

**COUNTY OF WASHINGTON, VIRGINIA**

**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2010**

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**COUNTY OF WASHINGTON, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010**

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## **INTRODUCTORY SECTION**

## COUNTY OF WASHINGTON, VIRGINIA

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### BOARD OF SUPERVISORS

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Phillip B. McCall	Dulcie M. Mumpower, Chair	Nicole M. Price
Thomas G. Taylor		Joseph C. Straten
Kenneth O. Reynolds		Odell Owens
	Mark K. Reeter, Clerk	

### COUNTY SCHOOL BOARD

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Herschel Stevens	Elizabeth P. Lowe, Chair	J. Sanders Henderson, III
Billy W. Brooks		William B. Boone
Tom D. Musick		Dayton Owens
	Melissa Caudill, Clerk	

### SOCIAL SERVICES BOARD

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Rhonda Lusk	David M. Cline, Chair	Linda Crane
Jack C. Phelps		G. Douglas Meade
C. Allen Cook		Sarah Haderer

### OTHER OFFICIALS

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Chief Judge of the Circuit Court .....	C. Randall Lowe
Judge of the Circuit Court.....	Larry Kirksey
Judge of the Circuit Court.....	Issac S. Freeman
Judge of the District Court.....	Joseph S. Tate, Chief Judge
Judge of the District Court.....	Sage B. Johnson, Presiding Judge
Judge of Juvenile and Domestic Relations Court.....	Charles F. Lincoln
Judge of Juvenile and Domestic Relations Court .....	Florence A. Powell, Chief Judge
Clerk of the Circuit Court.....	Patricia S. Phipps, Presiding Judge
Commonwealth's Attorney.....	Dennis Godfrey
Commissioner of the Revenue.....	David Henry
Treasurer.....	Fred W. Parker
Sheriff.....	Fred P. Newman
Interim Superintendent of Schools .....	Mr. Jim R. Sullivan
Director of Social Services .....	Tommy L. Casteel
County Administrator.....	Mark K. Reeter
Finance Director.....	Mark W. Seamon
County Attorney.....	Lucy E. Phillips

## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

### THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF WASHINGTON, 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 Washington, 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 Washington, 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 Washington, 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 22, 2010, on our consideration of the County of Washington, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information and the Schedules of Pension and OPEB 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 to the Schedules of Funding Progress, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 Washington, Virginia's basic financial statements. The introductory section, supplementary financial statements and supporting schedules, and statistical section 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 Washington, Virginia. The 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, other supplementary information and statistical sections 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, Turner, Co. Associates*

Christiansburg, Virginia  
December 22, 2010

## Management's Discussion and Analysis

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As management of the County of Washington, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the County's financial statements, which follow this section.

### **Financial Highlights For Fiscal Year 2010**

- Total net assets for governmental activities were \$25.3 million at the end of FY 2010. This figure is based on assets totaling \$88.7 million and liabilities of \$63.4 million. The liabilities amount includes a non-current component for long-term debt associated with the acquisition of assets for the County and School system. The total for assets includes only the school properties with related debt. (Exhibit 1).
- During the year, the County's General Revenues, which includes property taxes and other local taxes for the primary government, were \$12.4 million more than the \$41.3 million of net primary government expenses. (Exhibit 2).
- Total general fund revenues were \$5.6 million more than the final budgeted amount. Actual expenditures were \$6.2 million less than the final expenditure budget. (Exhibit 11)
- The County's total outstanding debt at fiscal yearend increased by \$16.9 million because the County incurred new debt for school construction projects and the purchase of an administration building. During the year, the County entered into \$17.9 million of lease revenue notes with the Industrial Development Authority of Washington County for the school construction projects and the purchase of the administration building.
- Component Unit net assets were \$86.1 million at the end of FY2010. Of this amount, \$71.2 million is invested in capital assets, net of related debt.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$18.8 million. The Board of Supervisors has adopted a policy to keep the unreserved general fund balance at a minimum of \$5.0 million. The County needs to keep an adequate cash reserve to cover expenses until the collection of property tax revenues start.

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

This discussion and analysis is intended to serve as an introduction to the County of Washington's basic financial statements which comprise three sections: 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.

**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. **The user of this report, however, must keep in mind that School related debt activities may distort net assets.**

The *statement of activities* presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, health and welfare, parks and recreation, solid waste and community development. The County does not have any business-type activities.

The government-wide financial statements include the County (known as the *primary government*) as well as funds of the Washington County School Board, the Washington County Service Authority, the Virginia Highlands Airport Authority and the Washington County Industrial Development Authority (known as the *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government.

### **Fund Financial Statements**

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or difference) between them.

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Assets and Statement of Activities. Enterprise funds are a type of proprietary fund and are the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's component unit Service Authority and other component units are presented as proprietary funds.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparisons and progress in funding its obligation to provide pension benefits to its employees.

## Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

### **Summary of Net Assets:**

The following table reflects the condensed Statement of Net Assets as presented in the government-wide financial statements (in millions):

	Governmental Activities		Component Units	
	FY2010	FY2009	FY2010	FY2009
Current and other assets	\$64.8	\$53.8	\$42.3	\$24.5
Capital assets, net	23.9	13.7	97.4	88.0
Total assets	88.7	67.5	139.7	112.5
Other liabilities	27.3	36.6	7.7	7.7
Long-term liabilities	36.1	18.0	45.9	25.8
Total liabilities	63.4	54.6	53.6	33.5
Net assets:				
Invested in capital assets,				
net of related debt	13.3	5.2	71.2	70.4
Restricted	0.2	0.7	0.0	14.9
Unrestricted	11.8	7.0	14.9	(6.3)
Total net assets	\$25.3	\$12.9	\$86.1	\$79.0

The County's combined net assets increased from \$12.9 million to \$25.3 million as a result of the increase in net activities of governmental activities of \$12.4 million. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County began the fiscal year at \$7.0 million. By the end of the fiscal year, the unrestricted net assets were increased to \$11.8million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation.

Component unit net assets increased by \$7.1 million as a result of significant increases in capital grants and contributions.

## Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2010 (in millions):

(Exhibit 2)	Governmental Activities		Component Units	
	<u>FY2010</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2009</u>
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for Services	\$1.5	\$1.6	\$16.1	\$15.8
Operating Grants & Contributions	9.9	13.5	46.9	48.6
Capital Grants & Contributions	0.0	0.1	7.6	0.5
<b>General Revenues</b>				
Property Taxes	39.8	27.0	0.0	0.0
Other Taxes	8.7	10.3	0.0	0.0
Other	5.2	1.0	1.4	1.4
Payments from the County	0.0	0.0	22.8	23.2
<b>Total Revenues</b>	<u>65.1</u>	<u>53.5</u>	<u>94.8</u>	<u>89.5</u>
<b>Expenses</b>				
General Government	2.4	2.8	0.0	0.0
Judicial Administration	1.4	1.5	0.0	0.0
Public Safety	10.4	7.5	0.0	0.0
Public Works	3.1	3.1	11.4	11.2
Health and Welfare	7.8	8.0	0.0	0.0
Education	21.6	22.5	71.9	73.1
Parks, Recreation and Cultural	2.7	1.9	0.0	0.0
Community Development	2.4	5.7	4.4	3.2
Interest on Long-Term Debt	0.9	0.8	0.0	0.0
Water	0.0	0.0	0.0	0.0
<b>Total Expenses</b>	<u>52.7</u>	<u>53.8</u>	<u>87.7</u>	<u>87.5</u>
<b>Change in Net Assets</b>	12.4	(0.3)	7.1	2.0
Transfers	0.0	0.0	0.0	0.0
Net Assets, Beginning of Year	<u>12.9</u>	<u>13.2</u>	<u>79.0</u>	<u>77.0</u>
Net Assets, Ending	<u>\$25.3</u>	<u>\$12.9</u>	<u>\$86.1</u>	<u>\$79.0</u>

## Revenues

For the fiscal year ended June 30, 2010, revenues from governmental activities totaled \$65.1 million. Property tax revenues, the County's largest revenue source, were \$39.8 million, an increase of \$12.8 million from the prior fiscal year. This large increase was a result of the County billing real estate taxes every six months instead of once a year. Other local taxes (including sales taxes, recordation taxes, and meals taxes) were \$8.7 million, a decrease of \$1.6 million from FY2009. Intergovernmental revenues, totaling \$14.2 million, included some increases in support from the Commonwealth of Virginia for Public Safety and general support.

Component unit revenues total \$94.8 million, including a \$22.8 million transfer from the general fund. Increased revenues are due to an increase in programs, resulting in additional State revenues and Federal revenues.

## Expenses / Expenditures

For the fiscal year ended June 30, 2010, expenses for governmental activities totaled \$52.7 million. Included in the expenses are decreases in general government, judicial administration, health and welfare, education and community development.

Education is a very high priority in the Washington County community; consequently the Board of Supervisors contributed \$21.1 million to the operation of the Washington County schools. This amount represented about 40% of the County's general fund expenses.

## Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2010, the governmental funds reflect a combined fund balance of \$35.5 million, an increase of \$18.4 million from the fiscal year ended June 30, 2009. This increase is due to the new billing policy for real estate taxes and debt proceeds that were not spent during FY 2010.

### **General Fund Budgetary Highlights**

The following table presents revenue and expenditure for the General Fund only for FY 2010 (in millions):

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues:</b>			
Taxes	\$ 37.2	\$ 37.2	\$ 47.8
Intergovernmental	17.3	17.4	14.2
Other	2.6	4.6	2.8
Total	<u>\$ 57.1</u>	<u>\$ 59.2</u>	<u>\$ 64.8</u>
<b>Expenditures and Transfers:</b>			
Expenditures	\$ 58.0	\$ 59.5	\$ 53.3
Transfers	0.9	2.5	2.5
Total	<u>58.9</u>	<u>62.0</u>	<u>55.8</u>
Changes in Fund Balance	<u>\$ (1.8)</u>	<u>\$ (2.8)</u>	<u>\$ 9.0</u>

A discussion of the variances between the original budget and the final budget and of the variance between the final budget and the actual results is constructive.

The most significant increase in comparing final budget to actual revenues is found in the "General Property Tax" category, which exceeded the budget by \$10.6 million. The most significant decrease in comparing final budget to actual revenues is found in the "Miscellaneous" and "Intergovernmental" categories. They fell short of the final budgeted amounts by approximately \$5.0 million.

The most significant increase in comparing original budget to final budget in expenditures is found in the "Education" category. It increased by approximately \$1.0 million. Also a significant decrease can be found in comparing final budget to actual in expenditures because of unexpended funds for various fiscal year 2010 projects and commitments.

### **Capital Assets**

The following table displays the County and Schools (Discretely Presented Component Unit) capital assets at June 30, 2010, in millions of dollars:

	Governmental Activities		Discretely Presented Component Unit School Board	
	<u>FY2010</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2009</u>
<b>Non-Depreciable Assets:</b>				
Land	\$1.9	\$0.9	\$2.8	\$2.8
Construction in Progress	2.5	4.1	0.3	0.0
<b>Other Capital Assets:</b>				
Buildings and Systems	22.4	11.2	37.9	37.8
Machinery and Equipment	7.9	7.8	15.4	14.2
Accumulated Depreciation	<u>(10.8)</u>	<u>(10.2)</u>	<u>(38.3)</u>	<u>(36.7)</u>
Totals	<u>\$23.9</u>	<u>\$13.8</u>	<u>\$18.1</u>	<u>\$18.1</u>

The table below shows the change in total County and Schools (Discretely Presented Component Unit) capital assets for the fiscal year ended June 30, 2010 in millions of dollars:

	<u>Balance June 30, 2009</u>	<u>Net Additions/Deletions</u>	<u>Balance June 30, 2010</u>
<b>Non-Depreciable Assets:</b>			
Land	\$3.7	\$1.0	\$4.7
Construction in Progress	4.1	(1.3)	2.8
<b>Other Capital Assets:</b>			
Buildings and Systems	49.0	11.3	60.3
Machinery and Equipment	22.0	1.3	23.3
Accumulated Depreciation	<u>(46.9)</u>	<u>(2.2)</u>	<u>(49.1)</u>
Totals	<u>\$31.9</u>	<u>\$10.1</u>	<u>\$42.0</u>

Additional detailed capital asset information can be found in Note 11 in the "Notes to Financial Statements" section of the report.

## Long Term Debt

The following table displays the County and Schools (Discretely Presented Component Unit) Outstanding Debt at June 30, 2010, in millions of dollars:

	Governmental Activities		Discretely Presented Component Unit School Board	
	FY2010	FY2009	FY2010	FY2009
General Obligation Bonds	\$11.1	\$12.0	\$0.0	\$0.0
Revenue Bonds	19.9	2.0	0.0	0.0
Literary Loans	3.5	3.8	0.0	0.0
Capital Leases	0.0	0.0	0.0	0.0
Landfill Closure/Post Closure Liability	0.1	0.1	0.0	0.0
Compensated Absences	1.1	1.1	2.7	2.9
Net OPEB Obligation	0.4	0.2	1.1	0.6
Total	<u>\$36.1</u>	<u>\$19.2</u>	<u>\$3.8</u>	<u>\$3.5</u>

## Economic Factors

For the fiscal year ended June 30, 2010, the economic growth in Washington County, Virginia continued to stall as the result of the recession that gripped the United States. However, due to a policy change whereby real estate taxes were billed and collected twice a year, half in May and the other half in December, and with debt proceeds not being spent, Washington County was able to end FY 2010 with an increase in government fund balances of \$18.4 million. On a government – wide basis the County increased net assets by \$12.4 million. Component Units added \$7.1 million to their net assets.

## Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Accounting Department, 205 Academy Drive, Abingdon, Virginia 24210.



## **BASIC FINANCIAL STATEMENTS**

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

	Primary Government		Component		
	Governmental		Units		
	Activities	School Board	Service Authority	Other	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 35,573,351	\$ 4,222,568	\$ 5,539,040	\$ 3,880,734	
Cash in custody of others	-	300	-	-	
Investments	409,152	-	417,771	-	
Receivables (net of allowance for uncollectibles):					
Taxes receivable	25,657,276	-	-	-	
Accounts receivable	582,798	-	1,437,107	401,700	
Notes receivable	-	259,773	-	19,950,000	
Due from primary government	-	2,011,027	-	-	
Due from other governmental units	2,262,554	1,953,907	32,594	-	
Inventories	-	-	629,655	64,742	
Prepaid expenses	339,356	563,230	220,743	21,940	
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents (in custody of others)	-	-	181,912	-	
Other assets:					
Unamortized bond issue costs	-	-	321,739	166,660	
Capital assets (net of accumulated depreciation):					
Land	1,926,515	2,819,475	927,561	20,086,707	
Buildings and system	18,296,510	9,837,817	7,495,603	3,496,561	
Improvements other than buildings	34,302	-	-	6,456,601	
Machinery and equipment	1,217,098	5,181,113	859,862	131,596	
Infrastructure	-	-	33,151,773	-	
Construction in progress	2,468,979	327,759	6,312,765	324,972	
Total assets	\$ 88,767,891	\$ 27,176,969	\$ 57,528,125	\$ 54,982,213	
<b>LIABILITIES</b>					
Accounts payable	\$ 1,716,488	\$ 330,051	\$ 1,242,445	\$ 785,728	
Accrued liabilities	-	650,719	222,234	3,064	
Accrued wages	-	3,894,656	-	8,281	
Accrued interest payable	316,370	-	74,532	451,577	
Due to component unit	2,011,027	-	-	-	
Deferred revenue	23,292,605	-	-	-	
Long-term liabilities:					
Due within one year	1,209,413	-	1,222,726	3,055,000	
Due in more than one year	34,877,681	3,830,062	14,853,402	22,957,047	
Total liabilities	\$ 63,423,584	\$ 8,705,488	\$ 17,615,339	\$ 27,260,697	
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 13,353,809	\$ 18,166,164	\$ 25,564,387	\$ 27,443,103	
Restricted for:					
Forfeited Assets	222,298	-	-	-	
Unrestricted (deficit)	11,768,200	305,317	14,166,487	278,413	
Total net assets	\$ 25,344,307	\$ 18,471,481	\$ 39,912,786	\$ 27,721,516	

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
					School Board	Service Authority Other Component Units
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government administration	\$ 2,444,129	\$ 66,196	\$ 385,575	\$ -	\$ (1,992,358)	\$ -
Judicial administration	1,397,161	772,099	848,877	-	223,815	-
Public safety	10,394,379	158,992	2,750,014	-	(7,485,373)	-
Public works	3,106,061	425,892	14,961	-	(2,665,208)	-
Health and welfare	7,750,392	-	5,391,956	-	(2,358,436)	-
Education	21,628,724	-	-	-	(21,628,724)	-
Parks, recreation, and cultural	2,656,439	58,011	184,519	-	(2,413,909)	-
Community development	2,449,360	4,765	281,694	-	(2,162,901)	-
Interest on long-term debt	852,142	-	-	-	(852,142)	-
Total primary government	\$ 52,678,787	\$ 1,485,955	\$ 9,857,596	\$ -	\$ (41,335,236)	\$ -
<b>COMPONENT UNITS:</b>						
School Board	\$ 71,941,485	\$ 2,498,492	\$ 46,656,988	\$ -	\$ -	\$ -
Service Authority	11,376,724	11,828,931	150,000	-	-	602,207
Other Component Units	4,438,231	1,845,375	6,294	7,588,023	-	-
Total component units	\$ 87,756,440	\$ 16,172,798	\$ 46,813,282	\$ 7,588,023	\$ (22,786,005)	\$ 602,207
						\$ 5,001,461
						\$ 5,001,461
General revenues:						
General property taxes					\$ 39,788,130	\$ -
Other local taxes:						
Local sales and use taxes					6,151,363	-
Consumers' utility taxes					1,118,111	-
Utility license taxes					162,587	-
Motor vehicle licenses					836,935	-
Bank stock taxes					30,678	-
Taxes on recordation and wills					388,795	-
Hotel and motel room taxes					36,800	-
Unrestricted revenues from use of money and property					190,909	18,591
Miscellaneous					647,220	-
Payments from Washington County					14,948	112,413
Grants and contributions not restricted to specific programs					1,416,475	-
Total general revenues					21,134,400	1,624,169
Change in net assets						
Net assets - beginning						21,077,295
Net assets - ending						27,721,516

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

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Improvement Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,544,288	\$ 6,698,681	\$ 10,330,382	\$ 35,573,351
Investments	409,152	-	-	409,152
Receivables (net of allowance for uncollectibles):				
Taxes receivable	25,657,276	-	-	25,657,276
Other receivables	582,798	-	-	582,798
Due from other governmental units	2,262,554	-	-	2,262,554
Prepaid items	339,356	-	-	339,356
Total assets	<u>\$ 47,795,424</u>	<u>\$ 6,698,681</u>	<u>\$ 10,330,382</u>	<u>\$ 64,824,487</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 645,053	\$ 363,542	707,893	\$ 1,716,488
Due to component unit	2,011,027	-	-	2,011,027
Deferred revenue	25,537,599	60,000	-	25,597,599
Total liabilities	<u>\$ 28,193,679</u>	<u>\$ 423,542</u>	<u>\$ 707,893</u>	<u>\$ 29,325,114</u>
Fund balances:				
Reserved for:				
Economic Development	\$ 183,750	\$ -	\$ -	\$ 183,750
Construction	-	6,275,139	9,622,489	15,897,628
Traffic Enforcement	225,582	-	-	225,582
Law Library	3,176	-	-	3,176
Forfeited Assets	222,298	-	-	222,298
Road Improvements	72,882	-	-	72,882
Utilities	69,027	-	-	69,027
Unreserved, reported in:				
General fund	18,825,030	-	-	18,825,030
Total fund balances	<u>\$ 19,601,745</u>	<u>\$ 6,275,139</u>	<u>\$ 9,622,489</u>	<u>\$ 35,499,373</u>
Total liabilities and fund balances	<u>\$ 47,795,424</u>	<u>\$ 6,698,681</u>	<u>\$ 10,330,382</u>	<u>\$ 64,824,487</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 35,499,373
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,943,404
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,304,994
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(36,403,464)
Net assets of governmental activities	<u>\$ 25,344,307</u>

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

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

	General	County Capital Improvements	School Capital Improvements Funds	Total
<b>REVENUES</b>				
General property taxes	\$ 39,065,655	\$ -	\$ -	\$ 39,065,655
Other local taxes	8,725,269	-	-	8,725,269
Permits, privilege fees, and regulatory licenses	154,291	-	-	154,291
Fines and forfeitures	722,986	-	-	722,986
Revenue from the use of money and property	189,966	-	943	190,909
Charges for services	608,678	-	-	608,678
Miscellaneous	460,917	186,303	-	647,220
Recovered costs	678,020	-	-	678,020
Intergovernmental revenues:				
Commonwealth	11,524,034	-	25,881	11,549,915
Federal	2,694,429	-	-	2,694,429
Total revenues	\$ 64,824,245	\$ 186,303	\$ 26,824	\$ 65,037,372
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,770,049	\$ -	\$ -	\$ 2,770,049
Judicial administration	1,362,945	-	-	1,362,945
Public safety	10,569,641	-	-	10,569,641
Public works	2,968,124	7,928,226	-	10,896,350
Health and welfare	7,657,509	94,630	-	7,752,139
Education	21,268,667	-	2,072,179	23,340,846
Parks, recreation, and cultural	2,099,216	898,419	-	2,997,635
Community development	2,570,449	-	-	2,570,449
Nondepartmental	134,080	-	-	134,080
Debt service:				
Principal retirement	1,168,001	-	-	1,168,001
Interest and other fiscal charges	728,517	130,017	-	858,534
Total expenditures	\$ 53,297,198	\$ 9,051,292	\$ 2,072,179	\$ 64,420,669
Excess (deficiency) of revenues over (under) expenditures	\$ 11,527,047	\$ (8,864,989)	\$ (2,045,355)	\$ 616,703
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 2,466,126	\$ 1,210,593	\$ 3,676,719
Transfers out	(2,466,126)	(1,210,593)	-	(3,676,719)
Proceeds of revenue anticipation notes	-	7,750,000	10,200,000	17,950,000
Bond issuance costs	-	-	(134,762)	(134,762)
Total other financing sources (uses)	\$ (2,466,126)	\$ 9,005,533	\$ 11,275,831	\$ 17,815,238
Net change in fund balances	\$ 9,060,921	\$ 140,544	\$ 9,230,476	\$ 18,431,941
Fund balances - beginning	10,540,824	6,134,595	392,013	17,067,432
Fund balances - ending	\$ 19,601,745	\$ 6,275,139	\$ 9,622,489	\$ 35,499,373

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

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

Net change in fund balances - total governmental funds	\$ 18,431,941
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.	10,161,770
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	722,475
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.	(16,782,353)
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.	(130,793)
Change in net assets of governmental activities	<u>\$ 12,403,040</u>

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

County of Washington, Virginia  
Statement of Net Assets  
Proprietary Fund  
June 30, 2010

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	Internal Service Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,001,242
<b>LIABILITIES</b>	
Current liabilities:	
Incurred but unpaid liability	\$ 650,719
<b>NET ASSETS</b>	
Unrestricted	\$ 350,523
Total net assets	\$ 350,523

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



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

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	Internal Service Fund
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 7,094,300
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 7,105,264
Operating income (loss)	\$ (10,964)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 16,023
Change in net assets	\$ 5,059
Total net assets - beginning	345,464
Total net assets - ending	\$ 350,523

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

County of Washington, Virginia  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2010

	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 7,094,300
Payments for premiums	(7,094,799)
Net cash provided (used) by operating activities	<u>\$ (499)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	\$ 16,023
Net cash provided (used) by investing activities	<u>\$ 16,023</u>
Net increase (decrease) in cash and cash equivalents	\$ 15,524
Cash and cash equivalents - beginning (including restricted)	985,718
Cash and cash equivalents - ending (including restricted)	<u><u>\$ 1,001,242</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ (10,964)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ 10,465
Net cash provided (used) by operating activities	<u><u>\$ (499)</u></u>

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

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

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	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 251,662
Total assets	<u>\$ 251,662</u>
<b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 213,408
Amounts held for County employee fringe benefits	<u>38,254</u>
Total liabilities	<u>\$ 251,662</u>

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

A. Reporting Entity

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

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

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

The Washington County Service Authority was created by the Board of Supervisors of the County to acquire, finance, and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority is appointed by the County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County. A complete financial report of the Authority can be obtained by contacting the Authority.

Other Discretely Presented Component Units:

The Virginia Highlands Airport Authority was created by the County of Washington to operate a regional airport. Washington County Board of Supervisors appoints the members of the Airport Authority. The County contributes a significant amount to the Authority's operations and there exists a financial benefit/burden relationship. A complete financial report of the Authority can be obtained by contacting the Authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies: (continued)**

A. Reporting Entity (continued)

The Industrial Development Authority of Washington County is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Washington County. Washington County Board of Supervisors appoints the members of the Board of Directors of the Industrial Development Authority. There exists a financial benefit/burden relationship between the County and the Industrial Development Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

Jointly Governed Organizations - None

B. 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, if any, are reported as separate columns in the fund financial statements.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

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 the government receives cash.

The County 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 other funds. The general fund includes the activities of the Forfeited Asset, Law Library, Road Improvement, E-911 project, County Library, Virginia Public Assistance, Comprehensive Service, Title IV-E Rev Max, Prebook Tax and Trigon Reserve Funds.

The County Capital Improvements Fund is reported as a major *capital projects fund*. The fund accounts for financial resources to be used for the acquisition and construction of major capital projects of the County.

The County reports the following nonmajor governmental fund:

The School Capital Projects fund is reported as a nonmajor *capital projects fund*. The fund accounts for financial resources to be used for the acquisition and construction of major capital projects of the School Board.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

Additionally, the County reports the following fund types:

*Internal Service Funds* account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the School Board's Self-health Insurance Fund.

*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 Special Welfare, and Fringe Benefits funds.

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. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. 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.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

1. Deposits and investments (continued)

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

2. Receivables and payables

Activities 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. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on May 20<sup>th</sup> and November 20<sup>th</sup>. Personal property taxes are due and collectible annually on November 20<sup>th</sup>. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$292,051 at June 30, 2010 and is comprised solely of property taxes.

5. Use of Estimates

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

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 1-Summary of Significant Accounting Policies: (continued)****D. Assets, liabilities, and net assets or equity (continued)****6. Capital assets (continued)**

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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

<b>Assets</b>	<b>Years</b>
Buildings	50
Building improvements	50
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Land improvements	10

**7. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**8. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies: (continued)**

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

8. 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.

9. 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.

10. 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.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 2-Reconciliation of Government-Wide and Fund Financial Statements:**

- 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 \$(36,403,464) and \$(3,830,062) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Literary loans	\$ (3,497,819)	\$ -
Bonds, bond premium and note	(31,075,800)	-
Accrued interest payable	(316,370)	-
Landfill accrued post-closure monitoring costs	(51,018)	-
Net OPEB obligation	(382,837)	(1,086,762)
Compensated absences	(1,079,620)	(2,743,300)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ (36,403,464)	\$ (3,830,062)

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "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 \$10,161,770 and \$62,547 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 11,098,445	\$ 1,799,867
Depreciation expenses	(936,675)	(1,735,386)
Assets deleted	-	(118,060)
Accumulated depreciation deleted	-	116,126
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>	\$ 10,161,770	\$ 62,547

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)**

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

Another element of that reconciliation states "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 \$(16,782,353) difference in the primary government, are as follows:

	Primary Government
Debt Issued or Incurred:	
Bond anticipation notes	\$ (17,950,000)
Landfill post-closure care costs	(354)
Principal Payments:	
Literary loans	310,487
Bonds and note	857,514
	<hr/>
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>	\$ <u>(16,782,353)</u>

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**COUNTY OF WASHINGTON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)**

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

Another element of that reconciliation states, "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 \$(130,793) and \$(373,012) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
(Increase) decrease in compensated absences	\$ 52,715	\$ 129,788
(Increase) decrease in accrued interest	(2,437)	-
(Increase) decrease in net OPEB obligation	(189,900)	(502,800)
(Increase) decrease in premium amortization	8,829	-
	<hr/>	<hr/>
Net adjustment to increase (decrease) <i>net changes</i> <i>in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(130,793)</u>	\$ <u>(373,012)</u>

**Note 3-Stewardship, Compliance, and Accountability:**

- A. Budgetary information

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

1. Prior to April 1st, 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. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

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**Note 3-Stewardship, Compliance, and Accountability: (continued)**

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For fiscal year 2010, there were no excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2010, the School Capital Improvements fund had deficit fund equity.

**Note 4-Deposits and Investments:**

Deposits:

All cash of the County of Washington, Virginia 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 or covered by federal depository insurance.

Investments:

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

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2010 were held in the County's name by the County's custodial bank. The Local Government Investment (LGIP) and State Non-Arbitrage

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 4-Deposits and Investments: (Continued)**

Custodial Credit Risk (Investments) (continued)

(SNAP) Pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale for LGIP and SNAP investments and Moody's rating scale for commercial paper.

County's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AAm
LGIP	\$ 264,080	\$ -
SNAP	-	145,072

Concentration of Credit Risk

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

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 external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.



COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 5-Due from Other Governmental Units:**

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 1,122,746	\$ -
State sales tax	-	1,093,841
Categorical aid-shared expenses	291,313	-
Categorical aid-other	242,369	-
Non-categorical aid	107,383	-
Categorical aid-VPA funds	176,597	-
Other state aid	130,227	275
<u>Federal Government:</u>		
Categorical aid-VPA funds	191,919	-
Categorical aid-other	-	859,791
Totals	\$ 2,262,554	\$ 1,953,907

**Note 6-Interfund/Component-Unit Obligations:**

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 2,011,027	\$ -
Component Unit - School Board:		
School Fund	\$ -	\$ 2,011,027

**COUNTY OF WASHINGTON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**Note 7-Long-Term Debt:**

**Primary Government - Governmental Activity Indebtedness:**

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

Year Ending June 30,	Literary Loans		GO Bonds and Note		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 282,023	\$ 104,315	\$ 871,934	\$ 1,280,097	\$ 50,000	\$ 106,255
2012	302,660	96,474	8,644,976	990,916	67,000	103,108
2013	282,023	87,394	11,040,666	820,521	71,000	99,396
2014	282,023	78,933	864,626	439,988	74,000	95,495
2015	282,023	70,473	890,120	390,371	78,000	91,406
2016-2020	1,410,115	225,453	3,897,927	1,258,868	460,000	387,360
2021-2025	656,952	38,785	1,690,709	414,896	596,000	245,974
2026-2030	-	-	858,033	66,225	604,000	67,142
Totals	<u>\$ 3,497,819</u>	<u>\$ 701,827</u>	<u>\$ 28,758,991</u>	<u>\$ 5,661,882</u>	<u>\$ 2,000,000</u>	<u>\$ 1,196,136</u>

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

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
GO bonds	\$ 11,666,505	\$ 17,950,000	\$ (857,514)	\$ 28,758,991
GO bond premium	325,638	-	(8,829)	316,809
Literary loans	3,808,306	-	(310,487)	3,497,819
Lease revenue note	2,000,000	-	-	2,000,000
Landfill post-closure liability	50,664	354	-	51,018
Net OPEB obligation	192,937	189,900	-	382,837
Compensated absences	1,132,335	-	(52,715)	1,079,620
Total	<u>\$ 19,176,385</u>	<u>\$ 18,140,254</u>	<u>\$ (1,229,545)</u>	<u>\$ 36,087,094</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 7-Long-Term Debt: (continued)**

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds and Note						
GO Bond	6.1-6.4%	5/19/1992	2012	\$ 305,000	\$ 30,000	\$ 15,000
GO Bond	4.85-6.6%	1/15/1992	2012	801,818	111,687	54,586
GO Bond	6.1-6.6%	11/22/1994	2015	585,000	135,000	30,000
GO Bond	6.1-6.6%	11/22/1994	2015	143,947	46,010	8,435
GO Bond	5.4-5.975%	5/18/1995	2016	1,260,000	360,000	60,000
GO Bond	5.1-6.1%	12/21/1995	2016	2,086,692	748,046	115,901
GO Bond	4.1-5.225%	5/13/1999	2020	1,400,000	700,000	70,000
GO Bond	3.1-5.35%	11/15/2001	2022	1,217,614	765,872	58,553
GO Bond	3.1-5.35%	12/23/2003	2024	972,237	710,962	45,605
GO Bond	5.05%	11/1/2007	2027	1,565,886	1,430,159	70,174
GO Bond	5.05%	11/1/2007	2027	1,204,508	1,100,110	53,979
GO Bond	5.05%	11/1/2007	2027	1,243,435	1,135,663	55,724
GO Bond	5.05%	11/1/2007	2027	989,925	904,130	44,363
Early retirement refunding note	6.77%	7/15/2001	2021	3,889,483	2,631,352	189,614
Total GO Bonds and Note					\$ 10,808,991	\$ 871,934

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 7-Long-Term Debt: (continued)**

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Literary Loans:						
State Literary Fund Loan	3%	7/15/1991	2012	188,959	\$ 8,214	\$ -
State Literary Fund Loan	3%	7/15/1991	2012	293,214	3,964	-
State Literary Fund Loan	3%	7/15/1991	2012	79,280	8,459	-
State Literary Fund Loan	3%	12/15/2000	2021	957,237	525,237	48,000
State Literary Fund Loan	3%	10/1/2001	2022	1,001,149	600,693	50,057
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618	703,578	58,630
State Literary Fund Loan	3%	10/1/2001	2022	530,000	318,000	26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338	396,810	33,066
State Literary Fund Loan	3%	7/15/1991	2012	164,300	98,580	8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206	211,546	15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506	195,656	13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616	329,716	21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816	97,366	6,490
Total Literary Loans					\$ 3,497,819	\$ 282,023
Other Obligations:						
Lease Revenue Note	5.38%	10/30/2008	2028	2,000,000	\$ 2,000,000	\$ 50,000
Lease Revenue Bond Anticipation Note	3.125%	4/1/2010	2011	7,750,000	7,750,000	-
Lease Revenue Bond Anticipation Note	3.26%	10/20/2009	2013	10,200,000	10,200,000	-
Landfill Post-closure Monitoring Costs	n/a	n/a	n/a	n/a	51,018	-
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	43,656	3,118
Premium on \$5,003,754 2007 bonds	n/a	n/a	n/a	n/a	273,153	2,338
Net OPEB obligation	n/a	n/a	n/a	n/a	382,837	-
Compensated Absences	n/a	n/a	n/a	n/a	1,079,620	-
Total Other Obligations					\$ 21,780,284	\$ 55,456
Total Long-term debt					\$ 36,087,094	\$ 1,209,413

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 8-Long-term Debt-Component Unit School Board:**

Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Compensated absences	\$ 2,873,088	\$ -	\$ (129,788)	\$ 2,743,300
Net OPEB obligation	583,962	502,800	-	1,086,762
Total	\$ 3,457,050	\$ 502,800	\$ (129,788)	\$ 3,830,062

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 2,743,300	\$ -
Net OPEB Obligation	n/a	n/a	n/a	n/a	1,086,762	-
Total Other Obligations					\$ 3,830,062	\$ -

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 9-Employee Retirement System and Pension Plans:**

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)

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

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 14.22% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2010 was 11.59% of annual covered payroll.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 9-Employee Retirement System and Pension Plans: (continued)**

C. Annual Pension Cost

For fiscal year 2010, the County of Washington, Virginia's annual pension cost of \$766,507 and \$288,943 was equal to the County of Washington, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

	Three-Year Trend Information			
	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2008	496,026	100.00%	-
	6/30/2009	767,426	100.00%	-
	6/30/2010	766,507	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2008	332,693	100.00%	-
	6/30/2009	321,581	100.00%	-
<sup>1</sup> Employer portion only	6/30/2010	288,943	100.00%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Washington, Virginia'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 of Washington, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 82.36% funded. The actuarial accrued liability for benefits was \$34,112,983, and the actuarial value of assets was \$28,096,019, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,016,964. The covered payroll (annual payroll of active employees covered by the plan) was \$8,350,870, and ratio of the UAAL to the covered payroll was 72.05%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 9-Employee Retirement System and Pension Plans: (continued)**

D. Funded Status and Funding Progress (continued)

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 82.62% funded. The actuarial accrued liability for benefits was \$13,314,234, and the actuarial value of assets was \$11,000,576, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,313,658. The covered payroll (annual payroll of active employees covered by the plan) was \$2,755,609, and ratio of the UAAL to the covered payroll was 83.96%.

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

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

Plan Description

The Washington County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be downloaded from the System's 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, Virginia 23218-2500.

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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$2,266,366, \$3,093,123, and \$3,449,046, for the fiscal years ended 2010, 2009, and 2008, respectively. Employer contributions represented 7.34%, 8.81%, and 10.03% of covered payroll for the fiscal years ended 2010, 2009, and 2008, respectively.



COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 10-Other Post-Employment Benefits:**

A. Plan Description

The County's Retiree Medical Program (the "Program") is a single-employer defined benefit healthcare plan administered by the County. The Program provides health insurance benefits to eligible retirees and their spouses. To be eligible as a retiree from the County, employees must be a full-time employee who retires directly from the County and is eligible to receive an early or regular retirement benefit from VRS. Retirees of the Public Schools must also be employed for at least five consecutive years. The benefit provisions, including employer and employee contributions, are governed by County and can be amended through County Council action. The Program does not issue a publicly available financial report.

B. Funding Policy

The Washington 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 be partially funded or fully funded in the upcoming fiscal year. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2010, the County and the Schools continued to follow the pay-as-you-go basis with no pre-funding.

Retirees of the County who had five years of continuous full-time employment with Washington County prior to January 1, 1998 and were enrolled in the County's health insurance program for at least five years prior to January 1, 1998 receive \$22.50 per month from the County. All other retired government employees who participate in the retiree medical plan pay the entire blended active and early retiree rate to continue coverage.

Retired school employees who participate in the retiree medical and dental plans pay the entire blended active and early retiree rate to continue coverage with the exception of a \$125 per month school board supplement for employees electing the Supplemental Retirement Program. This benefit is available to the employee for 5-7 years.

The following are the 2010 blended medical rates for active employees and early retirees:

	Monthly Premiums	
	County	School
Employee	\$ 540	\$ 490
Employee and spouse	1,080	1,027

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 10-Other Post-Employment Benefits: (continued)**

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASEB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	County	School Board	Total
Annual required contribution	\$ 280,800	\$ 1,191,200	\$ 1,472,000
Interest on net OPEB obligation	7,700	23,400	31,100
Adjustment to annual required contribution	(8,000)	(24,300)	(32,300)
Annual OPEB cost (expense)	280,500	1,190,300	1,470,800
Estimated pay-as-you-go contributions	(90,600)	(687,500)	(778,100)
Increase in net OPEB obligation	189,900	502,800	692,700
Net OPEB obligation - beginning of year	192,937	583,962	776,899
Net OPEB obligation - end of year	\$ 382,837	\$ 1,086,762	\$ 1,469,599

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 1,470,800	53%	\$ 1,469,599
6/30/2009	1,408,098	45%	776,899

D. Funded Status and Funding Progress

County:

As of July 2010, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$2,085,032, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,764,831, and the ratio of the UAAL to the covered payroll was 23.79%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 10-Other Post-Employment Benefits: (continued)**

D. Funded Status and Funding Progress (continued)

School Board:

As of July 2010, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$12,434,361, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$39,665,329, and ratio of the UAAL to the covered payroll was 31.35%.

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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, 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 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.

In the July 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 8 percent initially, reduced by decrements of 0.5 percent each year until 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010, was 30 years.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 11-VRS Health Insurance Credit – Other Postemployment Benefits:**

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 an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the School Board, 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 \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

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 10.

B. Funding Policy

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate was 0.79% of covered payroll.

C. OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The locality is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 11-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)**

D. OPEB Cost and Net OPEB Obligation (continued)

For 2010, the School Board's contribution of \$17,529 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2010	\$ 17,529	100%	-

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

	<b>School Board</b>
Actuarial accrued liability (AAL)	\$ 292,396
Actuarial value of plan assets	\$ 25,120
Unfunded actuarial accrued liability (UAAL)	\$ 267,276
Funded ratio (actuarial value of plan assets/AAL)	8.59%
Covered payroll (active plan members)	\$ 2,755,609
UAAL as a percentage of covered payroll	9.70%

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 and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

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**Note 11-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)**

F. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2009 was 27 years.

G. Professional Employees – Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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

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 0.79% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2010 was \$233,897 and equaled the required contributions.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**Note 12-Capital Assets:**

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 905,069	\$ 1,021,446	\$ -	\$ 1,926,515
Construction in progress	4,095,690	2,773,587	(4,400,298)	2,468,979
Total capital assets not being depreciated	<u>\$ 5,000,759</u>	<u>\$ 3,795,033</u>	<u>\$ (4,400,298)</u>	<u>\$ 4,395,494</u>
Capital assets, being depreciated:				
Buildings	\$ 10,975,085	\$ 11,281,965	\$ -	\$ 22,257,050
Improvements other than buildings	178,924	-	-	178,924
Machinery and equipment	7,865,523	421,745	(342,844)	7,944,424
Total capital assets being depreciated	<u>\$ 19,019,532</u>	<u>\$ 11,703,710</u>	<u>\$ (342,844)</u>	<u>\$ 30,380,398</u>
Less: accumulated depreciation for:				
Buildings	\$ (3,662,354)	\$ (298,186)	\$ -	\$ (3,960,540)
Improvements other than buildings	(132,120)	(12,502)	-	(144,622)
Machinery and equipment	(6,444,183)	(625,987)	342,844	(6,727,326)
Total accumulated depreciation	<u>\$ (10,238,657)</u>	<u>\$ (936,675)</u>	<u>\$ 342,844</u>	<u>\$ (10,832,488)</u>
Total capital assets being depreciated, net	<u>\$ 8,780,875</u>	<u>\$ 10,767,035</u>	<u>\$ -</u>	<u>\$ 19,547,910</u>
Governmental activities capital assets, net	<u>\$ 13,781,634</u>	<u>\$ 14,562,068</u>	<u>\$ (4,400,298)</u>	<u>\$ 23,943,404</u>

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COUNTY OF WASHINGTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**Note 11-Capital Assets: (continued)**

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

Governmental activities:	
General government administration	\$ 42,870
Judicial administration	18,693
Public safety	467,561
Public works	77,453
Health and welfare	33,437
Education	173,213
Parks, recreation, and cultural	103,148
Community development	<u>20,300</u>
Total depreciation expense-primary government	\$ <u>936,675</u>

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

Discretely Presented Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,819,475	\$ -	\$ -	\$ 2,819,475
Construction in progress	-	327,759	-	327,759
Total capital assets not being depreciated	\$ <u>2,819,475</u>	\$ <u>327,759</u>	\$ <u>-</u>	\$ <u>3,147,234</u>
Capital assets, being depreciated:				
Buildings	\$ 37,827,283	\$ 109,236	\$ -	\$ 37,936,519
Machinery and equipment	14,141,933	1,362,872	(118,060)	15,386,745
Total capital assets being depreciated	\$ <u>51,969,216</u>	\$ <u>1,472,108</u>	\$ <u>(118,060)</u>	\$ <u>53,323,264</u>
Less: accumulated depreciation for:				
Buildings	\$ (27,270,532)	\$ (828,170)	\$ -	\$ (28,098,702)
Machinery and equipment	(9,414,542)	(907,216)	116,126	(10,205,632)
Total accumulated depreciation	\$ <u>(36,685,074)</u>	\$ <u>(1,735,386)</u>	\$ <u>116,126</u>	\$ <u>(38,304,334)</u>
Total capital assets being depreciated, net	\$ <u>15,284,142</u>	\$ <u>(263,278)</u>	\$ <u>(1,934)</u>	\$ <u>15,018,930</u>
Governmental activities capital assets, net	\$ <u>18,103,617</u>	\$ <u>64,481</u>	\$ <u>(1,934)</u>	\$ <u>18,166,164</u>



COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 12-Risk Management:**

The County and its Component Unit – School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit – School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit – School Board pay the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 13-Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. 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 14-Surety Bonds:**

Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Patricia S. Phipps, Clerk of the Circuit Court	\$ 330,000
Fred W. Parker, Treasurer	750,000
David Henry, Commissioner of the Revenue	3,000
Fred P. Newman, Sheriff	30,000
All constitutional officers: blanket bond	50,000
 <u>Virginia Association of Counties</u>	
All Social Services employees: blanket bond	\$ 250,000
All County employees-blanket bond	250,000

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 15-Surety Bonds: (continued)**

Component Unit – School Board:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>		
All School Board employees: blanket bond	\$	100,000
 <u>Travelers-Surety:</u>		
Melissa W. Caudill, Clerk of the School Board	\$	10,000
 <u>United States Fidelity and Guaranty Company-Surety:</u>		
Deputy Clerk of the School Board	\$	10,000
Textbook Clerk		10,000
Alan Lee, Ed. D., Superintendent of Schools		10,000

**Note 16-Reserved Fund Balance/Restricted Net Assets:**

Primary Government:		
Reserved for School construction contracts	\$	9,622,489
Reserved for law library		3,176
Reserved for forfeited assets		222,298
Reserved for road improvements		72,882
Reserved for utilities		69,027
Reserved for economic development		183,750
Reserved for traffic enforcement		225,582
Reserved for capital projects		<u>6,275,139</u>
Total Primary Government	\$	<u>16,674,343</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

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**Note 17-Landfill Liability:**

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$51,018 liability is the total estimated post-closure care liability at June 30, 2010 and represents what it would cost to perform all post-closure care in 2010. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the DEQ's assurance requirements for landfill post-closure costs.

**Note 18—School Board Early Retirement Incentive Program:**

SunTrust administers an early retirement incentive program for the Component Unit – School Board employees. Early retirement is available to those contracted employees who are members of the Virginia Retirement System (VRS) and are eligible to retire with the VRS. The employee must have been employed with Washington County School System for 10 consecutive years, immediately preceding retirement and must not be eligible for disability retirement benefits from the VRS and/or Social Security. Finally, participants must be approved by the School Board and must have a bonafide separation from service of at least 30 days. The program allows for several different methods of payment depending upon the number of months the participant wishes to be paid. The School Board reserves the right to amend or terminate the program.

**Note 19—Designations of Fund Balance:**

Component unit-School Board:

Designated for cafeteria	\$ 774,013
Designated for textbooks	<u>\$2,447,313</u>
Total Designated for others	<u>\$3,221,326</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

**Note 20 – Deferred Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$25,537,599 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$346,973 at June 30, 2010.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2010, less amounts received 60 days after the period end totaled \$25,190,626 at June 30, 2010.

**Note 21 – Self Health Insurance:**

The County of Washington, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2010, a total of \$7,105,264 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$650,719 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2010 were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2009-10	\$ 640,254	\$ 7,105,264	(7,094,799)	\$ 650,719

## **REQUIRED SUPPLEMENTARY INFORMATION**

County of Washington, Virginia  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 28,499,134	\$ 28,499,134	\$ 39,065,655	\$ 10,566,521
Other local taxes	8,668,000	8,668,000	8,725,269	57,269
Permits, privilege fees, and regulatory licenses	145,750	145,750	154,291	8,541
Fines and forfeitures	730,000	730,000	722,986	(7,014)
Revenue from the use of money and property	333,500	333,500	189,966	(143,534)
Charges for services	522,500	567,106	608,678	41,572
Miscellaneous	341,826	2,247,253	460,917	(1,786,336)
Recovered costs	530,766	592,604	678,020	85,416
Intergovernmental revenues:				
Commonwealth	14,780,458	14,921,423	11,524,034	(3,397,389)
Federal	2,502,500	2,505,000	2,694,429	189,429
Total revenues	\$ 57,054,434	\$ 59,209,770	\$ 64,824,245	\$ 5,614,475
EXPENDITURES				
Current:				
General government administration	\$ 2,972,459	\$ 3,066,335	\$ 2,770,049	\$ 296,286
Judicial administration	1,446,722	1,479,932	1,362,945	116,987
Public safety	11,166,830	11,486,451	10,569,641	916,810
Public works	3,144,254	3,266,677	2,968,124	298,553
Health and welfare	8,095,181	8,095,181	7,657,509	437,672
Education	23,931,185	24,975,181	21,268,667	3,706,514
Parks, recreation, and cultural	2,101,725	2,115,825	2,099,216	16,609
Community development	4,699,203	4,774,903	2,570,449	2,204,454
Nondepartmental	433,825	193,079	134,080	58,999
Debt service:				
Principal retirement	-	-	1,168,001	(1,168,001)
Interest and other fiscal charges	-	-	728,517	(728,517)
Total expenditures	\$ 57,991,384	\$ 59,453,564	\$ 53,297,198	\$ 6,156,366
Excess (deficiency) of revenues over (under) expenditures	\$ (936,950)	\$ (243,794)	\$ 11,527,047	\$ 11,770,841
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (899,050)	\$ (2,509,746)	\$ (2,466,126)	\$ 43,620
Total other financing sources and uses	\$ (899,050)	\$ (2,509,746)	\$ (2,466,126)	\$ 43,620
Net change in fund balances	\$ (1,836,000)	\$ (2,753,540)	\$ 9,060,921	\$ 11,814,461
Fund balances - beginning	1,836,000	4,562,868	10,540,824	5,977,956
Fund balances - ending	\$ -	\$ 1,809,328	\$ 19,601,745	\$ 17,792,417

County of Washington, Virginia  
Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plan  
For the Year Ended June 30, 2010

**Primary Government:**  
County Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2009	\$ 28,096,019	\$ 34,112,983	\$ 6,016,964	82.36%	\$ 8,350,870	72.05%
June 30, 2008	27,777,346	32,139,125	4,361,779	86.43%	8,342,076	52.29%
June 30, 2007	25,581,251	27,405,305	1,824,054	93.34%	7,669,385	23.78%

County Post-Retirement Medical Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2010	\$ -	\$ 2,085,032	\$ 2,085,032	0.00%	\$ 8,764,831	23.79%
January 31, 2008	-	2,342,233	2,342,233	0.00%	8,342,492	28.08%

**Discretely Presented Component Unit:**  
School Board Non-Professional Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2009	\$ 11,000,576	\$ 13,314,234	\$ 2,313,658	82.62%	\$ 2,755,609	83.96%
June 30, 2008	11,204,025	12,915,031	1,711,006	86.75%	2,644,799	64.69%
June 30, 2007	10,355,313	12,354,735	1,999,422	83.82%	2,460,723	81.25%

School Board Post-Retirement Medical Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2010	\$ -	\$ 12,434,361	\$ 12,434,361	0.00%	\$ 39,665,329	31.35%
January 31, 2008	-	14,354,306	14,354,306	0.00%	37,754,031	38.02%

School Board Non-Professional VRS Health Insurance Credit:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2009	\$ 25,120	\$ 292,396	\$ 267,276	8.59%	\$ 2,755,609	9.70%

## **OTHER SUPPLEMENTARY INFORMATION SECTION**



## **SUPPLEMENTARY FINANCIAL STATEMENTS**

County of Washington, Virginia  
 Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2010

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ (426,178)	\$ 186,303	\$ 612,481
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 225,000	\$ 225,000	\$ 7,928,226	\$ (7,703,226)
Health and welfare	100,000	100,000	94,630	5,370
Parks, recreation, and cultural	2,018,908	2,018,908	898,419	1,120,489
Debt service:				
Interest and other fiscal charges	130,500	130,500	130,017	483
Total expenditures	\$ 2,474,408	\$ 2,474,408	\$ 9,051,292	\$ (6,576,884)
Excess (deficiency) of revenues over (under) expenditures	\$ (2,474,408)	\$ (2,900,586)	\$ (8,864,989)	\$ (5,964,403)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 899,050	\$ 899,050	\$ 2,466,126	\$ 1,567,076
Transfers out	-	-	(1,210,593)	(1,210,593)
Proceeds from issuance of debt	-	-	7,750,000	7,750,000
Total other financing sources and uses	\$ 899,050	\$ 899,050	\$ 9,005,533	\$ 8,106,483
Net change in fund balances	\$ (1,575,358)	\$ (2,001,536)	\$ 140,544	\$ 2,142,080
Fund balances - beginning	6,338,652	6,350,692	6,134,595	(216,097)
Fund balances - ending	\$ 4,763,294	\$ 4,349,156	\$ 6,275,139	\$ 1,925,983

County of Washington, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Major Capital Projects Fund  
For the Year Ended June 30, 2010

School Capital Improvements Fund						Variance with Final Budget Positive (Negative)		
Budgeted Amounts								
	Original		Final		Actual			
REVENUES								
Revenue from the use of money and property	\$	-	\$	-	\$	943	\$	943
Intergovernmental revenues:								
Commonwealth		950,000		950,000		25,881		(924,119)
Total revenues	\$	950,000	\$	950,000	\$	26,824	\$	(923,176)
EXPENDITURES								
Current:								
Education	\$	950,000	\$	950,000	\$	2,072,179	\$	(1,122,179)
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$	-	\$	(2,045,355)	\$	(2,045,355)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$	-	\$	-	\$	1,210,593	\$	1,210,593
Proceeds of revenue anticipation notes		-		-		10,200,000		10,200,000
Bond issuance costs						(134,762)		
Total other financing sources and uses	\$	-	\$	-	\$	11,275,831	\$	11,410,593
Net change in fund balances	\$	-	\$	-	\$	9,230,476	\$	9,365,238
Fund balances - beginning		-		-		392,013		392,013
Fund balances - ending	\$	-	\$	-	\$	9,622,489	\$	9,757,251

## **FIDUCIARY FUNDS**

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

Fringe Benefits – The Fringe Benefits fund accounts for those funds belonging to County employees.

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

	<u>Agency Funds</u>		<u>Total</u>
	<u>Special Welfare</u>	<u>Fringe Benefits</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 213,408	\$ 38,254	\$ 251,662
Total assets	<u>\$ 213,408</u>	<u>\$ 38,254</u>	<u>\$ 251,662</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 213,408	\$ -	\$ 213,408
Amounts held for County employee fringe benefits	-	38,254	38,254
Total liabilities	<u>\$ 213,408</u>	<u>\$ 38,254</u>	<u>\$ 251,662</u>

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

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

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

	<b>School Operating Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,221,326
Cash in custody of others	300
Accounts receivable	259,773
Due from primary government	2,011,027
Due from other governmental units	1,953,907
Total assets	<u>\$ 7,446,333</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 330,051
Contracts payable	3,894,656
Total liabilities	<u>\$ 4,224,707</u>
Fund balances:	
Unreserved:	
Undesignated	\$ 300
Designated for others	3,221,326
Total fund balances	<u>3,221,626</u>
Total liabilities and fund balances	<u>\$ 7,446,333</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 3,221,626
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,166,164
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	563,230
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	350,523
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,830,062)
Net assets of governmental activities	<u>\$ 18,471,481</u>

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

	School Operating Fund
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 14,948
Charges for services	2,498,492
Miscellaneous	1,416,475
Recovered costs	70,050
Intergovernmental revenues:	
Local government	21,134,400
Commonwealth	36,890,608
Federal	9,766,380
Total revenues	<u>\$ 71,791,353</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>\$ 71,657,371</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 133,982
Fund balances - beginning	3,087,644
Fund balances - ending	<u>\$ 3,221,626</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	\$ 133,982
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.	62,547
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	(48,758)
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.	(373,012)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	5,059
Change in net assets of governmental activities	<u>\$ (220,182)</u>



County of Washington, Virginia  
Statement 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			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 31,500	\$ 31,500	\$ 14,948	\$ (16,552)
Charges for services	2,493,256	2,493,256	2,498,492	5,236
Miscellaneous	1,003,681	1,003,681	1,416,475	412,794
Recovered costs	45,300	45,300	70,050	24,750
Intergovernmental revenues:				
Local government	23,798,518	23,798,518	21,134,400	(2,664,118)
Commonwealth	39,948,196	39,948,196	36,890,608	(3,057,588)
Federal	9,667,889	9,667,889	9,766,380	98,491
Total revenues	<u>\$ 76,988,340</u>	<u>\$ 76,988,340</u>	<u>\$ 71,791,353</u>	<u>\$ (5,196,987)</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>\$ 79,362,539</u>	<u>\$ 79,362,539</u>	<u>\$ 71,657,371</u>	<u>\$ 8,121,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,374,199)</u>	<u>\$ (2,374,199)</u>	<u>\$ 133,982</u>	<u>\$ 2,924,511</u>
Net change in fund balances	<u>\$ (2,374,199)</u>	<u>\$ (2,374,199)</u>	<u>\$ 133,982</u>	<u>\$ 2,924,511</u>
Fund balances - beginning	2,374,199	2,374,199	3,087,644	713,445
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,221,626</u>	<u>\$ 3,637,956</u>

County of Washington, Virginia  
Combining Statement of Net Assets  
Other Component Units  
June 30, 2010

	<u>Park Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Virginia Highlands Airport Authority</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 176,151	\$ 2,916,096	\$ 788,487	\$ 3,880,734
Accounts receivable	-	343,949	57,751	401,700
Notes receivable	-	19,950,000	-	19,950,000
Inventories	-	-	64,742	64,742
Prepaid expenses	11,895	-	10,045	21,940
Other assets:				
Unamortized bond issue costs	-	166,660	-	166,660
Capital assets (net of accumulated depreciation):				
Land	753,776	10,801,890	8,531,041	20,086,707
Buildings and system	79,926	1,426,997	1,989,638	3,496,561
Improvements other than buildings	702,076	-	5,754,525	6,456,601
Machinery and equipment	49,667	-	81,929	131,596
Construction in progress	-	-	324,972	324,972
Total assets	<u>\$ 1,773,491</u>	<u>\$ 35,605,592</u>	<u>\$ 17,603,130</u>	<u>\$ 54,982,213</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,949	\$ 669,608	\$ 113,171	\$ 785,728
Accrued liabilities	-	-	3,064	3,064
Accrued wages	-	-	8,281	8,281
Accrued interest payable	-	451,577	-	451,577
Due within one year	-	3,055,000	-	3,055,000
Due in more than one year	-	22,948,334	8,713	22,957,047
Total liabilities	<u>\$ 2,949</u>	<u>\$ 27,124,519</u>	<u>\$ 133,229</u>	<u>\$ 27,260,697</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 1,585,445	\$ 9,175,553	\$ 16,682,105	\$ 27,443,103
Unrestricted (deficit)	185,097	(694,480)	787,796	278,413
Total net assets	<u>\$ 1,770,542</u>	<u>\$ 8,481,073</u>	<u>\$ 17,469,901</u>	<u>\$ 27,721,516</u>

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

County of Washington, Virginia  
Combining Statement of Activities  
Other Component Units  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit			Total
				Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority	
OTHER COMPONENT UNITS:							
Washington Park Authority	\$ 261,281	\$ 196,457	\$ -	(64,824)	\$ -	\$ -	(64,824)
Industrial Development Authority	2,330,684	285,074	-	-	1,384,048	-	1,384,048
Virginia Highlands Airport Authority	1,846,266	1,383,844	6,294	-	-	3,682,237	3,682,237
Total component units	\$ 4,438,231	\$ 1,845,375	\$ 6,294	\$ (64,824)	\$ 1,384,048	\$ 3,682,237	\$ 5,001,461
General revenues:							
Unrestricted revenues from use of money and property				\$ 845	\$ 12,150	\$ 5,596	\$ 18,591
Payments from Washington County				74,000	1,361,572	188,597	1,624,169
Total general revenues				\$ 74,845	\$ 1,373,722	\$ 194,193	\$ 1,642,760
Change in net assets				\$ 10,021	\$ 2,757,770	\$ 3,876,430	\$ 6,644,221
Net assets - beginning, as restated				1,760,521	5,723,303	13,593,471	21,077,295
Net assets - ending				\$ 1,770,542	\$ 8,481,073	\$ 17,469,901	\$ 27,721,516

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

## **SUPPORTING SCHEDULES**

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

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 19,934,034	\$ 19,934,034	\$ 30,367,409	\$ 10,433,375
Real and personal public service corporation taxes	908,600	908,600	965,869	57,269
Personal property taxes	4,875,000	4,875,000	4,688,238	(186,762)
Mobile home taxes	105,500	105,500	105,256	(244)
Machinery and tools taxes	2,266,000	2,266,000	2,412,910	146,910
Penalties	230,000	230,000	310,640	80,640
Interest	180,000	180,000	215,333	35,333
Total general property taxes	<u>\$ 28,499,134</u>	<u>\$ 28,499,134</u>	<u>\$ 39,065,655</u>	<u>\$ 10,566,521</u>
Other local taxes:				
Local sales and use taxes	\$ 6,200,000	\$ 6,200,000	\$ 6,151,363	\$ (48,637)
Consumers' utility taxes	1,125,000	1,125,000	1,118,111	(6,889)
Utility license taxes	120,000	120,000	162,587	42,587
Motor vehicle licenses	850,000	850,000	836,935	(13,065)
Bank stock taxes	31,000	31,000	30,678	(322)
Taxes on recordation and wills	302,000	302,000	388,795	86,795
Hotel and motel room taxes	40,000	40,000	36,800	(3,200)
Total other local taxes	<u>\$ 8,668,000</u>	<u>\$ 8,668,000</u>	<u>\$ 8,725,269</u>	<u>\$ 57,269</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 50,000	\$ 50,000	\$ 44,977	\$ (5,023)
Zoning, subdivision plat and soil erosion permits	4,500	4,500	4,765	265
Transfer and public hearing fees	1,250	1,250	300	(950)
Building permits	80,000	80,000	82,249	2,249
Waste hauling fees	10,000	10,000	22,000	12,000
Total permits, privilege fees, and regulatory licenses	<u>\$ 145,750</u>	<u>\$ 145,750</u>	<u>\$ 154,291</u>	<u>\$ 8,541</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 730,000	\$ 730,000	\$ 722,986	\$ (7,014)
Revenue from use of money and property:				
Revenue from use of money	\$ 300,000	\$ 300,000	\$ 156,386	\$ (143,614)
Revenue from use of property	33,500	33,500	33,580	80
Total revenue from use of money and property	<u>\$ 333,500</u>	<u>\$ 333,500</u>	<u>\$ 189,966</u>	<u>\$ (143,534)</u>
Charges for services:				
Excess fees of clerk	\$ 39,250	\$ 39,250	\$ 35,218	\$ (4,032)
Charges for law enforcement and traffic control	4,750	4,750	29,931	25,181
Charges for transportation of prisoners	2,000	2,000	1,535	(465)
Charges for copies	8,000	8,000	5,400	(2,600)
Law library fees	8,000	8,000	11,734	3,734
Charges for Commonwealth's Attorney	2,000	2,000	2,161	161
Charges for highways and streets	-	-	29,895	29,895

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

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Commission fees	\$ 5,000	\$ 49,606	\$ 60,796	\$ 11,190
Charges for sanitation and waste removal and other related fees	393,000	393,000	373,997	(19,003)
Charges for parks and recreation	31,500	31,500	31,566	66
Charges for library	29,000	29,000	26,445	(2,555)
Total charges for services	\$ 522,500	\$ 567,106	\$ 608,678	\$ 41,572
Miscellaneous revenue:				
Miscellaneous	\$ 42,655	\$ 1,948,082	\$ 43,605	\$ (1,904,477)
Bristol, Tenn.-payment in lieu of taxes	500	500	1,985	1,485
Bristol, VA utilities board	48,671	48,671	47,781	(890)
Tennessee Valley Authority-payment in lieu of taxes	250,000	250,000	367,546	117,546
Total miscellaneous revenue	\$ 341,826	\$ 2,247,253	\$ 460,917	\$ (1,786,336)
Recovered costs:				
Insurance recoveries	\$ -	\$ -	\$ 4,173	\$ 4,173
Facility management CS building	100,000	100,000	146,878	46,878
Alcohol, tobacco and firearms funds	10,000	10,000	13,213	3,213
Other recovered costs	420,766	482,604	513,756	31,152
Total recovered costs	\$ 530,766	\$ 592,604	\$ 678,020	\$ 85,416
Total revenue from local sources	\$ 39,771,476	\$ 41,783,347	\$ 50,605,782	\$ 8,822,435
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 37,500	\$ 37,500	\$ 47,071	\$ 9,571
Mobile home titling tax	75,000	75,000	90,732	15,732
Mining rent and royalties	-	-	323	323
Grantors tax	175,000	175,000	135,549	(39,451)
Communications sales taxes	1,850,000	1,850,000	1,692,257	(157,743)
Personal property tax relief funds	2,559,281	2,559,281	2,559,286	5
Amount returned to Commonwealth	(181,000.00)	(181,000.00)	(180,475)	525
Total noncategorical aid	\$ 4,515,781	\$ 4,515,781	\$ 4,344,743	\$ (171,038)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 399,000	\$ 399,000	\$ 377,332	\$ (21,668)
Sheriff	2,294,000	2,294,000	2,008,580	(285,420)
Commissioner of revenue	180,500	180,500	163,218	(17,282)
Treasurer	188,500	188,500	166,322	(22,178)
Registrar/electoral board	63,000	63,000	54,350	(8,650)
Clerk of the Circuit Court	285,000	285,000	326,621	41,621
Total shared expenses	\$ 3,410,000	\$ 3,410,000	\$ 3,096,423	\$ (313,577)
Other categorical aid:				
Virginia Public Assistance	\$ 4,330,848	\$ 4,330,848	\$ 2,177,416	\$ (2,153,432)
Comprehensive services	1,114,182	1,114,182	988,582	(125,600)
Victim witness grant	40,000	40,000	57,517	17,517
Litter control grant	17,000	17,000	13,780	(3,220)

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

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Other categorical aid:				
EMS grant-Four for life	\$ 60,000	\$ 60,000	\$ 48,243	\$ (11,757)
Fire programs	125,000	125,000	112,295	(12,705)
Dog and cat sterilization grant	-	-	1,181	1,181
E-911 wireless grant	950,000	950,000	380,379	(569,621)
Library state aid	183,673	183,673	171,274	(12,399)
Asset forfeiture funds	-	-	9,144	9,144
Arts grant	5,000	5,000	5,000	-
DCJS-Edward Byrne IT grant	-	7,422	7,422	-
DCJS-Byrne justice assistance grant	-	71,011	75,899	4,888
DCJS-VSTOP grant	28,974	29,343	-	(29,343)
Library of VA grants other	-	-	3,900	3,900
Library of VA preservation of records	-	1,443	4,345	2,902
DOJ - internet crimes against children	-	40,000	4,086	(35,914)
Timber sales	-	-	1,685	1,685
EMS financial assistance grant	-	20,720	20,720	-
Total other categorical aid	\$ 6,854,677	\$ 6,995,642	\$ 4,082,868	\$ (2,912,774)
Total categorical aid	\$ 10,264,677	\$ 10,405,642	\$ 7,179,291	\$ (3,226,351)
Total revenue from the Commonwealth	\$ 14,780,458	\$ 14,921,423	\$ 11,524,034	\$ (3,397,389)
Revenue from the federal government:				
Payments in lieu of taxes	\$ 22,500	\$ 22,500	\$ 16,124	\$ (6,376)
Categorical aid:				
Virginia Public Assistance	\$ -	\$ -	\$ 2,225,958	\$ 2,225,958
Violence against women	-	-	29,736	29,736
Emergency management preparedness grant	-	-	5,000	5,000
CDBG projects grant	300,000	300,000	142,072	(157,928)
CDBG SW VA Artisan Center grant	1,200,000	1,200,000	135,122	(1,064,878)
DHCD Southern rivers	980,000	980,000	4,500	(975,500)
ARRA - Justice assistance grants	-	-	124,160	124,160
Alcohol safety	-	2,500	11,757	9,257
Total categorical aid	\$ 2,480,000	\$ 2,482,500	\$ 2,678,305	\$ 195,805
Total revenue from the federal government	\$ 2,502,500	\$ 2,505,000	\$ 2,694,429	\$ 189,429
Total General Fund	\$ 57,054,434	\$ 59,209,770	\$ 64,824,245	\$ 5,614,475
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 186,303	\$ 186,303

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

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>School Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 943	\$ 943
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Literary subsidy proceeds	\$ 950,000	\$ 950,000	\$ 25,881	\$ (924,119)
Total School Capital Improvements Fund	\$ 950,000	\$ 950,000	\$ 26,824	\$ (923,176)
Total Primary Government	\$ 58,004,434	\$ 60,159,770	\$ 65,037,372	\$ 4,877,602
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 26,500	\$ 26,500	\$ 14,339	\$ (12,161)
Revenue from the use of property	5,000	5,000	609	(4,391)
Total revenue from use of money and property	\$ 31,500	\$ 31,500	\$ 14,948	\$ (16,552)
Charges for services:				
Charges for education	\$ 499,545	\$ 499,545	\$ 528,394	\$ 28,849
Governor's School	81,202	81,202	307,106	225,904
Transportation of pupils	50,000	50,000	58,724	8,724
Cafeteria sales	1,862,509	1,862,509	1,604,268	(258,241)
Total charges for services	\$ 2,493,256	\$ 2,493,256	\$ 2,498,492	\$ 5,236
Miscellaneous revenue:				
Other miscellaneous	\$ 1,003,681	\$ 1,003,681	\$ 1,416,475	\$ 412,794
Recovered costs:				
Other recovered costs	\$ 45,300	\$ 45,300	\$ 70,050	\$ 24,750
Total revenue from local sources	\$ 3,573,737	\$ 3,573,737	\$ 3,999,965	\$ 426,228
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ 23,798,518	\$ 23,798,518	\$ 21,134,400	\$ (2,664,118)



County of Washington, Virginia  
Schedule of Revenues - Budget and Actual  
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<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)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,521,173	\$ 6,521,173	\$ 6,223,288	\$ (297,885)
Basic school aid	21,932,752	21,932,752	19,919,936	(2,012,816)
GED funding	23,576	23,576	23,576	-
Summer remedial	203,904	203,904	177,834	(26,070)
Regular foster care	312,848	312,848	122,029	(190,819)
Adult high school courses	4,200	4,200	41,391	37,191
Gifted and talented	217,435	217,435	217,079	(356)
Remedial education	546,004	546,004	545,110	(894)
National board certified teacher	-	-	17,500	17,500
Preschool initiative	355,644	355,644	355,644	-
Special education	1,811,961	1,811,961	1,808,992	(2,969)
Textbook payment	572,676	572,676	262,476	(310,200)
Vocational education	763,440	763,440	762,189	(1,251)
Vocational adult education	200,658	200,658	59,875	(140,783)
Vocational equipment	-	-	16,177	16,177
Vocational educational occupational tech ed	-	-	100,487	100,487
Social security fringe benefits	1,227,302	1,227,302	1,225,291	(2,011)
Retirement fringe benefits	1,575,198	1,575,198	1,181,875	(393,323)
Life insurance fringe benefits	43,487	43,487	33,768	(9,719)
State lottery payments	439,074	439,074	556,928	117,854
Early reading intervention	42,910	42,910	42,910	-
Governors school	881,144	881,144	563,942	(317,202)
Jobs for Virginia graduates-lottery proceeds	-	-	21,000	21,000
Adult literacy	-	-	160,000	160,000
Homebound	57,866	57,866	42,275	(15,591)
School food	234,414	234,414	146,593	(87,821)
Regional programs	183,437	183,437	146,726	(36,711)
Special education - foster care	-	-	216,650	216,650
At risk payments	414,457	414,457	405,932	(8,525)
Mentor teacher program	5,120	5,120	3,337	(1,783)
Primary class size	731,037	731,037	720,055	(10,982)
Technology	518,000	518,000	492,000	(26,000)
Special ed jail program	1,469	1,469	1,116	(353)
SOL algebra readiness	70,962	70,962	68,919	(2,043)
English as a second language	32,348	32,348	31,583	(765)
GED testing	-	-	9,400	9,400
GED	-	-	59,909	59,909
Enrollment loss	23,700	23,700	101,345	77,645
Career switcher mentor	-	-	1,000	1,000
Governors school program	-	-	4,386	4,386
Other state funds	-	-	85	85
Total categorical aid	\$ 39,948,196	\$ 39,948,196	\$ 36,890,608	\$ (3,057,588)
Total revenue from the Commonwealth	\$ 39,948,196	\$ 39,948,196	\$ 36,890,608	\$ (3,057,588)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 11,000	\$ 11,000	\$ 31,445	\$ 20,445
Adult basic education	400,000	400,000	366,259	(33,741)
Title I	1,461,627	1,461,627	1,369,001	(92,626)
Title I ARRA	-	-	447,804	447,804
Title VI-B, special education flow-through ARRA	1,371,900	1,371,900	1,573,277	201,377
Title VI-B, special education flow-through	-	-	617,534	617,534
Title VI-B, special education preschool	47,722	47,722	46,348	(1,374)
Title VI-B, special education preschool ARRA	-	-	13,361	13,361
Vocational education	130,000	130,000	138,025	8,025
Title II Part A	372,358	372,358	325,903	(46,455)
Title II Part D ARRA	-	-	28,475	28,475
Drug free schools	42,389	42,389	31,209	(11,180)
Smiles VI grant fund	175,000	175,000	-	(175,000)
School lunch program	1,299,096	1,299,096	1,760,280	461,184
Reading first	-	-	27,214	27,214
National community service program	-	-	15,084	15,084
Education technology formula grant	-	-	14,344	14,344
State fiscal stabilization funds	2,548,793	2,548,793	2,925,205	376,412
Gear up	1,789,085	1,789,085	35,612	(1,753,473)
Title V	18,919	18,919	-	(18,919)
Total categorical aid	\$ 9,667,889	\$ 9,667,889	\$ 9,766,380	\$ 98,491
Total revenue from the federal government	\$ 9,667,889	\$ 9,667,889	\$ 9,766,380	\$ 98,491
Total Discretely Presented Component Unit - School Board	\$ 76,988,340	\$ 76,988,340	\$ 71,791,353	\$ (5,196,987)

County of Washington, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 172,150	\$ 172,150	\$ 141,207	\$ 30,943
General and financial administration:				
County administrator	\$ 207,914	\$ 207,914	\$ 202,953	\$ 4,961
Legal services	200,491	200,491	196,170	4,321
Commissioner of revenue	547,592	547,592	534,489	13,103
Treasurer	627,960	627,960	657,185	(29,225)
Central accounting and purchasing	258,942	258,942	260,153	(1,211)
Information technology	617,813	617,813	519,071	98,742
Assessor	50,000	50,000	28,884	21,116
Auditor	73,500	73,500	48,913	24,587
Total general and financial administration	\$ 2,584,212	\$ 2,584,212	\$ 2,447,818	\$ 136,394
Board of elections:				
Registrar	\$ 128,758	\$ 128,758	\$ 130,077	\$ (1,319)
Electoral board	87,339	87,339	50,947	36,392
Total board of elections	\$ 216,097	\$ 216,097	\$ 181,024	\$ 35,073
Total general government administration	\$ 2,972,459	\$ 2,972,459	\$ 2,770,049	\$ 202,410
Judicial administration:				
Courts:				
Circuit court	\$ 62,887	\$ 62,887	\$ 56,534	\$ 6,353
General district court	30,860	30,860	30,101	759
Juvenile and domestic relations court	14,175	14,175	10,833	3,342
Special magistrates	5,500	5,500	5,578	(78)
Clerk of the circuit court	571,532	571,532	534,924	36,608
Court services	6,775	6,775	5,844	931
Law library	9,000	9,000	10,495	(1,495)
Total courts	\$ 700,729	\$ 700,729	\$ 654,309	\$ 46,420
Commonwealth's attorney:				
Commonwealth's attorney	\$ 745,993	\$ 745,993	\$ 708,636	\$ 37,357
Total judicial administration	\$ 1,446,722	\$ 1,446,722	\$ 1,362,945	\$ 83,777
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,396,347	\$ 2,396,347	\$ 2,328,642	\$ 67,705
Litter Control	110,069	110,069	99,127	10,942
Victim witness assistance	54,148	54,148	47,223	6,925
Animal control	252,310	252,310	254,290	(1,980)
Interstate enforcement	2,037,127	2,037,127	2,047,129	(10,002)
Court security	244,612	244,612	246,722	(2,110)
Other Sheriff grants	442,735	442,735	592,804	(150,069)
Total law enforcement and traffic control	\$ 5,537,348	\$ 5,537,348	\$ 5,615,937	\$ (78,589)
Fire and rescue services:				
Volunteer fire departments	\$ 837,627	\$ 837,627	\$ 824,973	\$ 12,654
Volunteer emergency operations	892,520	892,520	900,483	(7,963)
E-911	1,609,231	1,609,231	925,981	683,250

County of Washington, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services: (Continued)				
Other fire and rescue services	\$ -	\$ 18,532	\$ 16,813	\$ 1,719
Total fire and rescue services	\$ 3,339,378	\$ 3,396,681	\$ 2,668,250	\$ 728,431
Correction and detention:				
Regional jail payments	\$ 1,716,723	\$ 1,716,723	\$ 1,621,516	\$ 95,207
Juvenile probation and detention	261,900	261,900	261,900	-
Total correction and detention	\$ 1,978,623	\$ 1,978,623	\$ 1,883,416	\$ 95,207
Inspections:				
Building	\$ 230,316	\$ 242,316	\$ 327,184	\$ (84,868)
Other protection:				
Medical examiner	\$ 1,000	\$ 1,000	\$ 840	\$ 160
Emergency services	80,165	80,165	74,014	6,151
Total other protection	\$ 81,165	\$ 81,165	\$ 74,854	\$ 6,311
Total public safety	\$ 11,166,830	\$ 11,486,451	\$ 10,569,641	\$ 916,810
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,183,432	\$ 2,187,315	\$ 1,949,070	\$ 238,245
Maintenance of general buildings and grounds:				
General properties	\$ 960,822	\$ 1,079,362	\$ 1,019,054	\$ 60,308
Total public works	\$ 3,144,254	\$ 3,266,677	\$ 2,968,124	\$ 298,553
Health and welfare:				
Health:				
Supplement of local health department	\$ 465,797	\$ 465,797	\$ 465,797	\$ -
Mental health and mental retardation:				
Community services board	\$ 329,337	\$ 329,337	\$ 329,337	\$ -
Welfare:				
Virginia public assistance	\$ 5,304,783	\$ 5,304,783	\$ 5,063,872	\$ 240,911
Speech and hearing	14,400	14,400	14,400	-
Parent aide services grant	10,766	10,766	2,634	8,132
Area agency on aging	44,927	44,927	44,927	-
Community action agency	296,900	296,900	296,900	-
Community services	1,623,271	1,623,271	1,439,642	183,629
Indigent care	5,000	5,000	-	5,000
Total welfare	\$ 7,300,047	\$ 7,300,047	\$ 6,862,375	\$ 437,672
Total health and welfare	\$ 8,095,181	\$ 8,095,181	\$ 7,657,509	\$ 437,672

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to community college	\$ 82,627	\$ 82,627	\$ 82,627	\$ -
Other educational contributions	50,040	50,040	51,640	(1,600)
Contribution to County School Board	23,798,518	23,798,518	21,134,400	2,664,118
Total education	<u>\$ 23,931,185</u>	<u>\$ 23,931,185</u>	<u>\$ 21,268,667</u>	<u>\$ 2,662,518</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 36,642	\$ 36,642	\$ 24,741	\$ 11,901
Recreation	144,868	144,868	130,469	14,399
Washington County Park Authority	74,000	74,000	74,000	-
Community centers	111,390	111,390	119,490	(8,100)
Town recreation programs	75,600	75,600	75,600	-
Athletic group activities	64,990	64,990	64,990	-
Total parks and recreation	<u>\$ 507,490</u>	<u>\$ 507,490</u>	<u>\$ 489,290</u>	<u>\$ 18,200</u>
Cultural enrichment:				
Cultural enrichment	<u>\$ 152,720</u>	<u>\$ 152,720</u>	<u>\$ 152,720</u>	<u>\$ -</u>
Library:				
Washington County library	\$ 1,223,672	\$ 1,223,672	\$ 1,235,462	\$ (11,790)
Branch libraries	217,843	217,843	221,744	(3,901)
Total library	<u>\$ 1,441,515</u>	<u>\$ 1,441,515</u>	<u>\$ 1,457,206</u>	<u>\$ (15,691)</u>
Total parks, recreation, and cultural	<u>\$ 2,101,725</u>	<u>\$ 2,101,725</u>	<u>\$ 2,099,216</u>	<u>\$ 2,509</u>
Community development:				
Planning and community development:				
Planning	\$ 50,000	\$ 50,000	\$ 100,000	\$ (50,000)
Regional planning	41,214	41,214	41,214	-
Planning commission	24,007	24,007	22,958	1,049
Zoning	140,292	140,292	116,230	24,062
Community development	174,513	174,513	168,064	6,449
Economic development	227,853	227,853	227,853	-
Contribution to Virginia Highlands Airport	196,400	196,400	196,400	-
Contribution to Smyth/Washington Industrial Facility	143,942	143,942	135,996	7,946
Contribution to Washington County Industrial Development Authority	973,521	973,521	1,080,439	(106,918)
Contribution to Economic development	2,580,000	2,580,000	342,725	2,237,275
Total planning and community development	<u>\$ 4,551,742</u>	<u>\$ 4,551,742</u>	<u>\$ 2,431,879</u>	<u>\$ 2,119,863</u>
Environmental management:				
Contribution to soil and water district	<u>\$ 30,330</u>	<u>\$ 30,330</u>	<u>\$ 30,330</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	<u>\$ 117,131</u>	<u>\$ 117,131</u>	<u>\$ 108,240</u>	<u>\$ 8,891</u>
Total community development	<u>\$ 4,699,203</u>	<u>\$ 4,699,203</u>	<u>\$ 2,570,449</u>	<u>\$ 2,128,754</u>

County of Washington, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Nondepartmental:				
Revenue refunds	\$ -	\$ -	\$ 61,007	\$ (61,007)
Other non departmental	433,825	193,079	73,073	120,006
Total nondepartmental	<u>\$ 433,825</u>	<u>\$ 193,079</u>	<u>\$ 134,080</u>	<u>\$ 58,999</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,168,001	\$ (1,168,001)
Interest and other fiscal charges	-	-	728,517	(728,517)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,896,518</u>	<u>\$ (1,896,518)</u>
Total General Fund	<u>\$ 57,991,384</u>	<u>\$ 59,453,564</u>	<u>\$ 53,297,198</u>	<u>\$ 6,156,366</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Public works:				
Maintenance of general buildings and grounds:				
Administration	\$ -	\$ -	\$ 7,751,276	\$ (7,751,276)
Courthouse	-	-	121,445	(121,445)
Sheriff's office	20,000	20,000	16,923	3,077
JMH adaptive reuse	100,000	100,000	-	100,000
Solid waste equipment	95,000	95,000	8,486	86,514
Solid waste facilities	10,000	10,000	30,096	(20,096)
Total maintenance of general building and grounds	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 7,928,226</u>	<u>\$ (7,703,226)</u>
Total public works	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 7,928,226</u>	<u>\$ (7,703,226)</u>
Health and welfare:				
Welfare:				
Blight abatement project	\$ 100,000	\$ 100,000	\$ 94,630	\$ 5,370
Parks, recreation, and cultural:				
Parks and recreation:				
White's Mill restoration	\$ 426,178	\$ 426,178	\$ 16,348	\$ 409,830
Damascus branch library project	442,730	442,730	24,935	417,795
Glade Spring branch library project	-	-	166	(166)
Beaverdam Creek park	700,000	700,000	377,075	322,925
Capital Contributions	876,178	876,178	479,895	396,283
Total parks, recreation, and cultural	<u>\$ 2,445,086</u>	<u>\$ 2,445,086</u>	<u>\$ 898,419</u>	<u>\$ 1,546,667</u>
Debt service:				
Interest and other fiscal charges	\$ 130,500	\$ 130,500	\$ 130,017	\$ 483
Total Capital Projects Fund	<u>\$ 2,900,586</u>	<u>\$ 2,900,586</u>	<u>\$ 9,051,292</u>	<u>\$ (6,150,706)</u>
<b>School Capital Improvements Fund:</b>				
Education:				
Operating costs:				
Facilities	\$ 950,000	\$ 950,000	\$ 2,072,179	\$ (1,122,179)
Total Primary Government	<u>\$ 61,841,970</u>	<u>\$ 63,304,150</u>	<u>\$ 64,420,669</u>	<u>\$ (1,116,519)</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, attendance and health	\$ 2,971,235	\$ 2,971,235	\$ 2,763,070	\$ 208,165
Instruction	57,564,258	57,564,258	52,322,270	5,241,988
Instructional technology	1,708,197	1,708,197	1,758,376	(50,179)
Total instruction costs	<u>\$ 62,243,690</u>	<u>\$ 62,243,690</u>	<u>\$ 56,843,716</u>	<u>\$ 5,399,974</u>
Operating costs:				
Pupil transportation	\$ 4,771,162	\$ 4,771,162	\$ 4,402,042	\$ 369,120
Operation and maintenance of school plant	8,295,027	8,295,027	6,608,776	1,686,251
School food services	4,052,660	4,052,660	3,802,837	249,823
Total operating costs	<u>\$ 17,118,849</u>	<u>\$ 17,118,849</u>	<u>\$ 14,813,655</u>	<u>\$ 2,305,194</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 79,362,539</u>	<u>\$ 79,362,539</u>	<u>\$ 71,657,371</u>	<u>\$ 7,705,168</u>

## OTHER STATISTICAL INFORMATION



Table 1

County of Washington, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-Term Debt	Total
2009-10	\$ 2,444,129	\$ 1,397,161	\$ 10,394,379	\$ 3,106,061	\$ 7,750,392	\$ 21,628,724	\$ 2,656,439	\$ 2,449,360	\$ -	\$ 852,142	\$ 52,678,787
2008-09	2,811,456	1,445,528	7,537,178	3,123,952	7,953,182	22,493,692	1,920,026	5,671,641	-	823,279	53,779,934
2007-08	2,932,775	1,374,450	9,184,107	3,205,042	7,878,987	22,874,878	2,383,626	1,703,097	104,973	767,918	52,409,853
2006-07	2,615,012	1,207,193	8,618,032	2,980,655	6,507,588	19,514,072	2,523,061	3,150,805	74,973	606,752	47,798,143
2005-06	2,086,597	1,076,485	7,807,347	2,768,015	6,356,765	20,769,223	2,230,629	3,138,763	36,915	722,722	46,993,461
2004-05	2,576,583	955,655	6,504,777	2,773,862	6,033,168	18,710,982	1,826,571	2,398,560	-	695,607	42,475,765
2003-04	2,425,661	964,271	6,014,035	2,901,134	5,944,374	18,128,858	1,945,075	1,911,480	-	731,995	40,966,883
2002-03	1,965,513	907,096	6,199,608	2,636,127	5,660,015	18,636,740	1,767,870	2,203,361	-	764,540	40,740,870

(1) Information has only been available for 8 years.

Table 2

County of Washington, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2009-10	\$ 1,485,955	\$ 9,857,596	\$ -		\$ 39,788,130	\$ 8,725,269	\$ 190,909	\$ 647,220	\$ 4,386,748	\$	65,081,827
2008-09	1,570,422	10,464,847	96,650		27,016,329	10,579,402	298,747	737,526	2,990,777		53,754,700
2007-08	1,597,834	9,367,762	145,954		27,402,967	10,300,503	772,256	375,646	2,984,398		52,947,320
2006-08	1,504,305	8,271,422	950,924		27,165,999	9,989,193	962,314	290,841	3,076,887		52,211,885
2005-06	1,430,988	8,145,800	558,988		26,006,562	9,658,574	677,984	228,164	2,984,389		49,691,449
2004-05	1,103,253	7,613,600	106,713		22,923,994	8,818,508	304,809	283,502	2,781,514		43,935,893
2003-04	864,568	8,031,632	113,694		21,794,488	8,109,926	149,444	310,098	3,054,045		42,427,895
2002-03	1,009,977	7,804,373	-		21,394,709	7,857,865	160,768	265,955	2,810,066		41,303,713

(1) Information has only been available for 8 years.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
2009-10	\$ 2,770,049	\$ 1,362,945	\$ 10,569,641	\$ 2,968,124	\$ 7,657,509	\$ 71,791,638	\$ 2,099,216	\$ 2,570,449	\$ 134,080	\$ -	\$ 1,886,518	\$ 103,820,169
2008-09	3,075,945	1,400,889	10,271,050	3,044,273	7,852,356	77,482,208	2,214,686	2,057,953	169,856	-	1,985,076	109,554,292
2007-08	2,842,081	1,368,456	8,699,315	3,138,392	7,822,985	74,909,110	2,234,793	2,321,698	104,973	-	1,565,256	105,007,059
2006-07	2,634,968	1,202,363	8,937,458	2,838,179	6,677,452	68,809,819	2,379,074	2,258,385	74,973	-	1,631,432	97,444,103
2005-06	2,244,878	1,074,231	8,610,710	2,699,574	6,516,858	65,171,654	2,027,826	2,574,454	36,915	-	1,791,288	92,748,388
2004-05	2,694,084	945,152	7,132,070	2,839,772	6,054,137	60,747,665	1,855,139	2,373,141	-	-	1,731,564	86,372,724
2003-04	2,494,880	979,086	6,391,711	3,204,556	5,955,399	55,503,567	1,967,825	1,653,248	-	113,181	1,664,198	79,927,651
2002-03	1,974,159	891,155	6,490,676	2,775,497	5,655,059	52,941,775	1,812,792	1,640,176	-	-	1,702,725	75,884,014
2001-02	2,004,168	961,544	6,273,257	2,759,583	5,273,000	51,901,352	1,690,285	1,051,687	-	1,553,224	1,502,666	74,970,766
2000-01	2,268,065	976,013	5,930,692	2,660,547	5,385,486	50,902,417	1,584,677	859,788	-	2,423,183	1,532,211	74,523,079

(1) Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County Capital Improvements Fund and School Capital Improvements Fund)

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2009-10	\$ 39,065,655	\$ 8,725,269	\$ 154,291	\$ 722,986	\$ 204,914	\$ 3,107,170	\$ 1,877,392	\$ 748,070	\$ 60,875,451	\$ 115,481,198
2008-09	26,769,962	10,319,402	125,669	854,554	277,468	3,280,511	1,517,479	725,498	61,985,504	105,855,047
2007-08	27,299,486	10,300,503	157,441	738,157	822,081	3,420,910	1,697,307	802,570	58,876,159	104,114,614
2006-07	27,046,503	9,989,193	205,520	641,383	1,010,631	3,315,660	1,912,090	567,255	57,148,625	101,836,850
2005-06	26,054,693	9,658,574	190,732	511,401	707,243	3,142,978	1,563,953	793,956	51,939,383	94,562,913
2004-05	22,978,358	8,818,508	189,395	203,629	320,188	2,888,994	1,260,837	875,276	48,641,733	86,176,918
2003-04	21,736,872	8,109,926	163,692	52,500	156,575	2,930,174	1,401,782	796,201	45,220,337	80,568,059
2002-03	20,954,014	7,857,865	159,222	38,101	169,320	3,005,906	910,321	601,200	42,853,981	76,549,930
2001-02	20,367,934	7,440,430	190,769	46,270	313,267	3,089,810	669,185	229,100	42,519,287	74,866,052
2000-01	18,597,253	7,286,725	190,798	35,350	859,229	2,594,751	592,411	201,054	42,364,479	72,722,050

(1) Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County Capital Improvements Fund and School Capital Improvements Fund)

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,3,4)	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 42,025,851	\$ 37,636,876	89.56%	\$ 855,385	\$ 38,492,261	91.59%	\$ 2,693,322	6.41%
2008-09	31,334,964	28,163,179	89.88%	754,940	28,918,119	92.29%	1,187,140	3.79%
2007-08	29,509,653	28,665,654	97.14%	733,341	29,398,995	99.63%	934,569	3.17%
2006-07	29,237,381	28,414,846	97.19%	613,503	29,028,349	99.29%	777,927	2.66%
2005-06	28,406,115	27,555,596	97.01%	589,755	28,145,351	99.08%	707,620	2.49%
2004-05	24,976,439	24,334,405	97.43%	575,192	24,909,597	99.73%	684,019	2.74%
2003-04	23,847,667	23,143,193	97.05%	658,030	23,801,223	99.81%	736,482	3.09%
2002-03	23,080,947	22,418,839	97.13%	489,539	22,908,378	99.25%	715,056	3.10%
2001-02	22,411,076	21,863,723	97.56%	455,267	22,318,990	99.59%	561,003	2.50%
2000-01	19,727,486	19,328,860	97.98%	423,687	19,752,547	100.13%	519,036	2.63%

(1) Exclusive of penalties and interest.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(3) Includes current year taxes receivable only.

(4) Excludes bills totalling \$128,957 that are before the tax commissioner and are not considered delinquent until a ruling is reached.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes (3)	Machinery and Tools	Public Utility (2)		Total
				Real Estate and Personal Property		
2009-10	\$ 3,684,810,300	\$ 470,661,432	\$ 158,176,655	\$ 171,979,877	\$	4,485,628,264
2008-09	3,269,165,800	492,537,196	129,910,105	161,732,484		4,053,345,585
2007-08	3,269,046,000	463,976,908	310,175,750	181,363,006		4,224,561,664
2006-07	3,176,091,700	436,066,753	229,222,785	203,630,931		4,045,012,169
2005-06	3,112,082,500	410,332,545	229,320,270	216,983,390		3,968,718,705
2004-05	2,529,993,382	376,789,058	196,611,365	184,733,489		3,288,127,294
2003-04	2,464,931,423	377,647,003	190,009,524	211,993,150		3,244,581,100
2002-03	2,415,334,275	367,167,603	171,601,551	214,914,064		3,169,017,493
2001-02	2,376,123,800	366,583,026	192,089,250	124,865,310		3,059,661,386
2000-01	1,776,693,700	344,937,707	157,207,670	97,615,143		2,376,454,220

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

(2) Assessed values are established by the State Corporation Commission.

(3) Includes Volunteer and Air Tax assessments.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2009-10	\$ 0.57	\$ 1.55	1.55
2008-09	0.57	1.55	1.55
2007-08	0.57	1.55	1.55
2006-07	0.57	1.55	1.55
2005-06	0.57	1.55	1.55
2004-05	0.60	1.55	1.55
2003-04	0.57	1.55	1.55
2002-03	0.57	1.55	1.55
2001-02	0.57	1.55	1.55
2000-01	0.66	1.55	1.55

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	51,103	\$ 4,485,628	\$ 22,397,804	\$ 22,397,804	0.50%	438
2008-09	51,103	4,053,346	15,474,811	15,474,811	0.38%	303
2007-08	51,103	4,224,562	16,610,898	16,610,898	0.39%	325
2006-07	51,103	4,045,012	12,545,145	12,545,145	0.31%	245
2005-06	51,103	3,968,719	13,532,193	13,532,193	0.34%	265
2004-05	51,103	3,288,127	14,549,075	14,549,075	0.44%	285
2003-04	51,103	3,244,581	15,520,021	15,520,021	0.48%	304
2002-03	51,103	3,169,017	15,582,385	15,582,385	0.49%	305
2001-02	51,103	3,059,661	15,656,012	15,656,012	0.51%	306
2000-01	51,103	2,376,454	10,573,661	10,573,661	0.44%	207

(1) Bureau of the Census

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

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



Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 1,168,001	\$ 858,534	\$ 2,026,535	\$ 105,892,348	1.91%
2008-09	1,136,087	848,989	1,985,076	109,554,292	1.81%
2007-08	958,523	606,733	1,565,256	105,007,059	1.49%
2006-07	1,016,567	617,865	1,634,432	97,444,103	1.68%
2005-06	1,046,741	744,547	1,791,288	92,748,388	1.93%
2004-05	995,687	735,877	1,731,564	86,372,724	2.00%
2003-04	934,382	729,816	1,664,198	79,927,651	2.08%
2002-03	940,192	762,533	1,702,725	75,884,014	2.24%
2001-02	619,624	883,042	1,532,211	74,970,766	2.04%
2000-01	-	-	1,378,573	74,523,079	1.85%

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

(2) Detail unavailable prior to fiscal year 2002

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Members of the Board of Supervisors  
County of Washington, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units and each major fund and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Washington, Virginia's basic financial statements and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Washington, 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 Washington, Virginia in a separate letter dated December 22, 2010.

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

*Robinson, Faure, Cox Associates*

Christiansburg, Virginia  
December 22, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **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 Independent Auditors' Report**

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To the Members of the Board of Supervisors  
County of Washington, Virginia

### Compliance

We have audited the County of Washington, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County of Washington, Virginia's major federal programs for the year ended June 30, 2010. The County of Washington, 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 Washington, Virginia's management. Our responsibility is to express an opinion on the County of Washington, 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 Washington, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Washington, Virginia's compliance with those requirements.

In our opinion, the County of Washington, 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 the County of Washington, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Washington, 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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an

opinion on the effectiveness of the County of Washington, 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, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Turner, Cox Associates*

Christiansburg, Virginia  
December 22, 2010

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	90544, 90545	\$ 106,019
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	103,084
ARRA - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.713	90116, 90117, 90118, 90236 90237, 90238, 90378	45,622
Promoting Safe and Stable Families	93.556	90249, 90360	27,485
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	528,410
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	1,014
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	21,933
Child Welfare Services - State Grants	96.645	90251	1,527
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	380,236
ARRA - Foster Care - Title IV-E	93.658	90636, 90637, 90639, 90658	33,491
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	78,332
ARRA - Adoption Assistance	93.659	90606	8,068
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	175,912
Chafee Foster Care Independence Program	93.674	90254	5,196
State Health Insurance Program	93.767	90102, 90222, 90402, 90702	19,679
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	253,171
Total Department of Health and Human Services			\$ 1,789,179
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster-Food Distribution (Note 2)	10.555	40623	\$ 169,797
Department of Education:			
Child Nutrition Cluster-National school lunch program	10.555	40623	1,590,483
Schools and Roads Cluster-Schools and Roads--Grants to States	10.665	43841	31,445
Department of Social Services:			
State Admin Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	419,970
ARRA - State Admin Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	16,809
Total Department of Agriculture			\$ 2,228,504
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	Not applicable	\$ 16,124

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	08WFAQ0050; 09WFAQ0037	\$ 29,736
Compensation Board:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09SUB9033	\$ 124,160
Total Department of Justice - pass-through			\$ 153,896
Total Department of Justice			\$ 153,896
Federal Emergency Management Agency:			
Pass Through Payments:			
Department of Emergency Management:			
State and Local All Hazards Emergency Operations Planning	83.562	99910	\$ 5,000
Department of Education:			
Pass Through Payments:			
Department of Education:			
<i>Title I, Part A Cluster:</i>			
Title I: Grants to local educational agencies	84.010	42901; 42999	\$ 1,369,001
ARRA - Title I: Grants to local educational agencies	84.389	42913	447,804
<i>Special Education Cluster:</i>			
Special Education - Grants to states	84.027	43071	1,573,277
ARRA - Special Education - Grants to states	84.391	61245	617,534
Special Education - Preschool grants	84.173	62521	46,348
ARRA - Special Education - Preschool grants	84.392	62521	13,361
Improving Teacher Quality State Grants	84.367	61480	325,903
ARRA - Teacher Quality Enhancement Partnerships	84.405	61480	28,475
Adult Basic Education	84.002	42801; 61111	366,259
Career and Technical Education: Basic grants to states	84.048	61095	138,025
Safe and drug-free schools and communities - state grants	84.186	65011	31,209
Reading First - State Grants	84.357	60655	27,214
Education Technology State Grants	84.318	61600	14,344
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		35,612
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532A; 62532	2,925,205
Learn and Serve America	94.004	60185	15,084
Total Department of Education			\$ 7,974,655
Appalachian Regional Commission:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grant	14.228	50797	\$ 281,694
Total Expenditures of Federal Awards			\$ 12,460,809

See accompanying Notes to Schedule of Expenditures of Federal Awards.



County of Washington, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

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Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Washington, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Washington, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Washington, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2010, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,694,429
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Component Unit Schools:

School Operating Fund	<u>\$ 9,766,380</u>
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Total federal expenditures per basic financial statements	<u>\$ 12,460,809</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 12,460,809</u>
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COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010

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Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified?	None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any findings disclosed that are required to be reported in accordance with Circular A-133 Section 510(a)?	No
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389	Title I, Part A Cluster
93.575/93.596/93.713	Child Care and Development Funds Cluster
10.561	SNAP- Cluster
93.658	Foster Care-Title IV-E / ARRA -Foster Care-Title IV-E
84.394	ARRA - State Fiscal Stabilization Funds-Education State Grants
84.027/84.173/84.391/84.392	Special Education - IDEA Cluster

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010

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Section I – Summary of Auditor's Results (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish between type A and type B programs:	\$ 373,824
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Audit Findings

None