education	<u>\$ 26,707,855</u>	<u>\$ 30,485,274</u>	<u>\$ 28,288,321</u>	<u>\$ 2,196,953</u>
Debt service:				
Principal retirement	\$ 1,541,765	\$ 1,596,213	\$ -	\$ 1,596,213
Interest and other fiscal charges	1,156,576	1,102,167	3,039	1,099,128
Total debt service	<u>\$ 2,698,341</u>	<u>\$ 2,698,380</u>	<u>\$ 3,039</u>	<u>\$ 2,695,341</u>
Total School Fund	<u>\$ 29,406,196</u>	<u>\$ 33,183,654</u>	<u>\$ 28,291,360</u>	<u>\$ 4,892,294</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,168,076	\$ 1,168,076	\$ 1,059,313	\$ 108,763
Total Cafeteria Fund	<u>\$ 1,168,076</u>	<u>\$ 1,168,076</u>	<u>\$ 1,059,313</u>	<u>\$ 108,763</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 30,574,272</u>	<u>\$ 34,351,730</u>	<u>\$ 29,350,673</u>	<u>\$ 5,001,057</u>

## **OTHER STATISTICAL INFORMATION**



Net Assets by Component  
 Last Eight Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 885,374	\$ 811,714	\$ 2,664,635	\$ 1,034,139	\$ 4,760,174	\$ 9,678,247	\$ 12,942,462	\$ 12,355,645
Restricted	526,198	526,198	572,094	1,597,814	1,990,486	1,441,943	935,021	935,021
Unrestricted	<u>5,393,210</u>	<u>7,862,482</u>	<u>7,031,749</u>	<u>10,533,679</u>	<u>12,595,832</u>	<u>13,004,039</u>	<u>17,260,280</u>	<u>16,443,020</u>
Total governmental activities net assets	<u>\$ 6,804,782</u>	<u>\$ 9,200,394</u>	<u>\$ 10,268,478</u>	<u>\$ 13,165,632</u>	<u>\$ 19,346,492</u>	<u>\$ 24,124,229</u>	<u>\$ 31,137,763</u>	<u>\$ 29,733,686</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 1,469,140	\$ 1,522,102	\$ 1,319,499	\$ 1,445,213	\$ 1,458,874	\$ 1,373,896	\$ 1,421,280	\$ 1,427,172
Unrestricted	<u>(254,566)</u>	<u>(193,120)</u>	<u>285,740</u>	<u>344,247</u>	<u>400,752</u>	<u>575,480</u>	<u>875,031</u>	<u>1,201,435</u>
Total business-type activities net assets	<u>\$ 1,214,574</u>	<u>\$ 1,328,982</u>	<u>\$ 1,605,239</u>	<u>\$ 1,789,460</u>	<u>\$ 1,859,626</u>	<u>\$ 1,949,376</u>	<u>\$ 2,296,311</u>	<u>\$ 2,628,607</u>
Primary government								
Invested in capital assets, net of related debt	\$ 2,354,514	\$ 2,333,816	\$ 3,984,134	\$ 2,479,352	\$ 6,219,048	\$ 11,052,143	\$ 14,363,742	\$ 13,782,817
Restricted	526,198	526,198	572,094	1,597,814	1,990,486	1,441,943	935,021	935,021
Unrestricted	<u>5,138,644</u>	<u>7,669,362</u>	<u>7,317,489</u>	<u>10,877,926</u>	<u>12,996,584</u>	<u>13,579,519</u>	<u>18,135,311</u>	<u>17,844,455</u>
Total primary government net assets	<u>\$ 8,019,356</u>	<u>\$ 10,529,376</u>	<u>\$ 11,873,717</u>	<u>\$ 14,955,092</u>	<u>\$ 21,206,118</u>	<u>\$ 26,073,605</u>	<u>\$ 33,434,074</u>	<u>\$ 32,362,293</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 1,189,853	\$ 1,111,450	\$ 1,500,137	\$ 925,309	\$ 1,516,336	\$ 1,398,329	\$ 2,170,904	\$ 2,332,278
Judicial administration	503,983	536,139	225,334	1,070,338	573,554	4,699,190	2,725,181	1,211,172
Public safety	3,635,384	3,689,644	4,084,091	4,108,605	4,518,686	4,658,008	4,926,453	5,364,665
Public works	2,109,129	1,975,258	2,454,678	2,558,759	2,547,356	3,001,287	2,856,775	3,040,215
Health and welfare	690,819	696,286	1,128,269	1,021,507	1,429,744	1,471,189	1,527,149	1,459,423
Education	10,297,276	10,412,045	12,086,002	12,660,147	12,426,048	14,126,792	14,178,044	14,437,698
Parks, recreation and cultural	906,708	1,100,441	991,522	1,089,369	1,131,484	1,236,686	1,358,529	1,361,665
Community development	1,211,548	1,078,395	1,393,738	2,136,809	2,250,998	1,699,223	1,831,694	2,109,085
Interest on long-term debt	749,371	1,091,455	1,280,603	2,082,251	1,469,578	2,087,610	1,733,021	1,932,209
Nondepartmental	1,068,892	1,111,003	1,138,150	1,227,014	2,035,190	1,698,751	2,060,962	1,944,765
Total governmental activities expenses	\$ 22,362,963	\$ 22,802,116	\$ 26,282,524	\$ 28,880,108	\$ 29,898,974	\$ 36,077,065	\$ 35,368,712	\$ 35,193,175
Business-type activities:								
Landfill	\$ 856,163	\$ 909,617	\$ 959,640	\$ 1,106,115	\$ 1,336,355	\$ 1,215,648	\$ 1,058,560	\$ 969,972
Recycling	754,216	745,718	762,301	770,109	871,600	1,059,036	1,001,618	954,393
Total business-type activities expenses	\$ 1,610,379	\$ 1,655,335	\$ 1,721,941	\$ 1,876,224	\$ 2,207,955	\$ 2,274,684	\$ 2,060,178	\$ 1,924,365
Total primary government expenses	\$ 23,973,342	\$ 24,457,451	\$ 28,004,465	\$ 30,756,332	\$ 32,106,929	\$ 38,351,749	\$ 37,428,890	\$ 37,117,540
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 566,799	\$ 397,816	\$ 472,096	\$ 501,055	\$ 17,550	\$ 23,400	\$ 35,100	\$ 11,700
Judicial administration	111,828	201,399	155,163	294,156	264,441	443,137	388,462	346,456
Public safety	6,424	12,075	3,510	14,876	13,424	17,878	16,838	15,584
Public works	329,251	414,127	475,341	537,203	793,320	1,153,570	1,028,928	1,154,832
Parks, recreation and cultural	66,899	72,386	71,357	71,673	84,576	113,061	84,892	90,891
Community development	8,964	243,994	449,386	428,816	390,853	350,169	190,262	204,569
Operating grants and contributions	1,683,566	2,136,026	1,918,191	2,346,099	2,550,447	2,416,922	2,398,519	2,165,017
Capital grants and contributions	-	144,064	-	778,179	53,776	46,189	4,260,000	-
Total governmental activities program revenues	\$ 2,773,731	\$ 3,621,887	\$ 3,545,044	\$ 4,972,057	\$ 4,168,387	\$ 4,564,326	\$ 8,403,001	\$ 3,989,049

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:								
Charges for services:								
Landfill	\$ 938,382	\$ 998,041	\$ 1,185,681	\$ 1,185,380	\$ 1,261,870	\$ 1,184,892	\$ 1,266,573	\$ 1,213,411
Recycling	54,220	72,938	77,592	66,982	85,533	189,307	101,959	104,549
Operating grants and contributions	61,431	16,789	16,393	23,975	19,626	23,798	23,013	18,913
Total business-type activities program revenues	\$ 1,054,033	\$ 1,087,768	\$ 1,279,666	\$ 1,276,337	\$ 1,367,029	\$ 1,397,997	\$ 1,391,545	\$ 1,336,873
Total primary government program revenues	\$ 3,827,764	\$ 4,709,655	\$ 4,824,710	\$ 6,248,394	\$ 5,535,416	\$ 5,962,323	\$ 9,794,546	\$ 5,325,922
Net (expense) / revenue								
Governmental activities	\$ (19,589,232)	\$ (19,180,229)	\$ (22,737,480)	\$ (23,908,051)	\$ (25,730,587)	\$ (31,512,739)	\$ (26,965,711)	\$ (31,204,126)
Business-type activities	(556,346)	(567,567)	(442,275)	(599,887)	(840,926)	(876,687)	(668,633)	(587,492)
Total primary government net expense	\$ (20,145,578)	\$ (19,747,796)	\$ (23,179,755)	\$ (24,507,938)	\$ (26,571,513)	\$ (32,389,426)	\$ (27,634,344)	\$ (31,791,618)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 12,649,577	\$ 13,190,248	\$ 15,058,380	\$ 15,762,626	\$ 17,743,425	\$ 19,225,297	\$ 20,100,078	\$ 19,737,346
Local sales and use taxes	1,849,373	2,021,305	2,317,974	2,401,773	2,486,192	2,484,176	2,337,807	2,238,747
Motor vehicle licenses taxes	412,176	423,550	545,606	556,542	567,994	565,841	556,865	547,407
Consumer utility taxes	816,324	854,444	963,485	1,130,956	1,326,139	1,616,873	1,529,343	1,538,143
Business licenses taxes	570,442	597,177	665,463	733,059	740,306	831,582	855,953	723,687
Other local taxes	2,293,043	2,227,495	2,823,964	3,107,199	3,057,021	2,777,979	2,579,150	2,662,945
Unrestricted grants and contributions	7,342,188	2,651,634	2,520,022	2,836,695	2,822,212	2,669,612	2,895,242	2,766,489
Unrestricted revenues from use of money and property	180,966	191,814	423,668	729,779	1,467,557	1,461,742	462,662	240,641
Miscellaneous	286,465	75,420	78,567	180,730	1,962,010	8,211,798	3,643,804	272,957
Transfers	(635,811)	(657,216)	(657,299)	(634,154)	(767,116)	(890,124)	(981,659)	(948,313)
Total governmental activities	\$ 25,764,743	\$ 21,575,871	\$ 24,739,830	\$ 26,805,205	\$ 31,405,740	\$ 38,954,776	\$ 33,979,245	\$ 29,780,049
Business-type activities:								
Unrestricted revenues from use of money and property	\$ 33,014	\$ 24,132	\$ 57,820	\$ 125,164	\$ 143,976	\$ 76,310	\$ 32,743	\$ 6,505
Miscellaneous	-	627	3,413	24,790	-	3	1,166	117
Transfers	635,811	657,216	657,299	634,154	767,116	890,124	981,659	948,313
Total business-type activities	\$ 668,825	\$ 681,975	\$ 718,532	\$ 784,108	\$ 911,092	\$ 966,437	\$ 1,015,568	\$ 954,935
Total primary government	\$ 26,433,568	\$ 22,257,846	\$ 25,458,362	\$ 27,589,313	\$ 32,316,832	\$ 39,921,213	\$ 34,994,813	\$ 30,734,984
<b>Change in Net Assets</b>								
Governmental activities	\$ 6,175,511	\$ 2,395,642	\$ 2,002,350	\$ 2,897,154	\$ 5,675,153	\$ 7,442,037	\$ 7,013,534	\$ (1,424,077)
Business-type activities	112,479	114,408	276,257	184,221	70,166	89,750	346,935	367,443
Total primary government	\$ 6,287,990	\$ 2,510,050	\$ 2,278,607	\$ 3,081,375	\$ 5,745,319	\$ 7,531,787	\$ 7,360,469	\$ (1,056,634)

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.



**COUNTY OF ROCKBRIDGE, VIRGINIA****Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund					
Reserved	\$ 3,952,096	\$ 3,949,197	\$ 526,198	\$ 526,198	\$ 572,094
Unreserved	<u>439,376</u>	<u>1,416,668</u>	<u>6,042,606</u>	<u>7,756,750</u>	<u>9,181,652</u>
Total general fund	<u>\$ 4,391,472</u>	<u>\$ 5,365,865</u>	<u>\$ 6,568,804</u>	<u>\$ 8,282,948</u>	<u>\$ 9,753,746</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Capital projects funds	\$ -	\$ 7	\$ 1,203,706	\$ 11,193,011	\$ 4,946,271
Total all other governmental funds	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 1,203,706</u>	<u>\$ 11,193,011</u>	<u>\$ 4,946,271</u>

Table 3

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,597,814	\$ 1,549,574	\$ 1,404,760	\$ 1,863,469	\$ 2,531,217
<u>10,578,376</u>	<u>13,409,914</u>	<u>14,292,634</u>	<u>15,037,799</u>	<u>13,602,863</u>
<u>\$ 12,176,190</u>	<u>\$ 14,959,488</u>	<u>\$ 15,697,394</u>	<u>\$ 16,901,268</u>	<u>\$ 16,134,080</u>
\$ 14,314,160	\$ 10,582,108	\$ 6,620,625	\$ 535,995	\$ 314,661
<u>\$ 14,314,160</u>	<u>\$ 10,582,108</u>	<u>\$ 6,620,625</u>	<u>\$ 535,995</u>	<u>\$ 314,661</u>

# COUNTY OF ROCKBRIDGE, VIRGINIA

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

	2001	2002	2003	2004	2005
<b>Revenues</b>					
General property taxes	\$ 9,896,812	\$ 10,994,864	\$ 12,215,031	\$ 13,468,616	\$ 14,703,809
Other local taxes	4,635,058	5,430,043	5,941,358	6,123,971	7,316,492
Permits, privilege fees and regulatory licenses	213,047	324,327	223,126	251,559	449,386
Fines and forfeitures	19,378	38,604	32,965	40,230	66,080
Revenue from use of money and property	382,831	151,901	180,966	191,814	423,668
Charges for services	907,622	990,331	834,074	1,050,008	1,111,387
Miscellaneous	475,353	57,092	96,132	75,420	78,567
Recovered costs	111,821	207,642	190,333	490,319	502,562
Intergovernmental:					
Commonwealth	2,601,374	4,188,513	3,983,568	4,549,699	4,160,230
Federal	141,335	232,345	282,401	382,025	277,983
Total revenues	\$ 19,384,631	\$ 22,615,662	\$ 28,739,739	\$ 26,623,661	\$ 29,090,164
<b>Expenditures</b>					
General government administration	\$ 1,669,091	\$ 1,794,126	\$ 1,162,054	\$ 1,316,118	\$ 1,486,047
Judicial administration	445,261	516,669	503,983	610,563	605,384
Public safety	3,143,226	3,413,052	3,540,944	3,960,581	4,088,831
Public works	1,368,681	999,418	2,065,034	1,985,848	3,144,564
Health and welfare	534,858	523,438	690,819	696,286	1,128,269
Education	14,397	14,911	9,382,117	10,187,881	10,547,631
Parks, recreation and cultural	762,570	741,249	903,723	1,097,492	1,011,319
Community development	1,489,309	1,052,945	1,207,784	1,086,868	1,392,441
Non-Departmental	776,077	941,166	1,070,839	1,117,968	1,145,122
Capital projects	-	-	4,590,930	2,557,207	12,496,492
Debt service					
Principal	145,000	741,294	997,242	7,086,362	2,376,378
Interest and other fiscal charges	115,642	542,325	743,435	644,397	1,440,657
Total expenditures	\$ 10,464,112	\$ 11,280,593	\$ 26,858,904	\$ 32,347,571	\$ 40,863,135
Excess of revenues over (under) expenditures	\$ 8,920,519	\$ 11,335,069	\$ 1,880,835	\$ (5,723,910)	\$ (11,772,971)
<b>Other financing sources (uses)</b>					
Transfer (to) from primary government	\$ (7,949,656)	\$ (9,871,373)	\$ -	\$ -	\$ -
Transfers in	-	-	(635,811)	278,708	84,940
Transfers out	(682,921)	(653,164)	-	(935,924)	(742,239)
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	1,000,000	17,878,104	6,469,871
Capital leases	-	163,591	161,614	206,471	970,780
Total other financing sources (uses)	\$ (8,632,577)	\$ (10,360,946)	\$ 525,803	\$ 17,427,359	\$ 6,997,029
Net change in fund balances	\$ 287,942	\$ 974,123	\$ 2,406,638	\$ 11,703,449	\$ (4,775,942)
Debt service as a percentage of noncapital expenditures	2.49%	11.38%	6.48%	23.90%	9.34%

Table 4

Fiscal Year				
2006	2007	2008	2009	2010
\$ 15,926,023	\$ 17,167,695	\$ 19,267,635	\$ 19,905,850	\$ 19,568,375
7,929,529	8,177,652	8,276,451	7,859,118	7,710,929
437,233	377,199	335,529	188,491	202,087
71,574	80,978	196,529	177,259	153,837
729,779	1,467,557	1,461,742	462,662	240,641
1,338,972	1,105,987	1,569,157	1,378,732	1,468,108
162,730	537,870	657,112	363,416	257,616
974,760	1,748,308	8,187,010	3,798,055	359,866
4,864,082	5,038,154	4,904,117	4,686,608	4,652,229
1,096,891	388,281	228,606	607,153	299,277
\$ 33,531,573	\$ 36,089,681	\$ 45,083,888	\$ 39,427,344	\$ 34,912,965
\$ 1,623,703	\$ 1,609,206	\$ 1,592,669	\$ 1,592,002	\$ 1,774,607
1,068,975	1,156,273	1,149,258	1,292,358	1,199,478
4,273,230	4,863,985	5,081,176	5,144,522	5,334,327
2,506,206	2,413,698	2,853,198	2,709,261	2,911,708
1,021,506	1,429,744	1,471,189	1,527,091	1,459,363
10,974,800	10,596,063	12,166,930	12,259,269	12,565,769
1,087,400	1,124,798	1,230,352	1,248,904	1,257,674
2,131,787	2,258,256	2,093,877	1,838,680	2,101,876
1,227,971	1,469,578	1,698,751	1,733,021	1,932,209
6,801,707	5,056,909	17,915,845	9,482,489	62,263
2,487,469	2,795,373	3,923,340	2,326,302	2,320,388
1,746,288	2,153,457	2,040,141	2,172,542	2,033,512
\$ 36,951,042	\$ 36,927,340	\$ 53,216,726	\$ 43,326,441	\$ 34,953,174
\$ (3,419,469)	\$ (837,659)	\$ (8,132,838)	\$ (3,899,097)	\$ (40,209)
\$ -	\$ -	\$ -	\$ -	\$ -
1,059,250	750,000	1,750,000	-	175,135
(1,693,404)	(1,517,116)	(2,640,124)	(981,659)	(1,123,448)
-	-	-	-	-
15,620,130	-	6,000,000	-	-
223,826	150,314	157,000	-	-
\$ 15,209,802	\$ (616,802)	\$ 5,266,876	\$ (981,659)	\$ (948,313)
\$ 11,790,333	\$ (1,454,461)	\$ (2,865,962)	\$ (4,880,756)	\$ (988,522)
11.46%	13.40%	11.21%	10.38%	12.46%

COUNTY OF ROCKBRIDGE, VIRGINIA

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

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Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value
2010	\$ 2,436,189,073	\$ 161,297,226	\$ 9,172,343	\$ 11,287,004	\$ 92,656,310	\$ 2,710,601,956
2009	2,403,426,774	185,101,529	9,042,587	11,098,157	85,950,278	2,694,619,325
2008	2,361,326,219	178,824,784	9,418,745	11,110,174	99,002,561	2,659,682,483
2007	2,329,760,003	176,096,685	9,629,610	10,784,021	104,485,747	2,630,756,066
2006	1,925,857,100	161,836,619	9,040,714	9,153,108	76,590,621	2,182,478,162
2005	1,508,942,650	144,732,914	9,500,275	8,822,636	87,857,810	1,759,856,285
2004	1,474,592,453	111,618,056	9,428,608	18,327,547	98,018,619	1,711,985,283
2003	1,446,606,884	106,425,748	9,541,883	19,184,532	108,463,349	1,690,222,396
2002	1,400,236,275	101,505,719	8,836,002	19,177,919	109,150,847	1,638,906,762
2001	1,172,744,381	97,607,001	10,232,184	17,371,193	84,198,695	1,382,153,454

Source: Commissioner of Revenue  
Real estate is assessed at 100% of market value.

Table 5

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	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$	2,710,601,956	100.00%
	2,694,619,325	100.00%
	2,659,682,483	100.00%
	2,630,756,066	100.00%
	2,182,478,162	100.00%
	1,759,856,285	100.00%
	1,711,985,283	100.00%
	1,690,222,396	100.00%
	1,638,906,762	100.00%
	1,382,153,454	100.00%

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

Fiscal Years	Direct Rates				
	Real Estate		Personal Property	Mobile Homes	Machinery and Tools
	1st Half	2nd Half			
2010	\$ 0.59	\$ 0.59	\$ 4.25	\$ 0.59	\$ 2.55
2009	0.59	0.59	4.25	0.59	2.55
2008	0.55	0.59	4.25	0.55	2.55
2007	0.55	0.55	4.25	0.55	2.35
2006	0.73	0.55	3.75	0.73	2.35
2005	0.685	0.73	3.75	0.685	2.35
2004	0.64	0.685	3.25	0.64	2.35
2003	0.64	0.64	3.25	0.64	2.55
2002	0.57	0.64	3.25	0.64	2.55
2001	0.63	0.63	3.25	0.63	2.55

(1) Per \$100 of assessed value.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$	21,601,653	\$ 20,791,246	96.25%	\$ -	\$ 20,791,246	96.25%
2009		22,272,956	21,510,651	96.58%	455,058.60	21,965,710	98.62%
2008		21,315,874	20,582,879	96.56%	262,602.00	20,845,481	97.79%
2007		20,300,479	18,785,345	92.54%	1,234,073	20,019,418	98.62%
2006		18,873,765	17,083,003	90.51%	1,608,338	18,691,341	99.03%
2005		16,929,945	15,896,003	93.89%	845,626	16,741,629	98.89%
2004		15,006,213	14,438,618	96.22%	503,242	14,941,860	99.57%
2003		14,378,001	13,677,633	95.13%	657,628	14,335,261	99.70%
2002		13,522,486	12,731,046	94.15%	757,674	13,488,720	99.75%
2001		11,187,302	11,017,609	98.48%	146,352	11,163,961	99.79%

Source: Commissioner of Revenue, County Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.



Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2010		Fiscal Year 2001	
		2010 Assessed Valuation	% of Total Assessed Valuation	2001 Assessed Valuation	% of Total Assessed Valuation
Lexington Retirement Community	Health Provider	31,513,200	1.163%	11,138,500	0.806%
Natural Bridge of Virginia	Hospitality	15,879,400	0.586%	8,431,700	0.610%
Landeau Laurie Jeanne	Real Estate	12,350,200	0.456%	6,716,700	0.486%
Stonewall Associates	Real Estate	9,326,100	0.344%	8,297,300	0.600%
Aladin Manufacturing Corp	Industry	8,959,700	0.331%	14,705,600	1.064%
Wal-Mart Real Estate Business Trust	Retail	8,556,300	0.316%	7,586,200	0.549%
West Airlie Farm	Agriculture	8,001,500	0.295%	5,310,200	0.384%
ELMECH LLC	Industry	7,826,300	0.289%	3,009,000	0.218%
Lowes Home Center	Retail	7,711,700	0.285%	413,800	0.030%
Mann, Lawrence A Trustee	Prop Management	6,468,600	0.239%	4,226,500	0.306%
		<u>116,593,000</u>	<u>4.301%</u>	<u>69,835,500</u>	<u>5.053%</u>

Source: Commissioner of Revenue

COUNTY OF ROCKBRIDGE, VIRGINIA

Table 9

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000-01	20,800	\$ 1,172,744,381	\$ 8,128,838	\$ -	\$ 8,128,838	0.69%	\$ 391
2001-02	20,800	1,400,236,275	16,338,114	-	16,338,114	1.17%	785
2002-03	21,100	1,446,606,884	16,597,755	-	16,597,755	1.15%	787
2003-04	21,200	1,474,592,453	28,411,746	-	28,411,746	1.93%	1,340
2004-05	21,336	1,508,942,650	31,977,315	-	31,977,315	2.12%	1,499
2005-06	21,888	1,925,857,100	46,363,901	-	46,363,901	2.41%	2,118
2006-07	21,745	2,329,760,003	43,845,628	-	43,845,628	1.88%	2,016
2007-08	21,801	2,361,326,219	46,190,760	-	46,190,760	1.96%	2,119
2008-09	21,905	2,403,426,774	44,154,212	-	44,154,212	1.84%	2,016
2009-10	21,905	2,436,189,073	42,006,156	-	42,006,156	1.72%	1,918

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes landfill closure/post-closure care liability, capital leases, and compensated absences.

Demographic and Economic Statistics  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemploy- ment Rate</b>
2009	21,905	\$ N/A	\$ N/A	40	2,650	N/A
2009	21,905	N/A	N/A	40	2,677	6.70%
2008	21,801	N/A	32,348	40	2,801	4.10%
2007	21,745	N/A	31,546	40	2,714	2.90%
2006	21,888	28,442	30,457	40	2,748	2.70%
2005	21,336	27,523	28,446	N/A	2,724	3.10%
2004	21,200	26,170	27,445	N/A	2,765	3.20%
2003	21,100	24,693	25,766	N/A	2,927	3.70%
2002	20,800	23,584	24,302	N/A	2,800	3.50%
2001	20,800	22,731	23,345	N/A	2,805	2.90%

Source: Weldon Cooper Center, Annual school report - prepared by the county, [www.fedstats.gov](http://www.fedstats.gov).

This is the only information currently available, as the personal income information available is combined for Rockbridge County, and the Cities of Lexington and Buena Vista.

Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk (Lees Carpet 2001)	945	1	13.44%	1,000	1	14.08%
WalMart ***	277	2	2.13%			0.00%
HDT****	200	3	2.84%			0.00%
Kendall	142	4	2.02%			0.00%
Whites Travel Center	117	5	1.66%	105		1.48%
Vesuvius Corporation	116	6	1.65%	90	5	1.27%
Lowe's	102	7	1.45%			0.00%
Natural Bridge Hotel (off season)	75	8	1.07%	75	6	1.06%
Fitzgerald Lumber	74	9	1.05%			0.00%
Stella Jones (Burke Parsons Bowlby Corp)**	64	10	0.91%	85	7	1.20%
Totals	2,399		28.24%	1,355		0.00%

\*Excludes govt. schools

\*\* Reduction in employees due to efficiency upgrades

\*\*\* Last year's figures included seasonal employees

\*\*\*\* This figure includes Fairfield and Natural Bridge (formerly PSI)

Source: Individual company human resource departments.

Source: Virginia Workforce Connection [www.vawc.virginia.gov](http://www.vawc.virginia.gov)

## COUNTY OF ROCKBRIDGE, VIRGINIA

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

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Function	Fiscal Year				
	2001	2002	2003	2004	2005
General government	23	23	23	24	24
Judicial administration	10	10	11	11	12
Public safety					
Sheriffs department	30	30	30	36	36
Fire & rescue					
Building inspections	4	4	4	4	4
Animal control	1	1	1	2	2
Public works					
General maintenance	5	6	6	6	6
Landfill	14	14	14	14	14
Engineering	1	1	1	1	1
Health and welfare					
Department of social services	26	26	26	26	25
Culture and recreation					
Parks and recreation	3	3	3	3	3
Museum					
Library					
Community development					
Planning	2	2	3	3	3
Totals	119	120	122	130	130

Source: Individual county departments

Table 12

Fiscal Year				
2006	2007	2008	2009	2010
25	25	25	22	22
12	13	13	12	12
36	38	38	36	38
4	4	4	5	4
2	2	2	2	2
6	6	6	6	6
14	16	16	15	15
1	1	1	1	-
25	25	25	25	25
3	3	3	3	3
4	4	4	5	5
132	137	137	132	132

## COUNTY OF ROCKBRIDGE, VIRGINIA

### Operating Indicators by Function Last Ten Fiscal Years

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Function	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Fire and rescue:						
Number of calls answered	4,086	4,405	4,540	4,549	2,443	1,671
Building inspections:						
Permits issued	629	522	631	724	589	535
Landfill:						
Refuse collected (tons/day)	-	-	144	142	140	160
Recycling (tons/day)	1	6	8	9	12	14
Health and welfare						
Department of Social Services:						
Caseload	1,562	1,176	687	717	1,495	2,342

Source: Individual county departments--only information that is currently available.

**Table 13**

<b>Fiscal Year</b>			
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
3,829	4,962	4,876	4,876
688	409	281	251
167	113	110	97
15	15	16	13
2,412	2,850	2,931	3,622



## COUNTY OF ROCKBRIDGE, VIRGINIA

### Capital Asset Statistics by Function Last Ten Fiscal Years

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Function	Fiscal Year					
	2001	2002	2003	2004	2005	2006
General government						
Administration buildings	1	1	1	1	1	1
Building inspections:						
Vehicles	3	3	3	3	3	3
Animal control:						
Vehicles	1	1	1	2	2	2
Landfill:						
Sites	1	1	1	1	1	1
Health and welfare						
Department of Social Services:						
Vehicles	-	-	-	-	1	1
Culture and recreation						
Parks and recreation:						
Vehicles	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2
Community development						
Planning:						
Vehicles	2	2	2	3	3	3

Source: Individual county departments--only information that is currently available

**Table 14**

Fiscal Year			
2007	2008	2009	2010
1	1	1	1
4	4	4	4
2	2	2	2
1	1	1	1
1	1	1	1
3	3	3	3
2	2	2	2
3	3	3	3

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures  
Year Ended June 30, 2010

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 352,359	\$ 242,922	\$ 109,437	24.95%	\$ 27,305
Circuit Court - Expenses	51,290	-	51,290	24.95%	12,797
General District and J&D Court	20,482	-	20,482	24.95%	5,110
Courthouse Maintenance	267,235	-	267,235	24.95%	66,675
Administration Building, 150 S. Main Street	138,449	-	138,449	5.90%	8,168
25th Court Services Unit-Juvenile Probation	4,815	-	4,815	20.37%	981
Commonwealth's Attorney	414,297	311,736	102,561	24.95%	25,589
Sheriff's Salary	108,379	92,352	16,027	24.95%	3,999
Advancement of Agriculture (City Agent)	<u>128,677</u>	<u>-</u>	<u>128,677</u>	<u>15.00%</u>	<u>19,302</u>
Totals	\$ <u>1,485,983</u>	\$ <u>647,010</u>	\$ <u>838,973</u>		\$ <u>169,925</u>

Table 15

City of Buena Vista Share	
% Used	Total Cost
\$ - \$	-
-	-
-	-
-	-
-	-
18.34%	883
-	-
-	-
-	-
\$	883

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## **COMPLIANCE**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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 ROCKBRIDGE, VIRGINIA

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County of Rockbridge, Virginia's basic financial statements and have issued our report thereon dated December 15, 2010. 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.

#### **Internal Control Over Financial Reporting:**

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

We noted certain matters that we reported to management of the County of Rockbridge, Virginia in a separate letter dated December 15, 2010.



This report is intended solely for the information and use of management, the 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.

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
December 15, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

### **THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA**

#### Compliance

We have audited County of Rockbridge, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the County of Rockbridge, Virginia's major federal programs for the year ended June 30, 2010. County of Rockbridge, 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 the County of Rockbridge, Virginia's management. Our responsibility is to express an opinion on the County of Rockbridge, 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Rockbridge, 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 on the County of Rockbridge, Virginia's compliance with those requirements.

In our opinion, County of Rockbridge, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

Management of County of Rockbridge, 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 Rockbridge, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 purposes 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 Rockbridge, 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, other 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.

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
December 15, 2010

County of Rockbridge, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556		\$ 11,392
Temporary assistance to needy families (TANF)	93.558		260,686
Refugee and entrant assistance - discretionary grants	93.566		535
Low income home energy assistance	93.568		12,897
Child care and development block grant	93.575		48,240
Child care and development fund-mandatory and matching funds	93.596		43,411
Child welfare services - state grants	93.645		774
Foster care - Title IV-E	93.658		108,766
Foster care - Title IV-E-ARRA	93.658		6,154
Adoption assistance	93.659		37,904
Adoption assistance-ARRA	93.659		3,964
Social services block grant	93.667	86667	73,031
Chaffee foster care independence program	93.674		1,799
Child care and development block grant - ARRA	93.713		15,872
State children's health insurance program	93.767		10,679
Medical assistance program (Title XIX)	93.778		<u>132,055</u>
Total Department of Health and Human Services			\$ <u>768,159</u>
Department of the Interior:			
Direct Payments			
Bureau of Land Management:			
Payment in Lieu of Taxes	15.226		\$ <u>69,637</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	40623	\$ 45,442
Department of Education:			
National school breakfast program	10.553	40591	\$ 86,676
National school lunch program	10.555	40623	396,222
Secure payments for States and Counties containing Federal lands	10.665	43841	81,757
Department of Social Services:			
State admin matching grants for food stamp program	10.561		\$ 225,550
State admin matching grants for food stamp program - ARRA	10.561		<u>9,435</u>
Total Department of Agriculture			\$ <u>845,082</u>
Department of Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ royalty grants	66.000		\$ <u>311</u>
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
State domestic preparedness equipment support program	97.004		\$ <u>43,800</u>
Total U.S. Department of Homeland Security			\$ <u>43,800</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant	14.218		\$ 25,000
Section 8 housing assistance payments	14.195		<u>51,684</u>
Total Department of Housing and Urban Development			\$ <u>76,684</u>

County of Rockbridge, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Justice:			
Direct payments:			
Edware Byrne Memorial Justice Assistance grant-ARRA	16.803	2009-SU-B90033	\$ 136,642
Pass Through Payments:			
Department of Criminal Justice Service:			
DCJS grant	16.000		\$ 8,350
Violence against women formula grants - ARRA	16.588	2009-WF-AX0037	28,804
Total Department of Justice			\$ 173,796
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	SC-2010 50364 3984	\$ 14,715
Corporation for National and Community Services:			
Pass Through Payments:			
Department of Education:			
Learn and serve-National Community Services Act	94.004		\$ 26,629
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult education-basic grants to states	84.002	42801	\$ 16,341
Title I: Grants to local educational agencies	84.010	42901	383,723
Career and technical education - basic grants to states	84.048	61095	54,951
School improvement	84.377	43040	68,464
Title I: Grants to local educational agencies, recovery act	84.389	42913	104,091
Title VI-B: Special education state grants	84.027	43071	610,196
Title VI-B: Special education state grants, recovery act	84.391	61245	301,061
State grants for innovative programs	84.298	49005	7,223
Title VI-B: Special education preschool incentive grant	84.173		15,554
SFSF - education state grants, recovery act	84.394		972,071
Title II Part A-Improving teacher quality	84.367	61480	116,492
Education technology state grants, recovery act	84.386		9,151
21st Century Grant	84.287	60565	373,550
Action against poverty	84.000		59,278
Education technology	84.318	61600	5,128
Fund for improvement of education (Carol M White physical education program)	84.215F		388,204
Total Department of Education			\$ 3,485,478
Total Federal Assistance			\$ 5,504,291

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of federal expenditures includes the federal grant activity of the County of Rockbridge, Virginia and is presented on the accrual basis of accounting. 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 basic financial statements.

NOTE B-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, the County had food commodities totaling \$14,973 in inventory.

County of Rockbridge, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2010

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NOTE C - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds	\$ 299,277
Total primary government	<u>\$ 299,277</u>

Discretely presented component unit - School Board:

School operating fund	\$ 3,573,311
School cafeteria fund	548,893
Total discretely presented component unit - School Board	<u>\$ 4,122,204</u>

Rockbridge Area Social Services Board	<u>\$ 1,003,144</u>
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Rockbridge County Regional Jail Commission	<u>\$ 79,666</u>
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Total federal expenditures per the Schedule of Expenditures of Federal awards	<u><u>\$ 5,504,291</u></u>
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**COUNTY OF ROCKBRIDGE, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2010**

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**Section I-Summary of Auditors' Results**

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Financial Statements

Type of auditors' report issued

unqualified

Internal control over financial reporting:

- Material weaknesses identified?

    yes   x   no

- Significant deficiencies identified?

    yes   x   none reported

Noncompliance material to financial statements noted?

    yes   x   no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?

    yes   x   no

- Significant deficiencies identified?

    yes   x   none reported

Type of auditors' report issued on compliance for major programs

unqualified

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

    yes   x   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for SNAP
10.561	(SNAP) Recovery Act
16.803	Edward Byrne Memorial Justice Assistance grant
84.394	State Fiscal Stabilization Fund - Education State Grants - recovery act
93.558	Temporary Assistance to Needy Families
93.658	Foster Care Title IV-E
93.658	Foster Care Title IV-E - recovery act
93.667	Social Services Block Grant
	<b>Title I Cluster</b>
84.010	Title I-Educationally Deprived Children
84.389	Title I-Educationally Deprived Children-recovery act
	<b>Child Care Cluster</b>
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.713	Child Care and Development Block Grant - recovery act
	<b>Special Education Cluster</b>
84.027	Title VI-B Special Education State Grants
84.391	Title VI-B Special Education State Grants-recovery act
84.173	Title VI-B-Special Education Preschool Incentive Grant

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

Auditee qualified as low-risk auditee?   x   yes     no

**Section II-Financial Statement Findings**

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There are no financial statement findings to report.

**Section III-Federal Award Findings and Questioned Costs**

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

**Section IV-Summary Schedule of Prior Year Findings**

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There were no prior year findings.