



County of Warren, Virginia

Financial Report

Year Ended June 30, 2010



COUNTY OF WARREN, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Archie A. Fox, Chair
Glenn L. White, Vice-Chair
Tony F. Carter
Linda P. Glavis
Richard H. Traczyk

County School Board

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

Advisory Board for Warren County Social Services

Staige Miller, Chair
Christine Hartman, Vice-Chair
Mary Ellen South
Forest McDermott
Robert Cullers

Other Officials

Judge of Circuit Court..... Dennis L. Hupp
Judge of Circuit Court..... John R. Prosser
Judge of Circuit Court..... John E. Wetsel, Jr.
Judge of Circuit Court..... Thomas J. Wilson, IV
Judge of Circuit Court..... James V. Lane
Clerk of Circuit Court Jennifer Sims
Chief Judge of General District Court N. deV Morrison
Judge of Juvenile and Domestic..... William W. Sharp
Judge of Juvenile and Domestic..... Ronald L. Napier
Commonwealth's Attorney Brian M. Madden
Commissioner of Revenue John H. Smedley, Sr.
Treasurer Wanda F. Bryant
Sheriff Daniel T. McEathron
Superintendent of Schools..... Pamela M. McInnis
Director of Social Services..... Ronald L. King
County Attorney..... Blair D. Mitchell
County Administrator Douglas P. Stanley

COUNTY OF WARREN, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	11
Exhibit 2 Statement of Activities	12-13
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	14
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Exhibit 5 Statement of Revenues Expenditures and Changes in Fund Balances— Governmental Funds	16
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Exhibit 7 Statement of Net Assets—Internal Service Funds	18
Exhibit 8 Statement of Revenues Expenditures and Changes in Net Assets— Internal Service Funds	19
Exhibit 9 Statement of Cash Flows—Internal Service Funds	20
Exhibit 10 Statement of Fiduciary Net Assets—Fiduciary Funds	21
Exhibit 11 Statement of Changes in Fiduciary Net Assets—Fiduciary Funds	22
Notes to Financial Statements	23-54
Required Supplementary Information:	
Exhibit 12 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund	55
Exhibit 13 Schedule of Pension Funding Progress for the Virginia Retirement System	56
Exhibit 14 Schedule of Funding Progress for Other Post-Employment Benefits	57

COUNTY OF WARREN, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS (CONTINUED)

		Page
Other Supplementary Information:		
Exhibit 15	Combining Balance Sheet—Nonmajor Governmental Funds	58
Exhibit 16	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	59
Exhibit 17	Combining Balance Sheet—Nonmajor Special Revenue Funds	60
Exhibit 18	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds	61-62
Exhibit 19	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	63-66
Exhibit 20	Combining Balance Sheet—Nonmajor Capital Projects Funds	67
Exhibit 21	Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Capital Projects Funds	68
Exhibit 22	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Capital Projects Funds	69
Exhibit 23	Combining Statement of Fiduciary Net Assets—Private Purpose Trust Funds	70
Exhibit 24	Combining Statement of Changes in Fiduciary Net Assets—Private Purpose Trust Funds	71
Exhibit 25	Combining Statement of Fiduciary Net Assets—Agency Funds	72
Exhibit 26	Combining Statement of Changes in Assets and Liabilities—Agency Funds	73
Exhibit 27	Combining Balance Sheet—Discretely Presented Component Unit School Board	74
Exhibit 28	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Discretely Presented Component Unit School Board	75
Exhibit 29	Schedule of Revenues Expenditures and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit School Board	76-78
Exhibit 30	Statement of Net Assets Internal Service Fund—Discretely Presented Component Unit School Board	79
Exhibit 31	Statement of Revenues Expenses and Changes in Net Assets—Internal Service Funds—Discretely Presented Component Unit School Board	80
Exhibit 32	Statement of Cash Flows—Internal Service Funds—Discretely Presented Component Unit School Board	81
Supporting Schedules:		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	82-88
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	89-94

COUNTY OF WARREN, VIRGINIA
 FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS (CONTINUED)

	Page
Other Statistical Information:	
Table 1 Net Asset by Component—Last Six Fiscal Years	95
Table 2 Change in Net Assets—Last Six Fiscal Years	96-97
Table 3 Fund Balances of Governmental Funds—Last Six Fiscal Years	98
Table 4 Changes in Fund Balances of Governmental Funds—Last Six Fiscal Years	99
Table 5 General Governmental Expenditures by Function—Last Ten Fiscal Years	100
Table 6 General Governmental Revenues by Source—Last Ten Fiscal Years	101
Table 7 Governmental Activities Tax Revenues by Source—Last Six Fiscal Years	102
Table 8 Assessed and Estimated Value of Taxable Property—Last Ten Fiscal Years	103
Table 9 Property Tax Rates Direct and Overlapping Governments—Last Ten Fiscal Years	104
Table 10 Property Tax Levies and Collections—Last Ten Fiscal Years	105
Table 11 Ratio of Outstanding Debt by Type—Last Six Fiscal Years	106
Table 12 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	107
Table 13 Demographic and Economic Statistics—Last Ten Fiscal Years	108
Table 14 Principal Employers—Current Year	109
 Compliance:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	110-111
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	112-113
Schedule of Expenditures of Federal Awards	114-115
Notes to Schedule of Expenditures of Federal Awards	116
Schedule of Findings and Questioned Costs	117

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

**To The Honorable Members of the Board of Supervisors
County of Warren, Virginia
Front Royal, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, 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 Warren, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority which represent 34 percent of the assets, 40 percent of the net assets and 3 percent of total operating revenues of the aggregated discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 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 November 30, 2010 on our consideration of the County of Warren, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis, budgetary comparison information, Schedule of Pension Funding Progress and Schedule of Funding Progress for Other Post-Employment Benefits as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Warren, Virginia's, basic financial statements. The combining and individual nonmajor fund financial statements, supporting schedules and other statistical information 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 the 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 Warren, Virginia. The other supplementary information, supporting 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 other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2010

Management's Discussion and Analysis

As management of the County of Warren, we offer readers of the County of Warren's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

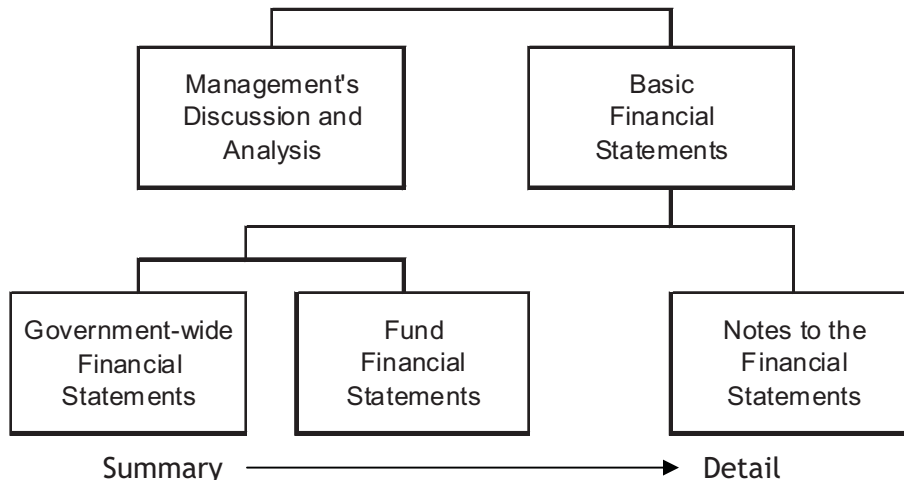
- The assets of the County of Warren exceeded its liabilities at the close of the fiscal year by \$72,103,882 (*net assets*), an increase of \$19,144,806. The County's schedule for tax collections was changed during this fiscal year from once per year to twice per year. Most of the increase in net assets is attributable to this change. One half of the collections from the first half of the 2010 taxes has been set aside for the construction of the public safety building while the other half has been permanently set aside for a reserve fund to help offset the reduced revenue collections from interest earned.
- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported combined ending fund balances of \$44,219,466, an increase of \$15,098,430 from the prior year. The majority of the balance or \$43,814,560 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, undesignated fund balance for the General Fund was \$17,208,243.
- The County of Warren's total debt increased by a net of \$4,470,214 during the current fiscal year. The County issued \$7,500,000 in public facility bonds as well as \$3,692,300 in general obligation refunding bonds; however, with the principal payments associated with the refunding bond issue and other regular principal payments, the net increase was only \$4,470,214.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 11 through 13) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Pages 14 through 22) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

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

Government-wide Financial Statements

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

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

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

Although the School Board is a component unit, approximately 56.6% of the budget for the County of Warren is designated for the public schools. The members of the School Board are elected.

The government-wide financial statements are on Pages 11 through 13 of this report.

Fund Financial Statements

The fund financial statements (Pages 14 through 22) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Warren, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of County of Warren are categorized as governmental funds.

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 through 54 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 49 through 50 of this report.

Government-Wide Financial Analysis

The presentation of government-wide financial statements for the fiscal year ended June 30, 2003, was the beginning of a new era in financial reporting for the County of Warren, and many other units of government across the United States. Prior to that year, the County of Warren maintained their governmental fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the County of Warren. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the County of Warren's financial reports as well as those of many other units of government. While the County of Warren was required to implement these changes for the fiscal year ended June 30, 2003, other units were not required to implement until 2004.

The County of Warren's Net Assets

Figure 2

	Governmental Activities	
	2010	2009
Current and other assets	\$ 83,736,931	\$ 58,024,967
Capital assets	136,361,577	120,784,643
Total assets	\$ 220,098,508	\$ 178,809,610
Long-term liabilities outstanding	\$ 125,921,796	\$ 121,451,581
Other liabilities	22,072,830	4,398,953
Total liabilities	\$ 147,994,626	\$ 125,850,534
Net assets:		
Invested in capital assets, net of related debt	\$ 28,433,137	\$ 23,980,653
Restricted	404,906	671,806
Unrestricted	43,265,839	28,306,617
Total net assets	\$ 72,103,882	\$ 52,959,076

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County of Warren exceeded liabilities by \$72,103,882 as of June 30, 2010, compared to \$52,959,076 as of June 30, 2009. Thirty-nine percent of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets (\$43,265,839) may be used to meet the government's ongoing obligations to citizens and creditors.

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

- Change from annual tax billing to semi-annual tax billings resulting in an additional one-half year tax billing in FY 2010.
- Collection of real property and personal property taxes exceeded the amount budgeted by \$878,598 and \$62,023, respectively.
- Revenue from use of money came in under the budgeted amount by \$395,005 in FY 2010, due to the much lower interest rates experienced in the economic downturn.
- Receipts from machinery and tools tax exceeded budget by \$46,416.
- Sales tax revenue was lower than projected by \$261,703 due to decreased sales.
- Revenue from building permits came in under budget by \$67,097 due to the continued faltering housing sector of the economy.

County of Warren Changes in Net Assets

Figure 3

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 4,784,697	\$ 4,789,395
Operating grants and contributions	8,915,568	9,620,915
Capital grants and contributions	234,304	187,969
General revenues:		
Property taxes	49,583,450	30,117,767
Other taxes	6,036,056	6,093,612
Grants and contributions not restricted to specific programs	5,458,531	4,541,517
Other	1,071,423	3,623,567
Total revenues	\$ 76,084,029	\$ 58,974,742
Expenses:		
General government	\$ 3,151,069	\$ 3,215,515
Judicial administration	1,422,107	1,349,421
Public safety	11,282,726	11,053,220
Public works	4,742,144	4,578,357
Health and welfare	7,701,920	7,814,495
Parks, recreation and cultural	2,755,644	4,339,242
Community development	1,194,165	1,258,578
Non-departmental	139,412	123,990
Education	19,142,956	19,282,393
Interest and other fiscal charges	5,407,080	5,329,882
Total expenses	\$ 56,939,223	\$ 58,345,093
Increase in net assets	\$ 19,144,806	\$ 629,649
Net assets, July 1	52,959,076	52,329,427
Adjustment to beginning net assets		
Net assets, June 30	\$ 72,103,882	\$ 52,959,076

Financial Analysis of the County's Funds

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

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

Financial Analysis of the County's Funds: (Continued)

The general fund is the chief operating fund of the County of Warren. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$17,208,243, an increase of \$1,755,963 from last year. This majority of this increase in fund balance resulted from the issuance of general obligation refunding bonds in the amount of \$3,692,300. At June 30, 2010, a portion of the proceeds (\$1,124,975) from this bond issue was held in an escrow account to pay the remaining debt service on the original bonds due in July 2010. The School's surplus represents \$538,483 of the remainder.

At June 30, 2010, the governmental funds of County of Warren reported a combined fund balance of \$56,769,006, an increase of \$5,616,242 over last year. Included in this change in fund balance is an increase in fund balance of \$13,702,640 in the Special Projects Fund mainly due to the collection of the first half of the 2010 taxes and a decrease of \$9,482,189 in the School Bond Construction fund balance for payment of construction costs for the renovation of the Warren County Middle School.

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

Revenues were less than budgeted primarily due to a decline in residential construction which resulted in fewer building license fees (\$67,097 less than budgeted) and a decrease in recordation taxes (\$213,969 less than budgeted) due to fewer home sales.

Revenue from the use of money was under budget by \$395,005 due to the further decline in interest rates paid by financial institutions.

Since sales have been down due to the economy, sales tax revenue came in under budget by \$261,703.

Capital Asset and Debt Administration

Capital assets. The County of Warren's investment in capital assets for its governmental activities as of June 30, 2010, totals \$136,361,577 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, a new high school, renovation of an existing school for a second high school and renovation of the former high school for a middle school.

County of Warren's Capital Assets

Figure 4

County of Warren Capital Assets (net of depreciation)

	Governmental Activities	
	2010	2009
Land	\$ 10,572,227	\$ 10,572,227
Buildings and improvements	102,497,375	103,086,848
Machinery and equipment	1,455,529	1,539,708
Non-depreciable capital assets	387,070	387,070
Construction in progress	21,449,376	5,198,790
Total	\$ 136,361,577	\$ 120,784,643

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

Capital Asset and Debt Administration: (Continued)

Long-term Debt. As of June 30, 2010, the County of Warren had total bonded debt outstanding of \$120,799,977. General obligation bond debt is backed by the full faith and credit of the County. The table below includes both revenue and general obligation bonds.

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

Figure 5

	Governmental Activities	
	2010	2009
General obligation and lease revenue bonds	\$ 120,799,977	\$ 116,508,513
Total	\$ 120,799,977	\$ 116,508,513

As part of a multi-year school construction funding plan, in FY 2004, the County was reviewed by the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's and FITCH IBCA, Inc. Discussions with each of the agencies covered financial, economic, debt-related and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of Staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies. (Moody's: A2, S&P: A+ (recently upgraded to AA-), FITCH: A+) These credit ratings helped the County secure favorable long-term financing for the Phase 1 school projects and will help to ensure that the County is able to maximize its borrowing ability in the future. Given the magnitude of recent and future proposed borrowings, the County Board of Supervisors has formally adopted a series of Fiscal Policy Guidelines so as to better manage and measure fiscal matters.

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

Economic Factors and Next Year's Budgets and Rates

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

- Unemployment. Warren County's unemployment rate as of June 2010 was 6.1%, slightly lower than the State average of 6.5%.
- New jobs. The County added approximately 165 new jobs last year.
- Commercial development. The County currently has two new shopping centers (Crooked Run and Riverton Commons) where stores have been opening since July 2007. The Crooked Run Shopping Center has been completed with Target as the anchor store. The strip center is near 100% occupancy and there is only one pad vacant which is under contract for a BB&T branch. The County has approved Phase II of the Crooked Run Shopping Center and Cedarville Center for additional retail and restaurant pads. The Riverton Commons Shopping Center includes a Wal-Mart Supercenter and Lowe's as anchors. The strip center is at approximately 80% occupancy and 6 of the 12 pad sites have been constructed.
- Industrial development. The County, in conjunction with the Front Royal-Warren County Economic Development Authority, continues to market the community to several large industrial prospects. It is anticipated that the County will be able to attract some additional significant industrial investment into the County in the 2010-2011 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The FY 2010-2011 budget process again proved to be a difficult one given the slowdown in construction in the area and continued State budget cuts. Projected revenues are 2.66% less than those of FY 2009-2010. After careful deliberations, the Board of Supervisors approved a budget with no real estate tax increase. Although this presented a challenge, the County has had no major reductions in services but has had to implement six furlough days for staff and the shuttering of solid waste collection facilities one day per week..

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to \$37,274,854.

The General Fund budget also includes \$1,146,838 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements, including debt service on the 2004 bonds.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Assets
June 30, 2010

	Primary Government		Component Unit	
	Governmental Activities	Total	School Board	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 40,172,495	\$ 40,172,495	\$ 7,320,753	\$ 1,211,851
Investments in property	-	-	-	6,514,871
Receivables (net of allowance for uncollectibles):				
Taxes receivable	20,146,759	20,146,759	-	-
Accounts receivable	668,008	668,008	-	110
Notes receivable	-	-	-	378,114
Interest receivable	132,263	132,263	-	-
Due from other funds	520,334	520,334	-	-
Due from component unit	2,681,046	2,681,046	-	-
Due from other governmental units	1,383,654	1,383,654	1,988,409	-
Prepaid expenses	-	-	-	6,285
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	16,459,292	16,459,292	-	2,447
Other assets:				
Unamortized bond issue costs	1,573,080	1,573,080	-	-
Capital assets (net of accumulated depreciation):				
Land	10,572,227	10,572,227	1,656,064	128,578
Non-depreciable assets	387,070	387,070	-	-
Buildings and system	100,922,882	100,922,882	3,023,221	469,319
Improvements other than buildings	1,574,493	1,574,493	-	-
Machinery and equipment	1,455,529	1,455,529	919,303	110,691
Vehicles	-	-	1,852,308	-
Construction in progress	21,449,376	21,449,376	-	-
Total assets	<u>\$ 220,098,508</u>	<u>\$ 220,098,508</u>	<u>\$ 16,760,058</u>	<u>\$ 8,822,266</u>
LIABILITIES				
Accounts payable	\$ 3,658,833	\$ 3,658,833	\$ 102,619	\$ 11,072
Accrued liabilities	130,874	130,874	5,146,711	14,365
Customers' deposits	8,260	8,260	-	6,300
Accrued interest payable	1,712,265	1,712,265	-	3,323
Due to primary government	-	-	2,681,046	-
Deferred revenue	16,562,598	16,562,598	-	900
Long-term liabilities:				
Due within one year	4,903,605	4,903,605	243,225	3,033,350
Due in more than one year	121,018,191	121,018,191	2,014,650	1,338,225
Total liabilities	<u>\$ 147,994,626</u>	<u>\$ 147,994,626</u>	<u>\$ 10,188,251</u>	<u>\$ 4,407,535</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 28,433,137	\$ 28,433,137	\$ 6,972,388	\$ 2,851,884
Restricted for:				
Scholarships	-	-	-	2,447
Proffers	404,906	404,906	-	-
Unrestricted (deficit)	43,265,839	43,265,839	(400,581)	1,560,400
Total net assets	<u>\$ 72,103,882</u>	<u>\$ 72,103,882</u>	<u>\$ 6,571,807</u>	<u>\$ 4,414,731</u>

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,151,069	\$ 459,098	\$ 387,626	\$ -
Judicial administration	1,422,107	363,139	689,568	-
Public safety	11,282,726	1,901,618	3,153,700	231,895
Public works	4,742,144	1,068,864	35,376	-
Health and welfare	7,701,920	278,137	4,548,403	-
Education	19,142,956	-	-	-
Parks, recreation, and cultural	2,755,644	534,070	-	-
Community development	1,194,165	179,771	100,895	2,409
Nondepartmental	139,412	-	-	-
Interest on long-term debt	5,407,080	-	-	-
Total governmental activities	<u>\$ 56,939,223</u>	<u>\$ 4,784,697</u>	<u>\$ 8,915,568</u>	<u>\$ 234,304</u>
Total primary government	<u>\$ 56,939,223</u>	<u>\$ 4,784,697</u>	<u>\$ 8,915,568</u>	<u>\$ 234,304</u>
COMPONENT UNITS:				
School Board	\$ 48,458,133	\$ 1,331,979	\$ 29,017,350	\$ -
Industrial Development Authority	894,448	97,495	68,400	-
Total component units	<u>\$ 49,352,581</u>	<u>\$ 1,429,474</u>	<u>\$ 29,085,750</u>	<u>\$ -</u>

General revenues:
 General property taxes
 Local sales and use taxes
 Consumers' utility taxes
 Business licenses
 Meals tax
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Payment from Warren County
 Grants and contributions not restricted to specific programs
 Total general revenues
 Change in net assets
 Net assets - beginning, adjusted (Note 20)
 Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government		Component Unit		
Governmental Activities	Total	School Board	Industrial Development Authority	
\$ (2,304,345)	\$ (2,304,345)			
(369,400)	(369,400)			
(5,995,513)	(5,995,513)			
(3,637,904)	(3,637,904)			
(2,875,380)	(2,875,380)			
(19,142,956)	(19,142,956)			
(2,221,574)	(2,221,574)			
(911,090)	(911,090)			
(139,412)	(139,412)			
(5,407,080)	(5,407,080)			
<u>\$ (43,004,654)</u>	<u>\$ (43,004,654)</u>			
	<u>\$ (43,004,654)</u>			
		\$ (18,108,804)	\$ -	
		-	(728,553)	
		<u>\$ (18,108,804)</u>	<u>\$ (728,553)</u>	
\$ 49,583,450	\$ 49,583,450	-	-	
2,838,297	2,838,297	-	-	
670,372	670,372	-	-	
749,297	749,297	-	-	
667,916	667,916	-	-	
1,110,174	1,110,174	-	-	
861,058	861,058	-	48,179	
210,365	210,365	422,485	22,044	
-	-	17,163,424	478,192	
5,458,531	5,458,531	-	-	
<u>\$ 62,149,460</u>	<u>\$ 62,149,460</u>	<u>\$ 17,585,909</u>	<u>\$ 548,415</u>	
<u>\$ 19,144,806</u>	<u>\$ 19,144,806</u>	<u>\$ (522,895)</u>	<u>\$ (180,138)</u>	
52,959,076	52,959,076	7,094,702	4,594,869	
<u>\$ 72,103,882</u>	<u>\$ 72,103,882</u>	<u>\$ 6,571,807</u>	<u>\$ 4,414,731</u>	

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet
 Governmental Funds
 June 30, 2010

	General	Special Projects	School Bond Construction	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 11,952,657	\$ 26,476,981	\$ -	\$ 537,037	\$ 38,966,675
Receivables (net of allowance for uncollectibles):					
Taxes receivable	19,113,038	-	-	1,033,721	20,146,759
Accounts receivable	660,320	-	-	7,688	668,008
Interest receivable	132,263	-	-	-	132,263
Due from other funds	520,654	-	-	-	520,654
Due from component unit	2,681,046	-	-	-	2,681,046
Due from other governmental units	1,383,654	-	-	-	1,383,654
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	1,124,975	-	14,929,411	404,906	16,459,292
Total assets	<u>\$ 37,568,607</u>	<u>\$ 26,476,981</u>	<u>\$ 14,929,411</u>	<u>\$ 1,983,352</u>	<u>\$ 80,958,351</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Reconciled overdraft	\$ -	\$ -	\$ -	\$ 418,841	\$ 418,841
Accounts payable	1,265,788	-	2,379,871	13,174	3,658,833
Customers' deposits	8,260	-	-	-	8,260
Due to other funds	-	-	-	320	320
Deferred revenue	19,086,316	-	-	1,016,775	20,103,091
Total liabilities	<u>\$ 20,360,364</u>	<u>\$ -</u>	<u>\$ 2,379,871</u>	<u>\$ 1,449,110</u>	<u>\$ 24,189,345</u>
Fund balances:					
Reserved for:					
Construction	\$ -	\$ -	\$ 12,549,540	\$ 404,906	\$ 12,954,446
Unreserved, reported in:					
General fund	17,208,243	-	-	-	17,208,243
Special revenue funds	-	-	-	(66,629)	(66,629)
Capital projects funds	-	26,476,981	-	195,965	26,672,946
Total fund balances	<u>\$ 17,208,243</u>	<u>\$ 26,476,981</u>	<u>\$ 12,549,540</u>	<u>\$ 534,242</u>	<u>\$ 56,769,006</u>
Total liabilities and fund balances	<u>\$ 37,568,607</u>	<u>\$ 26,476,981</u>	<u>\$ 14,929,411</u>	<u>\$ 1,983,352</u>	<u>\$ 80,958,351</u>

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 56,769,006

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

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

Capital assets, cost	\$ 151,769,868	
Less: accumulated depreciation	<u>(15,408,292)</u>	136,361,576

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred revenue	\$ 3,540,495	
Unamortized bond issue costs	<u>1,573,080</u>	5,113,575

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,493,786

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:

Bonds and loans payable, net of discount and premium on bonds	(123,226,017)	
Interest payable	(1,712,265)	
Capital lease obligations	(729,453)	
Compensated absences	(1,139,526)	
Other post employment benefits liability	<u>(826,800)</u>	(127,634,061)

Net assets of governmental activities \$ 72,103,882

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

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

	General	Special Projects	School Bond Construction	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 45,317,019	\$ -	\$ -	\$ 1,919,972	\$ 47,236,991
Other local taxes	6,036,056	-	-	-	6,036,056
Permits, privilege fees, and regulatory licenses	497,196	-	-	9,124	506,320
Fines and forfeitures	48,014	-	-	-	48,014
Revenue from the use of money and property	458,888	-	402,136	34	861,058
Charges for services	1,554,441	-	-	246,099	1,800,540
Miscellaneous	199,505	-	-	27,801	227,306
Recovered costs	553,957	-	-	-	553,957
Intergovernmental revenues:					
Commonwealth	12,217,113	-	-	-	12,217,113
Federal	2,380,365	-	-	-	2,380,365
Total revenues	<u>\$ 69,262,554</u>	<u>\$ -</u>	<u>\$ 402,136</u>	<u>\$ 2,203,030</u>	<u>\$ 71,867,720</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,450,952	\$ -	\$ -	\$ -	\$ 2,450,952
Judicial administration	1,208,840	-	-	-	1,208,840
Public safety	9,577,520	-	-	29,200	9,606,720
Public works	3,008,844	-	-	1,242,862	4,251,706
Health and welfare	7,280,066	-	-	-	7,280,066
Education	18,656,432	-	-	244,900	18,901,332
Parks, recreation, and cultural	2,238,494	-	-	327,442	2,565,936
Community development	856,205	-	-	-	856,205
Nondepartmental	182,337	-	-	-	182,337
Capital projects	3,427,999	-	16,026,906	-	19,454,905
Debt service:					
Principal retirement	3,711,768	-	-	-	3,711,768
Interest and other fiscal charges	4,964,661	-	-	-	4,964,661
Total expenditures	<u>\$ 57,564,118</u>	<u>\$ -</u>	<u>\$ 16,026,906</u>	<u>\$ 1,844,404</u>	<u>\$ 75,435,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 11,698,436</u>	<u>\$ -</u>	<u>\$ (15,624,770)</u>	<u>\$ 358,626</u>	<u>\$ (3,567,708)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 5,115,845	\$ 17,256,656	\$ -	\$ 41,928	\$ 22,414,429
Transfers out	(16,703,670)	(3,554,016)	(1,357,419)	(760,728)	(22,375,833)
Issuance of general obligation bonds	-	-	7,500,000	-	7,500,000
Issuance of refunding general obligation bonds	3,692,300	-	-	-	3,692,300
Issuance of capital leases	403,054	-	-	-	403,054
Payment to refunding bond escrow agent	(2,450,000)	-	-	-	(2,450,000)
Total other financing sources (uses)	<u>(9,942,471)</u>	<u>13,702,640</u>	<u>6,142,581</u>	<u>(718,800)</u>	<u>9,183,950</u>
Net change in fund balances	\$ 1,755,965	\$ 13,702,640	\$ (9,482,189)	\$ (360,174)	\$ 5,616,242
Fund balances - beginning	15,452,278	12,774,341	22,031,729	894,416	51,152,764
Fund balances - ending	<u>\$ 17,208,243</u>	<u>\$ 26,476,981</u>	<u>\$ 12,549,540</u>	<u>\$ 534,242</u>	<u>\$ 56,769,006</u>

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

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

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

Net change in fund balances - total governmental funds \$ 5,616,242

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.

Capital asset additions	\$ 18,442,910	
Depreciation expense	<u>(2,865,976)</u>	15,576,934

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,340,442

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.

Issuance of long-term debt, net of premium and/or discount	\$ (11,595,354)	
Payment to refunding bond escrow agent	2,450,000	
Bond issue costs capitalized	145,183	
Principal payments and premium amortization	<u>5,103,778</u>	(3,896,393)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following are the details of these adjustments:

Amortization of bond issue costs	(81,856)	
(Increase) decrease accrued interest payable	(134,029)	
(Increase) decrease in other post employment benefits liability	(397,800)	
(Increase) decrease in compensated absences	<u>(30,839)</u>	(644,524)

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. 152,105

Change in net assets of governmental activities \$ 19,144,806

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

Statement of Net Assets
Internal Service Fund
June 30, 2010

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,624,660
Total assets	<u>\$ 1,624,660</u>
LIABILITIES	
Current liabilities:	
Claims and judgments	\$ 130,874
Total liabilities	<u>\$ 130,874</u>
NET ASSETS	
Unrestricted	\$ 1,493,786
Total net assets	<u><u>\$ 1,493,786</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Assets
 Internal Service Fund
 For the Year Ended June 30, 2010

	<u>Self- Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 1,875,867
Total operating revenues	<u>\$ 1,875,867</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 1,685,166
Total operating expenses	<u>\$ 1,685,166</u>
Operating income (loss)	<u>\$ 190,701</u>
Income before contributions and transfers	190,701
Transfers out	<u>\$ (38,596)</u>
Change in net assets	<u>\$ 152,105</u>
Total net assets - beginning	<u>1,341,681</u>
Total net assets - ending	<u><u>\$ 1,493,786</u></u>

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

Statement of Cash Flows
 Internal Service Fund
 For the Year Ended June 30, 2010

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 1,875,867
Payments for claims	<u>(1,706,025)</u>
Net cash provided (used by) operating activities	<u>\$ 169,842</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>(38,596)</u>
Net cash provided (used) by noncapital financing activities	<u>(38,596)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 131,246</u>
Cash and cash equivalents - beginning	<u>1,493,414</u>
Cash and cash equivalents - ending	<u><u>\$ 1,624,660</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 190,701</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in IBNR	<u>\$ (20,859)</u>
Total adjustments	<u>\$ (20,859)</u>
Net cash provided (used) by operating activities	<u><u>\$ 169,842</u></u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	<u>Private- Purpose Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 224,267	\$ 46,585
Due from other governments	-	649,035
Total assets	<u>\$ 224,267</u>	<u>\$ 695,620</u>
LIABILITIES		
Accounts payable	\$ -	\$ 133,701
Amounts held for social services clients	-	37,289
Due to other funds	-	520,334
Amounts held for others	-	4,296
Total liabilities	<u>\$ -</u>	<u>\$ 695,620</u>
NET ASSETS		
Held in trust for scholarships	<u>\$ 224,267</u>	

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

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2010

	<u>Private- Purpose Trust</u>
ADDITIONS	
Contributions:	
Miscellaneous	\$ 850
Total contributions	<u>\$ 850</u>
Investment earnings:	
Interest	\$ 11,260
Total additions	<u>\$ 12,110</u>
DEDUCTIONS	
Scholarships	<u>\$ 28,050</u>
Total deductions	<u>\$ 28,050</u>
Change in net assets	\$ (15,940)
Net assets - beginning	<u>240,207</u>
Net assets - ending	<u><u>\$ 224,267</u></u>

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

This page intentionally left blank

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

Warren County Public Schools:

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

The Schools report four special revenue funds (school operating, cafeteria, textbook, and vocational building funds), two capital projects funds (school construction fund and school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund.

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

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. County contributions accounted for approximately 67% percent of the Industrial Development Authority's operating revenues during fiscal year 2010. The Authority is accounted for as a proprietary fund and uses the accrual basis of accounting.

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

A. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

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

B. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds (internal service funds) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Governmental Funds

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

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

Capital Projects Funds - The special projects fund and school bond construction fund both account for financial resources to be used for the acquisition or construction of major capital facilities. The County reports the general capital projects fund, and the courthouse renovations fund as non-major capital project funds.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

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

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

1. Governmental Funds: (Continued)

Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special revenue funds consist of the following funds: law library, drug forfeitures, proffers, courthouse maintenance, weapons permits, sanitary district and Front Royal Golf Club funds. All of the above funds are reported as non-major funds.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, and the Thompson Scholarship Fund. The following agency funds are reported: special welfare fund, undistributed local sales tax fund, and the flexible spending fund.

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

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

D. Budgets and Budgetary Accounting:

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. The budget is legally enacted through passage of appropriation resolutions.
4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County Departments.
7. Both the original and amended budget are presented in the accompanying financial statements.

E. Cash and Cash Equivalents:

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

F. Allowance for Uncollectible Accounts:

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to \$1,800,282 at June 30, 2010.

G. Capital Assets:

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

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

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

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

H. Deferred Charges:

Deferred charges, primarily bond-related costs, are amortized over the life of the related bond issue using the straight-line method.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

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

I. Compensated Absences:

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2010, leave liabilities of the County amounted to \$676,365 of outstanding vacation accruals, \$302,866 of outstanding compensatory time and \$160,295 of outstanding sick accruals, representing a net increase of \$30,839. At June 30, 2010, leave liabilities of the Schools amounted to \$777,346 of outstanding vacation accruals, \$360,546 of outstanding compensatory time and \$408,275 of outstanding sick accruals, representing a net increase of \$120,513.

J. Long-term Obligations:

In the government-wide financial statements, long-term debt and other long-term and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond issuance costs in the current period.

K. Net Assets/Fund Equity:

Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other government or imposed by law through state statute.

In the fund financial statements, County funds report reservation 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.

L. Property Taxes Receivable:

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

M. Restricted Assets:

The County reports restricted net assets in the amount of \$404,906 (Exhibit 1). The net assets are restricted for specific capital projects as a result of proffers received. The restricted amounts are reported in separate funds in the fund financial statements.

The Industrial Development Authority reports restricted net assets in the amount of \$2,447. The net assets are restricted by outside donors to be used for scholarships.

The County reports restricted assets from unspent bond proceeds in the amount of \$16,459,292 to be used for construction.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

All cash of the primary government and the discretely presented component unit School Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

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

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2010 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

Locality's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
Local Government Investment Pool	\$ 701,073	\$ -	\$ -	\$ -	\$ -
Total	\$ 701,073	\$ -	\$ -	\$ -	\$ -

External Investment Pools

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2010 were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
Major funds:		
General	\$ 520,654	\$ -
Nonmajor governmental funds:		
Sanitary districts	-	320
Agency funds:		
Undistributed local sales tax fund	-	515,334
Flexible spending fund	-	5,000
	<u> </u>	<u> </u>
Total	\$ <u>520,654</u>	\$ <u>520,654</u>

Interfund transfers for the year ended June 30, 2010 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major funds:		
General	\$ 5,115,845	\$ 16,703,670
Special projects	17,256,656	3,554,016
School bond construction fund	-	1,357,419
Nonmajor governmental funds:		
Law library	-	11,519
Courthouse maintenance	-	39,913
Weapon permits	-	2,500
Proffers	-	41,200
Sanitary districts	-	665,596
Front Royal Golf Club	41,928	-
Internal service fund:		
County self-insurance fund	-	38,596
	<u> </u>	<u> </u>
Total	\$ <u>22,414,429</u>	\$ <u>22,414,429</u>

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

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

Due from/to balances between the County and its component units at June 30, 2010, were as follows:

	<u>Due From</u>	<u>Due To</u>
Primary government:		
General	\$ <u> -</u>	\$ <u>2,681,046</u>
Component units:		
Warren County School Board	\$ <u>2,681,046</u>	\$ <u> -</u>

Contributions from the Primary Government to the School Board Component Unit for the year ended June 30, 2010 were as follows:

	<u>Contributions To</u>	<u>Contributions From</u>
Primary government:		
General	\$ -	\$ 18,621,792
Proffers fund	-	244,900
School Board component unit:		
Operating fund	18,621,792	-
School capital improvement fund	<u>244,900</u>	<u>-</u>
	<u>\$ 18,866,692</u>	<u>\$ 18,866,692</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2010:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>General Fund</u>	<u>Agency Fund</u>	<u>School Board</u>
Commonwealth of Virginia:			
Virginia Public Assistance funds	\$ 122,371	\$ -	\$ -
State sales tax	-	-	875,703
Constitutional officer reimbursements	298,226	-	-
Recordation tax refunds	39,204	-	-
Miscellaneous grants	10,249	-	-
Comprehensive services act	261,822	-	-
Rolling stock	45,904	-	-
Aviation grant	22,664	-	-
Confinement reimbursement	78,074	-	-
Communication tax	157,399	-	-
Local sales tax	-	649,035	-
Federal Government:			
Virginia Public Assistance funds	162,963	-	-
Department of conservation & recreation	23,502	-	-
Airport improvement grant	2,409	-	-
Small business administration	158,867	-	-
School fund grants	-	-	967,271
School food	-	-	145,435
	<u> </u>	<u> </u>	<u> </u>
Total due from other governments	<u>\$ 1,383,654</u>	<u>\$ 649,035</u>	<u>\$ 1,988,409</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS:

Primary Government:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 10,572,227	\$ -	\$ -	\$ 10,572,227
Construction in progress	5,198,790	17,835,251	1,584,665	21,449,376
Other non-depreciable assets	<u>387,070</u>	<u>-</u>	<u>-</u>	<u>387,070</u>
Total capital assets not being depreciated	<u>\$ 16,158,087</u>	<u>\$ 17,835,251</u>	<u>\$ 1,584,665</u>	<u>\$ 32,408,673</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 111,989,765	\$ 824,659	\$ -	\$ 112,814,424
Improvements other than buildings	866,910	909,126	-	1,776,036
Equipment	<u>4,312,195</u>	<u>458,539</u>	<u>-</u>	<u>4,770,734</u>
Total capital assets being depreciated	<u>\$ 117,168,870</u>	<u>\$ 2,192,324</u>	<u>\$ -</u>	<u>\$ 119,361,194</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 9,634,775	\$ 2,256,767	\$ -	\$ 11,891,542
Improvements other than buildings	135,052	66,491	-	201,543
Equipment	<u>2,772,487</u>	<u>542,718</u>	<u>-</u>	<u>3,315,205</u>
Total accumulated depreciation	<u>\$ 12,542,314</u>	<u>\$ 2,865,976</u>	<u>\$ -</u>	<u>\$ 15,408,290</u>
Net capital assets primary government	<u>\$ 120,784,643</u>	<u>\$ 17,161,599</u>	<u>\$ 1,584,665</u>	<u>\$ 136,361,577</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board: (Continued)

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Total capital assets not being depreciated	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Capital assets being depreciated:				
Buildings	\$ 6,405,041	\$ -	\$ -	\$ 6,405,041
Vehicles	4,414,537	71,549	389,700	4,096,386
Equipment	1,467,757	535,094	-	2,002,851
Total capital assets being depreciated	\$ 12,287,335	\$ 606,643	\$ 389,700	\$ 12,504,278
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,267,716	\$ 114,104	\$ -	\$ 3,381,820
Vehicles	2,231,738	350,365	338,025	2,244,078
Equipment	821,643	261,905	-	1,083,548
Total accumulated depreciation	\$ 6,321,097	\$ 726,374	\$ 338,025	\$ 6,709,446
Net capital assets component unit school board	\$ 7,622,302	\$ (119,731)	\$ 51,675	\$ 7,450,896

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Warren, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$104,795,404 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:

General government	\$	196,341
Judicial administration		65,221
Public safety		440,790
Public works		65,672
Health and welfare		13,461
Education		1,887,392
Parks, recreation and cultural		108,611
Community Development		<u>88,488</u>
Total Governmental activities	\$	<u><u>2,865,976</u></u>
Component Unit School Board	\$	<u><u>726,374</u></u>

Component Unit-Industrial Development Authority:

A summary of changes in the industrial development authority's capital assets is as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ <u>128,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>128,578</u>
Total capital assets not being depreciated	\$ <u>128,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>128,578</u>
Capital assets being depreciated:				
Buildings	\$ 647,792	\$ 5,775	\$ -	\$ 653,567
Equipment	<u>134,784</u>	<u>25,100</u>	<u>25,726</u>	<u>134,158</u>
Total capital assets being depreciated	\$ <u>782,576</u>	\$ <u>30,875</u>	\$ <u>25,726</u>	\$ <u>787,725</u>
Less accumulated depreciation	\$ <u>179,923</u>	\$ <u>29,017</u>	\$ <u>1,225</u>	\$ <u>207,715</u>
Net capital assets component unit industrial development authority	\$ <u><u>731,231</u></u>	\$ <u><u>1,858</u></u>	\$ <u><u>24,501</u></u>	\$ <u><u>708,588</u></u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

The following is a summary of changes in general obligation and lease revenue bonds payable, loans payable, and other long-term liabilities for the primary government and school board for the year ended June 30, 2010.

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Primary Government:					
General obligation and lease revenue bonds	\$ 116,508,513	\$ 11,192,300	\$ 6,900,836	\$ 120,799,977	\$ 4,328,780
Claims, judgments and compensated absences payable	1,108,687	30,839	-	1,139,526	113,954
Other post employment benefits	429,000	397,800	-	826,800	-
Loans payable	535,424	-	25,357	510,067	27,415
Capital leases	<u>805,767</u>	<u>403,054</u>	<u>479,368</u>	<u>729,453</u>	<u>290,164</u>
Totals	<u>\$ 119,387,391</u>	<u>\$ 12,023,993</u>	<u>\$ 7,405,561</u>	<u>\$ 124,005,823</u>	<u>\$ 4,760,313</u>
Discount on bonds	\$ (40,000)	-	\$ (2,644)	\$ (37,356)	\$ (3,390)
Premium on bonds	<u>2,104,191</u>	<u>-</u>	<u>150,862</u>	<u>1,953,329</u>	<u>146,682</u>
Total for financial statement presentation - Primary Government	<u>\$ 121,451,582</u>	<u>\$ 12,023,993</u>	<u>\$ 7,553,779</u>	<u>\$ 125,921,796</u>	<u>\$ 4,903,605</u>
Component Unit - School Board:					
Capital lease	\$ 658,836	-	\$ 180,328	\$ 478,508	\$ 88,608
Compensated absences payable	1,425,654	120,513	-	1,546,167	154,617
Other post employment benefits	<u>121,000</u>	<u>112,200</u>	<u>-</u>	<u>233,200</u>	<u>-</u>
Total School Board	<u>\$ 2,205,490</u>	<u>\$ 232,713</u>	<u>\$ 180,328</u>	<u>\$ 2,257,875</u>	<u>\$ 243,225</u>
Total Governmental Obligations	<u>\$ 123,657,072</u>	<u>\$ 12,256,706</u>	<u>\$ 7,734,107</u>	<u>\$ 128,179,671</u>	<u>\$ 5,146,830</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of the primary government's debt at June 30, 2010 are as follows:

	<u>Amount Outstanding</u>
<u>General obligation bonds</u>	
\$1,700,000 general obligation bonds issued November 21, 2000, payable in variable amounts and interest rates (4.60% to 5.60%) through July 15, 2021.	\$ 1,155,000
\$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the \$3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	3,692,300
\$7,500,000 public facility bonds through Build America Bonds, issued May 25, 2010. The bonds were issued in anticipation of a literary loan to finance school construction. Interest is payable through March 2014 when the outstanding balance (\$7.5 million) is payable. Interest is payable at 4.02%. The County will receive a Build America Bond subsidy to effectively reduce interest to a rate of 2.61%.	7,500,000
\$1,053,240 general obligation school bonds issued July 13, 1991, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	134,315
\$23,620,000 general obligation school bonds issued September 12, 1995, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	<u>7,100,000</u>
Total general obligation bonds	<u>\$ 19,581,615</u>
<u>Lease Revenue Bonds and Notes:</u>	
\$68,265,000 school lease revenue bonds series 2004B, issued October 1, 2004, payable in variable amounts and interest rates (3.00% to 5.00%) through 2035.	\$ 66,815,000
\$13,416,124 (including premium of \$686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	11,625,934
\$23,775,450 series 2009 refunding lease revenue bonds issued April 29, 2009, payable in variable amounts; interest rate of 4.49% through August 1, 2028. The bonds were issued in a current refunding of the series 2008 lease revenue bonds issued November 11, 2008.	<u>22,777,428</u>
Total lease revenue bonds and notes	<u>\$ 101,218,362</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>Loans payable</u>	
\$650,000 note payable, issued January 17, 2004, payable in monthly installments of \$3,908.11, included interest at a rate of 3.91% through July 2014 at which time the entire remaining balance of principal and accrued interest are payable in full.	\$ <u>510,067</u>
Total loans payable	\$ <u><u>510,067</u></u>

Annual requirements to amortize general obligation bonds and related interest are as follows:

Year Ending June 30,	County Obligations					
	Bonds & Notes Payable		Loans Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 4,328,780	\$ 5,566,721	\$ 27,415	19,482	\$ 290,164	\$ 35,504
2012	4,517,184	5,440,876	28,507	18,390	224,566	20,142
2013	4,560,615	5,239,940	29,642	17,256	161,681	8,927
2014	12,174,545	5,026,362	424,503	17,361	31,412	1,508
2015	4,819,414	4,489,355	-	-	21,630	317
2016-2020	21,784,988	19,242,162	-	-	-	-
2021-2025	23,651,773	14,256,143	-	-	-	-
2026-2030	24,632,678	8,319,593	-	-	-	-
2031-2035	20,330,000	3,147,500	-	-	-	-
Total	\$ <u>120,799,977</u>	\$ <u>70,728,652</u>	\$ <u>510,067</u>	\$ <u>72,489</u>	\$ <u>729,453</u>	\$ <u>66,398</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Annual requirements to amortize long-term debt of the Component Unit—School Board for the year ended June 30, 2010 are as follows:

Year Ending June 30,	<u>School Board Obligations</u>	
	<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 88,608	\$ 18,428
2012	92,021	15,016
2013	95,565	11,472
2014	99,246	7,792
2015	103,068	3,969
Total	<u>\$ 478,508</u>	<u>\$ 56,677</u>

The following is a summary of changes in long-term debt for the Component Unit Industrial Development Authority for the year ended June 30, 2010:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Industrial Development Authority:					
Notes payable	\$ 4,482,514	\$ -	\$ 110,939	\$ 4,371,575	\$ 3,033,350
Total IDA	<u>\$ 4,482,514</u>	<u>\$ -</u>	<u>\$ 110,939</u>	<u>\$ 4,371,575</u>	<u>\$ 3,033,350</u>

NOTE 8—LEASES:

Primary Government:

Capital leases

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 8—LEASES: (CONTINUED)

Primary Government: (Continued)

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

<u>Year Ended</u> <u>June 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Component Unit</u> <u>School Board</u>
2011	\$ 325,668	\$ 107,037
2012	244,708	107,037
2013	170,608	107,037
2014	32,920	107,037
2015	21,947	107,037
Total minimum lease payments	\$ 795,851	\$ 535,185
Less: amount representing interest	66,398	56,677
Present value of minimum lease payments	<u>\$ 729,453</u>	<u>\$ 478,508</u>

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

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. The County has elected to assume the 5.00% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 8.48% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-professional)

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. The County has elected to assume the 5.00% member contribution. 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 School Board's contribution rate for the fiscal year ended 2010 was 7.69% of annual covered payroll.

C. Annual Pension Cost

Primary Government

For fiscal year 2010, the County's annual pension cost of \$741,264 was equal to the County's required and actual contributions (does not include employee share in the amount of \$473,066 which was assumed by the County).

Three-Year Trend Information for County - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 676,136	100%	\$ -
June 30, 2009	740,799	100%	-
June 30, 2010	741,264	100%	-

¹ Employer portion only.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

C. Annual Pension Cost: (Continued)

Discretely Presented Component Unit - School Board (Non-professional)

For fiscal year 2010, the School Board's annual pension cost of \$214,598 was equal to the School Board's required and actual contributions (does not include employee share in the amount of \$139,531 which was assumed by the School Board).

<u>Three-Year Trend Information for School Board - Non-professional</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 196,459	100%	\$ -
June 30, 2009	216,375	100%	-
June 30, 2010	214,598	100%	-

¹ Employer portion only.

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 School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2009, the most recent actuarial valuation date, the plan was 86.87% funded. The actuarial accrued liability for benefits was \$26,922,454, and the actuarial value of assets was \$23,387,173, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,535,281. The covered payroll (annual payroll of active employees covered by the plan) was \$8,849,900, and ratio of the UAAL to the covered payroll was 39.95%.

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

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

D. Funded Status and Funding Progress: (Continued)

Discretely Presented Component Unit - School Board (Non-professional)

As of June 30, 2009, the most recent actuarial valuation date, the plan was 95.11% funded. The actuarial accrued liability for benefits was \$6,794,443, and the actuarial value of assets was \$6,462,071, resulting in an unfunded actuarial accrued liability (UAAL) of \$332,372. The covered payroll (annual payroll of active employees covered by the plan) was \$2,890,208, and ratio of the UAAL to the covered payroll was 11.50%.

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

E. Professional Employees - Discretely Presented Component Unit School Board:

Plan Description

The Warren 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. 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.

Funding Policy

Plan members are required to contribute 5.00% of their annual covered salary and Warren County School Board is required to contribute at an actuarially determined rate. The current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and Warren County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2010, 2009, and 2008 were \$2,343,739, \$2,330,590, and \$2,653,036 respectively, equal to the required contributions for each year.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 10—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. Deferred revenue totaling \$20,103,091 is comprised of the following:

Primary Government-Deferred Property Taxes - Deferred revenue representing deferred property tax revenues totaled \$19,368,283.

General fund:		
Delinquent taxes not collected within 60 days	\$	3,228,507
2nd half property tax assessments		15,137,828
Sanitary districts:		
Delinquent taxes not collected within 60 days		311,986
2nd half property tax assessments		<u>689,962</u>
Total	\$	<u><u>19,368,283</u></u>

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$728,250 at June 30, 2010.

Miscellaneous Revenue - Revenue received in advance as of June 30, 2010 totaled \$6,558.

NOTE 11—COMMITMENTS AND CONTINGENCIES:

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

NOTE 12—SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 13—SURETY BONDS:

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

NOTE 14—DESIGNATED FUND EQUITY:

	<u>Amount</u>
Special Projects Fund:	
Public Safety Building	7,942,691
FY2009-2010 Windfall Reserves	6,961,114
Enterprise Zone Set Aside	4,458,155
School Capital Improvements	1,579,223
Police, Fire and Rescue	743,364
Buildings & Grounds - Improvements	736,293
VDOT (Revenue Sharing)	605,415
Regional Jail	594,000
Sanitary Districts	552,988
Miscellaneous	451,981
Reassessment	301,877
Sanitation	271,460
Elections	240,882
Courthouse Security	205,478
Parks & Recreation	179,373
E-911 System	154,436
Groundwater Study	137,500
Vehicles	97,560
Gypsy Moth Program	89,539
Circuit Court Equipment	70,000
Planning	68,948
Juvenile detention facility	34,705
Total Special Projects Fund	\$ <u>26,476,981</u>
Capital Projects Fund	\$ <u>195,965</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 15—RISK MANAGEMENT:

Primary Government

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

Effective July 1, 2005, the County established a self-insurance health care benefit for all County employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$75,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The County uses information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2010 is \$130,874, and calculated as follows:

<u>Fiscal Year</u>	<u>Liability beginning of year</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Liability end of year</u>
2008	\$ 84,031	\$ 1,443,428	\$ 1,398,882	\$ 128,577
2009	128,577	1,495,137	1,471,981	151,733
2010	151,733	1,664,307	1,685,166	130,874

Schools Component Unit

Effective October 1, 1993, Warren County Public Schools established a self-insurance health care benefit for all school employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$90,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The Schools use information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2010 is \$330,721, and calculated as follows:

<u>Fiscal Year</u>	<u>Liability beginning of year</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Liability end of year</u>
2008	\$ 297,528	\$ 4,108,582	\$ 4,044,110	\$ 362,000
2009	362,000	4,051,124	4,047,809	365,315
2010	365,315	4,790,060	4,824,654	330,721

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 15—RISK MANAGEMENT: (CONTINUED)

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes \$3,000,000 commercial general liability, \$1,000,000 automobile liability, and \$1,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

NOTE 16—DEFICIT FUND BALANCE:

The following funds had a deficit fund balance at June 30, 2010:

<u>Fund</u>	<u>Amount</u>
Front Royal Golf Club	\$ (432,015)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

Background

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

County:

A. Plan Description:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County: (Continued)

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$659,880 for fiscal year 2010. The County has paid \$262,080 towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$	660,660
Interest on net OPEB obligation		17,160
Adjustment to annual required contribution		<u>(17,940)</u>
Annual OPEB cost (expense)	\$	659,880
Estimated contributions made		<u>(262,080)</u>
Increase in net OPEB obligation	\$	397,800
Net OPEB obligation, beginning of year		<u>429,000</u>
Net OPEB obligation, end of year	\$	<u><u>826,800</u></u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2010, the County’s expected cash payment of \$262,080 was \$397,800 less than the OPEB cost. The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 561,000	24%	\$ 429,000
June 30, 2010	659,880	40%	826,800

Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 4,905,780
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	4,905,780
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

Actuarial Methods and Assumptions

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

Cost Method

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

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

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

Assumptions

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Health care trend rates	10%

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

School Board:

A. Plan Description:

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

B. Funding Policy:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$186,720 for fiscal year 2010. The School Board has paid \$73,920 towards this obligation during the fiscal year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$	186,340
Interest on net OPEB obligation		4,840
Adjustment to annual required contribution		<u>(5,060)</u>
Annual OPEB cost (expense)	\$	186,120
Estimated contributions made		<u>(73,920)</u>
Increase in net OPEB obligation		112,200
Net OPEB obligation, beginning of year		<u>121,000</u>
Net OPEB obligation, end of year	\$	<u><u>233,200</u></u>

For 2010, the School Board's expected cash payment of \$73,920 was \$112,200 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 251,000	52%	\$ 121,000
June 30, 2010	186,720	40%	233,200

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 2,527,220
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,527,220
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

Actuarial Methods and Assumptions

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

Cost Method

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

Cost Method: (Continued)

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

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Healthcare Trend Rate	10%

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

NOTE 18—NOTE RECEIVABLE:

On March 30, 2009 the County loaned the Samuels Public Library \$356,372. The funds will be used to furnish and equip the library. The original loan agreement, dated March 30, 2009, required payment of the outstanding balance on March 30, 2010. The Library paid \$100,000 on the outstanding principal balance during fiscal year 2009. However on June 14, 2010 the Library and the Board of Supervisors amended the terms of the note, whereby the outstanding balance in the amount of \$265,372 will be repaid quarterly, including interest at 2%, with final payment due March 30, 2013. Quarterly payments will be made in an amount as available from fundraising efforts.

NOTE 19—SUBSEQUENT EVENTS:

In preparing these financial statements, management of the County has evaluated events and transactions for potential recognition or disclosure through November 30, 2010, the date the financial statements were available to be issued.

NOTE 20—ADJUSTMENT TO BEGINNING NET ASSETS:

An adjustment to the beginning net assets of the Component Unit-School Board was necessary to record a capital lease entered into during FY2009 not previously recorded. The following adjustment was made:

Net assets, June 30, 2009	\$ 7,658,533
Adjustment	
Record capital lease obligation	<u>(563,831)</u>
Net assets, July 1, 2009 - adjusted	<u>\$ 7,094,702</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

This page intentionally left blank

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 30,200,768	\$ 44,156,280	\$ 45,317,019	\$ 1,160,739
Other local taxes	6,750,000	6,817,916	6,036,056	(781,860)
Permits, privilege fees, and regulatory licenses	651,816	573,000	497,196	(75,804)
Fines and forfeitures	50,000	50,000	48,014	(1,986)
Revenue from the use of money and property	868,160	868,160	458,888	(409,272)
Charges for services	1,596,674	1,639,094	1,554,441	(84,653)
Miscellaneous	107,000	172,848	199,505	26,657
Recovered costs	250,000	535,162	553,957	18,795
Intergovernmental revenues:				
Commonwealth	13,238,994	13,134,134	12,217,113	(917,021)
Federal	2,022,701	2,331,611	2,380,365	48,754
Total revenues	<u>\$ 55,736,113</u>	<u>\$ 70,278,205</u>	<u>\$ 69,262,554</u>	<u>\$ (1,015,651)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,663,410	\$ 2,565,241	\$ 2,450,952	\$ 114,289
Judicial administration	1,222,929	1,290,496	1,208,840	81,656
Public safety	9,656,374	9,909,555	9,577,520	332,035
Public works	3,281,243	3,063,009	3,008,844	54,165
Health and welfare	7,975,301	7,874,233	7,280,066	594,167
Education	19,513,759	19,194,915	18,656,432	538,483
Parks, recreation, and cultural	2,220,045	2,249,531	2,238,494	11,037
Community development	1,804,313	909,878	856,205	53,673
Nondepartmental	394,228	283,945	182,337	101,608
Capital projects	2,636,073	3,580,486	3,427,999	152,487
Debt service:				
Principal retirement	3,711,768	3,711,768	3,711,768	-
Interest and other fiscal charges	1,259,916	4,537,964	4,964,661	(426,697)
Total expenditures	<u>\$ 56,339,359</u>	<u>\$ 59,171,021</u>	<u>\$ 57,564,118</u>	<u>\$ 1,606,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (603,246)</u>	<u>\$ 11,107,184</u>	<u>\$ 11,698,436</u>	<u>\$ 591,252</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 102,000	\$ 5,063,717	\$ 5,115,845	\$ 52,128
Transfers out	-	(16,703,670)	(16,703,670)	-
Issuance of capital leases	-	21,540	403,054	381,514
Issuance of refunding general obligation bonds	-	-	3,692,300	3,692,300
Payment to refunding bond escrow agent	-	-	(2,450,000)	(2,450,000)
Total other financing sources and uses	<u>\$ 102,000</u>	<u>\$ (11,618,413)</u>	<u>\$ (9,942,471)</u>	<u>\$ 1,675,942</u>
Net change in fund balances	\$ (501,246)	\$ (511,229)	\$ 1,755,965	\$ 2,267,194
Fund balances - beginning	501,246	511,229	15,452,278	14,941,049
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,208,243</u>	<u>\$ 17,208,243</u>

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

County:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAL
			Actuarial Accrued (UAAL) (c)			as % of Payroll (f) (c) / (e)
			(b) - (a)			
6/30/2009	\$ 23,387,173	\$ 26,922,454	\$ 3,535,281	86.87%	\$ 8,849,900	39.95%
6/30/2008	22,607,424	24,960,625	2,353,201	90.57%	8,649,690	27.21%
6/30/2007	20,281,860	22,553,086	2,271,226	89.93%	8,109,099	28.01%

School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAL
			Actuarial Accrued (UAAL) (c)			as % of Payroll (f) (c) / (e)
			(b) - (a)			
6/30/2009	\$ 6,462,071	\$ 6,794,443	\$ 332,372	95.11%	\$ 2,890,208	11.50%
6/30/2008	6,188,779	6,301,374	112,595	98.21%	2,759,985	4.08%
6/30/2007	5,509,280	5,744,984	235,704	95.90%	2,397,192	9.83%

Required Supplementary Information
 Schedule of Funding Progress for Other Post-Employment Benefits
 Last Fiscal Year

County:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAAL
			Actuarial Accrued (UAAL) (c)			as % of Payroll (f) (c) / (e)
1/1/2009	\$ -	\$ 4,510,000	\$ 4,510,000	0.00%	\$ N/A	N/A
1/1/2009	-	4,905,780	4,905,780	0.00%	N/A	N/A

School Board:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAAL
			Actuarial Accrued (UAAL) (c)			as % of Payroll (f) (c) / (e)
1/1/2009	\$ -	\$ 2,363,000	\$ 2,363,000	0.00%	\$ N/A	N/A
1/2/2009	-	2,527,220	2,527,220	0.00%	N/A	N/A

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 341,072	\$ 195,965	\$ 537,037
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,033,721	-	1,033,721
Accounts receivable	7,688	-	7,688
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	404,906	-	404,906
Total assets	<u>\$ 1,787,387</u>	<u>\$ 195,965</u>	<u>\$ 1,983,352</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Reconciled overdraft	\$ 418,841	\$ -	\$ 418,841
Accounts payable	13,174	-	13,174
Due to other funds	320	-	320
Deferred revenue	1,016,775	-	1,016,775
Total liabilities	<u>\$ 1,449,110</u>	<u>\$ -</u>	<u>\$ 1,449,110</u>
Fund balances:			
Reserved for:			
Construction	\$ 404,906	\$ -	\$ 404,906
Unreserved:			
Undesignated	(66,629)	195,965	129,336
Total fund balances	<u>\$ 338,277</u>	<u>\$ 195,965</u>	<u>\$ 534,242</u>
Total liabilities and fund balances	<u>\$ 1,787,387</u>	<u>\$ 195,965</u>	<u>\$ 1,983,352</u>

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
General property taxes	\$ 1,919,972	\$ -	\$ 1,919,972
Permits, privilege fees, and regulatory licenses	9,124	-	9,124
Revenue from the use of money and property	34	-	34
Charges for services	246,099	-	246,099
Miscellaneous	27,801	-	27,801
Intergovernmental revenues:			
Commonwealth	-	-	-
Total revenues	<u>\$ 2,203,030</u>	<u>\$ -</u>	<u>\$ 2,203,030</u>
EXPENDITURES			
Current:			
Public safety	\$ 29,200	\$ -	\$ 29,200
Public works	1,242,862	-	1,242,862
Education	244,900	-	244,900
Parks, recreation, and cultural	327,442	-	327,442
Total expenditures	<u>\$ 1,844,404</u>	<u>\$ -</u>	<u>\$ 1,844,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 358,626</u>	<u>\$ -</u>	<u>\$ 358,626</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 41,928	\$ -	\$ 41,928
Transfers out	(760,728)	-	(760,728)
Total other financing sources and uses	<u>\$ (718,800)</u>	<u>\$ -</u>	<u>\$ (718,800)</u>
Net change in fund balances	\$ (360,174)	\$ -	\$ (360,174)
Fund balances - beginning	698,451	195,965	894,416
Fund balances - ending	<u>\$ 338,277</u>	<u>\$ 195,965</u>	<u>\$ 534,242</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2010

	Law Library	Courthouse Maintenance	Weapon Permits	Drug Forfeiture	Proffers	Sanitary Districts	Front Royal Golf Club	Total
ASSETS								
Cash and cash equivalents	\$ 36,164	\$ 115,861	\$ 46,341	\$ 74,475	\$ -	\$ 68,231	\$ -	\$ 341,072
Receivables (net of allowance for uncollectibles):								
Taxes receivable	-	-	-	-	-	1,033,721	-	1,033,721
Accounts receivable	1,578	6,100	10	-	-	-	-	7,688
Restricted assets:								
Temporarily restricted:								
Cash and cash equivalents	-	-	-	-	404,906	-	-	404,906
Total assets	<u>\$ 37,742</u>	<u>\$ 121,961</u>	<u>\$ 46,351</u>	<u>\$ 74,475</u>	<u>\$ 404,906</u>	<u>\$ 1,101,952</u>	<u>\$ -</u>	<u>\$ 1,787,387</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418,841	\$ 418,841
Accounts payable	-	-	-	-	-	-	13,174	13,174
Due to other funds	-	-	-	-	-	320	-	320
Deferred revenue	-	-	-	-	-	1,016,775	-	1,016,775
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,017,095</u>	<u>\$ 432,015</u>	<u>\$ 1,449,110</u>
Fund balances:								
Reserved for:								
Construction	\$ -	\$ -	\$ -	\$ -	\$ 404,906	\$ -	\$ -	\$ 404,906
Unreserved:								
Undesignated	37,742	121,961	46,351	74,475	-	84,857	(432,015)	(66,629)
Total fund balances	<u>\$ 37,742</u>	<u>\$ 121,961</u>	<u>\$ 46,351</u>	<u>\$ 74,475</u>	<u>\$ 404,906</u>	<u>\$ 84,857</u>	<u>\$ (432,015)</u>	<u>\$ 338,277</u>
Total liabilities and fund balances	<u>\$ 37,742</u>	<u>\$ 121,961</u>	<u>\$ 46,351</u>	<u>\$ 74,475</u>	<u>\$ 404,906</u>	<u>\$ 1,101,952</u>	<u>\$ -</u>	<u>\$ 1,787,387</u>

COUNTY OF WARREN, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010

	<u>Law Library</u>	<u>Courthouse Maintenance</u>	<u>Weapon Permits</u>	<u>Drug Forfeiture</u>
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees, and regulatory licenses	-	-	9,124	-
Revenue from the use of money and property	-	-	-	34
Charges for services	12,567	37,577	-	-
Miscellaneous	-	-	-	6,247
Total revenues	<u>\$ 12,567</u>	<u>\$ 37,577</u>	<u>\$ 9,124</u>	<u>\$ 6,281</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ 29,200
Public works	-	-	-	-
Education	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,567</u>	<u>\$ 37,577</u>	<u>\$ 9,124</u>	<u>\$ (22,919)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(11,519)	(39,913)	(2,500)	-
Total other financing sources and uses	<u>\$ (11,519)</u>	<u>\$ (39,913)</u>	<u>\$ (2,500)</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,048	\$ (2,336)	\$ 6,624	\$ (22,919)
Fund balances - beginning	36,694	124,297	39,727	97,394
Fund balances - ending	<u>\$ 37,742</u>	<u>\$ 121,961</u>	<u>\$ 46,351</u>	<u>\$ 74,475</u>

Exhibit 18

<u>Proffers</u>	<u>Sanitary Districts</u>	<u>Front Royal Golf Club</u>	<u>Total</u>
\$ -	\$ 1,919,972	\$ -	\$ 1,919,972
-	-	-	9,124
-	-	-	34
-	-	195,955	246,099
19,200	1,043	1,311	27,801
<u>\$ 19,200</u>	<u>\$ 1,921,015</u>	<u>\$ 197,266</u>	<u>\$ 2,203,030</u>
\$ -	\$ -	\$ -	\$ 29,200
-	1,242,862	-	1,242,862
244,900	-	-	244,900
-	-	327,442	327,442
<u>\$ 244,900</u>	<u>\$ 1,242,862</u>	<u>\$ 327,442</u>	<u>\$ 1,844,404</u>
<u>\$ (225,700)</u>	<u>\$ 678,153</u>	<u>\$ (130,176)</u>	<u>\$ 358,626</u>
\$ -	\$ -	\$ 41,928	\$ 41,928
(41,200)	(665,596)	-	(760,728)
<u>\$ (41,200)</u>	<u>\$ (665,596)</u>	<u>\$ 41,928</u>	<u>\$ (718,800)</u>
\$ (266,900)	\$ 12,557	\$ (88,248)	\$ (360,174)
671,806	72,300	(343,767)	698,451
<u>\$ 404,906</u>	<u>\$ 84,857</u>	<u>\$ (432,015)</u>	<u>\$ 338,277</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010

	Law Library				Courthouse Maintenance			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees, and regulatory licenses	-	-	-	-	-	-	-	-
Revenue from the use of money and property	-	-	-	-	-	-	-	-
Charges for services	12,000	12,000	12,567	567	27,500	39,913	37,577	(2,336)
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental revenues:								
Commonwealth	-	-	-	-	-	-	-	-
Total revenues	\$ 12,000	\$ 12,000	\$ 12,567	\$ 567	\$ 27,500	\$ 39,913	\$ 37,577	\$ (2,336)
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 12,000	\$ 12,000	\$ 12,567	\$ 567	\$ 27,500	\$ 39,913	\$ 37,577	\$ (2,336)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	(12,000)	(12,000)	(11,519)	481	(27,500)	(39,913)	(39,913)	-
Total other financing sources and uses	\$ (12,000)	\$ (12,000)	\$ (11,519)	\$ 481	\$ (27,500)	\$ (39,913)	\$ (39,913)	\$ -
Net change in fund balances	\$ -	\$ -	\$ 1,048	\$ 1,048	\$ -	\$ -	\$ (2,336)	\$ (2,336)
Fund balances - beginning	-	-	36,694	36,694	-	-	124,297	124,297
Fund balances - ending	\$ -	\$ -	\$ 37,742	\$ 37,742	\$ -	\$ -	\$ 121,961	\$ 121,961

Weapon Permits				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ -	\$ -	
2,500	2,500	9,124	6,624	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 9,124</u>	<u>\$ 6,624</u>	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 2,500	\$ 2,500	\$ 9,124	\$ 6,624	
\$ -	\$ -	\$ -	\$ -	
(2,500)	(2,500)	(2,500)	-	
<u>\$ (2,500)</u>	<u>\$ (2,500)</u>	<u>\$ (2,500)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ 6,624	\$ 6,624	
-	-	39,727	39,727	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,351</u>	<u>\$ 46,351</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010 (Continued)

	Drug Forfeiture				Proffers			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees, and regulatory licenses	-	-	-	-	-	-	-	-
Revenue from the use of money and property	-	-	34	34	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	6,247	6,247	-	-	19,200	19,200
Intergovernmental revenues:								
Commonwealth	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ 6,281	\$ 6,281	\$ -	\$ -	\$ 19,200	\$ 19,200
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ 29,200	\$ (29,200)	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	244,900	244,900	-
Parks, recreation, and cultural	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 29,200	\$ (29,200)	\$ -	\$ 244,900	\$ 244,900	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (22,919)	\$ (22,919)	\$ -	\$ (244,900)	\$ (225,700)	\$ 19,200
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	(41,200)	(41,200)	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (41,200)	\$ (41,200)	\$ -
Net change in fund balances	\$ -	\$ -	\$ (22,919)	\$ (22,919)	\$ -	\$ (286,100)	\$ (266,900)	\$ 19,200
Fund balances - beginning	-	-	97,394	97,394	-	286,100	671,806	385,706
Fund balances - ending	\$ -	\$ -	\$ 74,475	\$ 74,475	\$ -	\$ -	\$ 404,906	\$ 404,906

Sanitary Districts				Front Royal Golf Club			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 1,162,909	\$ 1,740,742	\$ 1,919,972	\$ 179,230	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	233,700	233,700	195,955	(37,745)
-	-	1,043	1,043	60,500	60,500	1,311	(59,189)
-	-	-	-	-	-	-	-
<u>\$ 1,162,909</u>	<u>\$ 1,740,742</u>	<u>\$ 1,921,015</u>	<u>\$ 180,273</u>	<u>\$ 294,200</u>	<u>\$ 294,200</u>	<u>\$ 197,266</u>	<u>\$ (96,934)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,102,909	1,102,909	1,242,862	(139,953)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	271,860	313,788	327,442	(13,654)
<u>\$ 1,102,909</u>	<u>\$ 1,102,909</u>	<u>\$ 1,242,862</u>	<u>\$ (139,953)</u>	<u>\$ 271,860</u>	<u>\$ 313,788</u>	<u>\$ 327,442</u>	<u>\$ (13,654)</u>
\$ 60,000	\$ 637,833	\$ 678,153	\$ 40,320	\$ 22,340	\$ (19,588)	\$ (130,176)	\$ (110,588)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,928	\$ 41,928	\$ -
(60,000)	(637,833)	(665,596)	(27,763)	-	-	-	-
<u>\$ (60,000)</u>	<u>\$ (637,833)</u>	<u>\$ (665,596)</u>	<u>\$ (27,763)</u>	<u>\$ -</u>	<u>\$ 41,928</u>	<u>\$ 41,928</u>	<u>\$ -</u>
\$ -	\$ -	\$ 12,557	\$ 12,557	\$ 22,340	\$ 22,340	\$ (88,248)	\$ (110,588)
-	-	72,300	72,300	(22,340)	(22,340)	(343,767)	(321,427)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,857</u>	<u>\$ 84,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (432,015)</u>	<u>\$ (432,015)</u>

This page intentionally left blank

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2010

	<u>General Capital Projects</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 195,965	\$ 195,965
Total assets	<u>\$ 195,965</u>	<u>\$ 195,965</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances:		
Unreserved:		
Designated for subsequent expenditure	\$ 195,965	\$ 195,965
Total fund balances	<u>\$ 195,965</u>	<u>\$ 195,965</u>
Total liabilities and fund balances	<u>\$ 195,965</u>	<u>\$ 195,965</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Fund
 For the Year Ended June 30, 2010

	<u>General Capital Projects</u>	<u>Total</u>
REVENUES		
Revenue from the use of money and property	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES		
Capital projects	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -
Fund balances - beginning	195,965	195,965
Fund balances - ending	<u><u>\$ 195,965</u></u>	<u><u>\$ 195,965</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Fund
 For the Year Ended June 30, 2010

	General Capital Projects			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	195,965	195,965
Fund balances - ending	\$ -	\$ -	\$ 195,965	\$ 195,965

Combining Statement of Fiduciary Net Assets
 Private-purpose Trust Funds
 June 30, 2010

<u>Private-purpose Trust Funds</u>						
	<u>Woodward Cook</u>	<u>Louise Bolling</u>	<u>Elizabeth P. Denny</u>	<u>Warren County Education Foundation</u>	<u>Thompson Scholarship</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 2,427	\$ 9,776	\$ 64,074	\$ 139,848	\$ 8,142	\$ 224,267
Total assets	<u>\$ 2,427</u>	<u>\$ 9,776</u>	<u>\$ 64,074</u>	<u>\$ 139,848</u>	<u>\$ 8,142</u>	<u>\$ 224,267</u>
NET ASSETS						
Held in trust for:						
Reserved for scholarships	\$ 2,427	\$ 9,776	\$ 64,074	\$ 139,848	\$ 8,142	\$ 224,267
Total net assets	<u>\$ 2,427</u>	<u>\$ 9,776</u>	<u>\$ 64,074</u>	<u>\$ 139,848</u>	<u>\$ 8,142</u>	<u>\$ 224,267</u>

Combining Statement of Changes in Fiduciary Net Assets
 Private-purpose Trust Funds
 June 30, 2010

<u>Private-purpose Trust Funds</u>						
	<u>Woodward Cook</u>	<u>Louise Bolling</u>	<u>Elizabeth P. Denny</u>	<u>Warren County Education Foundation</u>	<u>Thompson Scholarship</u>	<u>Total</u>
ADDITIONS						
Revenue from the use of money	\$ 25	\$ 87	\$ 589	\$ 1,422	\$ 9,137	\$ 11,260
Miscellaneous	-	-	-	850	-	850
Total additions	<u>\$ 25</u>	<u>\$ 87</u>	<u>\$ 589</u>	<u>\$ 2,272</u>	<u>\$ 9,137</u>	<u>\$ 12,110</u>
DEDUCTIONS						
Scholarships	\$ 500	\$ 500	\$ 4,000	\$ 9,750	\$ 13,300	\$ 28,050
Total deductions	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 4,000</u>	<u>\$ 9,750</u>	<u>\$ 13,300</u>	<u>\$ 28,050</u>
Change in net assets	\$ (475)	\$ (413)	\$ (3,411)	\$ (7,478)	\$ (4,163)	\$ (15,940)
Total net assets - beginning	<u>2,902</u>	<u>10,189</u>	<u>67,485</u>	<u>147,326</u>	<u>12,305</u>	<u>240,207</u>
Total net assets - ending	<u><u>\$ 2,427</u></u>	<u><u>\$ 9,776</u></u>	<u><u>\$ 64,074</u></u>	<u><u>\$ 139,848</u></u>	<u><u>\$ 8,142</u></u>	<u><u>\$ 224,267</u></u>

Combining Statement of Fiduciary Net Assets
 Agency Funds
 June 30, 2010

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Undistributed Local Sales Tax Fund</u>	<u>Flexible Spending Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 37,289	\$ -	\$ 9,296	\$ 46,585
Due from other governments	-	649,035	-	649,035
Total assets	<u>\$ 37,289</u>	<u>\$ 649,035</u>	<u>\$ 9,296</u>	<u>\$ 695,620</u>
LIABILITIES				
Accounts payable	\$ -	\$ 133,701	\$ -	\$ 133,701
Amounts held for social services clients	37,289	-	-	37,289
Due to other funds	-	515,334	5,000	520,334
Amounts held for others	-	-	4,296	4,296
Total liabilities	<u>\$ 37,289</u>	<u>\$ 649,035</u>	<u>\$ 9,296</u>	<u>\$ 695,620</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2010

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 31,716	\$ 75,515	\$ 69,942	\$ 37,289
Total assets	<u>\$ 31,716</u>	<u>\$ 75,515</u>	<u>\$ 69,942</u>	<u>\$ 37,289</u>
LIABILITIES				
Amounts held for social services clients	\$ 31,716	\$ 75,515	\$ 69,942	\$ 37,289
Total liabilities	<u>\$ 31,716</u>	<u>\$ 75,515</u>	<u>\$ 69,942</u>	<u>\$ 37,289</u>
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governments	\$ 607,501	\$ 3,526,660	\$ 3,485,126	\$ 649,035
Total assets	<u>\$ 607,501</u>	<u>\$ 3,526,660</u>	<u>\$ 3,485,126</u>	<u>\$ 649,035</u>
LIABILITIES				
Accounts payable	\$ 125,145	\$ 696,919	\$ 688,363	\$ 133,701
Due to other funds	482,356	2,871,275	2,838,297	515,334
Total liabilities	<u>\$ 607,501</u>	<u>\$ 3,568,194</u>	<u>\$ 3,526,660</u>	<u>\$ 649,035</u>
Flexible spending fund:				
ASSETS				
Cash and cash equivalents	\$ 9,296	\$ -	\$ -	\$ 9,296
Total assets	<u>\$ 9,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,296</u>
LIABILITIES				
Due to other funds	\$ 5,000	\$ -	\$ -	\$ 5,000
Amounts held for others	4,296	-	-	4,296
Total liabilities	<u>\$ 9,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,296</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 41,012	\$ 75,515	\$ 69,942	\$ 46,585
Due from other governments	607,501	3,526,660	3,485,126	649,035
Total assets	<u>\$ 648,513</u>	<u>\$ 3,602,175</u>	<u>\$ 3,555,068</u>	<u>\$ 695,620</u>
LIABILITIES				
Accounts payable	\$ 125,145	\$ 696,919	\$ 688,363	\$ 133,701
Amounts held for social services clients	31,716	75,515	69,942	37,289
Due to other funds	487,356	2,871,275	2,838,297	520,334
Amounts held for others	4,296	-	-	4,296
Total liabilities	<u>\$ 648,513</u>	<u>\$ 3,643,709</u>	<u>\$ 3,596,602</u>	<u>\$ 695,620</u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2010

	School Operating Fund	School Cafeteria Fund	School Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,517,778	\$ 784,513	\$ 86,840	\$ 112,658	\$ 102,520	\$ 6,604,309
Due from other funds	-	83,015	-	-	-	83,015
Due from other governmental units	1,988,409	-	-	-	-	1,988,409
Total assets	<u>\$ 7,506,187</u>	<u>\$ 867,528</u>	<u>\$ 86,840</u>	<u>\$ 112,658</u>	<u>\$ 102,520</u>	<u>\$ 8,675,733</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 39,329	\$ 63,290	\$ -	\$ -	\$ -	\$ 102,619
Accrued liabilities	4,702,797	113,193	-	-	-	4,815,990
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	2,681,046	-	-	-	-	2,681,046
Total liabilities	<u>\$ 7,506,187</u>	<u>\$ 176,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,682,670</u>
Fund balances:						
Unreserved:						
Designated for subsequent expenditure	\$ -	\$ 691,045	\$ 86,840	\$ 112,658	\$ 102,520	\$ 993,063
Total fund balances	-	691,045	86,840	112,658	102,520	993,063
Total liabilities and fund balances	<u>\$ 7,506,187</u>	<u>\$ 867,528</u>	<u>\$ 86,840</u>	<u>\$ 112,658</u>	<u>\$ 102,520</u>	<u>\$ 8,675,733</u>

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

Total fund balances per above \$ 993,063

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

Capital assets	\$ 14,160,342	
Less: accumulated depreciation	<u>(6,709,446)</u>	7,450,896

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 385,723

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital lease	\$ (478,508)	
Compensated absences	(1,546,167)	
Other post employment benefits liability	<u>(233,200)</u>	<u>(2,257,875)</u>

Net assets of governmental activities \$ 6,571,807

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

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ 67
Charges for services	-	1,323,965	-	-	-	1,323,965
Miscellaneous	289,778	-	108,336	29,500	-	427,614
Intergovernmental revenues:						
Local government	18,621,792	-	244,900	-	-	18,866,692
Commonwealth	22,940,598	-	-	-	-	22,940,598
Federal	6,076,752	-	-	-	-	6,076,752
Total revenues	\$ 47,928,920	\$ 1,323,965	\$ 353,236	\$ 29,567	\$ -	\$ 49,635,688
EXPENDITURES						
Current:						
Education	\$ 45,105,188	\$ 2,175,249	\$ -	\$ 4,319	\$ 8,480	\$ 47,293,236
Capital projects	-	-	266,396	-	-	266,396
Debt service:						
Principal retirement	1,424,121	-	-	-	-	1,424,121
Interest and other fiscal charges	482,892	-	-	-	-	482,892
Total expenditures	\$ 47,012,201	\$ 2,175,249	\$ 266,396	\$ 4,319	\$ 8,480	\$ 49,466,645
Excess (deficiency) of revenues over (under) expenditures	\$ 916,719	\$ (851,284)	\$ 86,840	\$ 25,248	\$ (8,480)	\$ 169,043
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 916,719	\$ -	\$ -	\$ -	\$ 916,719
Transfers out	(916,719)	-	-	-	-	(916,719)
Total other financing sources and uses	\$ (916,719)	\$ 916,719	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ 65,435	\$ 86,840	\$ 25,248	\$ (8,480)	\$ 169,043
Fund balances - beginning	-	625,610	-	87,410	111,000	824,020
Fund balances - ending	\$ -	\$ 691,045	\$ 86,840	\$ 112,658	\$ 102,520	\$ 993,063

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	\$ 169,043
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are adjustments related to capital assets reported in the current period.

Capital asset additions	606,643	
Loss on disposal of asset	(51,675)	
Depreciation expense	(726,374)	(171,406)

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.

Principal payments on capital leases	\$ 180,328	180,328
--------------------------------------	------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in other post employment benefits liability	(112,200)	
(Increase) decrease in compensated absences	(120,513)	(232,713)

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.

Change in net assets of governmental activities	\$ (468,147)	
	\$ (522,895)	

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	203,890	212,941	289,778	76,837
Intergovernmental revenues:				
Local government	19,160,275	19,160,275	18,621,792	(538,483)
Commonwealth	24,823,619	24,848,370	22,940,598	(1,907,772)
Federal	3,885,067	4,884,654	6,076,752	1,192,098
Total revenues	<u>\$ 48,072,851</u>	<u>\$ 49,106,240</u>	<u>\$ 47,928,920</u>	<u>\$ (1,177,320)</u>
EXPENDITURES				
Current:				
Education	\$ 46,161,737	\$ 47,195,126	\$ 45,105,188	\$ 2,089,938
Capital projects	-	-	-	-
Debt service:				
Principal retirement	1,424,121	1,424,121	1,424,121	-
Interest and other fiscal charges	486,993	486,993	482,892	4,101
Total expenditures	<u>\$ 48,072,851</u>	<u>\$ 49,106,240</u>	<u>\$ 47,012,201</u>	<u>\$ 2,094,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 916,719</u>	<u>\$ 916,719</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(916,719)	(916,719)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (916,719)</u>	<u>\$ (916,719)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund				School Capital Improvements Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,323,965	1,323,965	-	-	-	-
-	-	-	-	-	-	108,336	108,336
-	-	-	-	-	244,900	244,900	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,965</u>	<u>\$ 1,323,965</u>	<u>\$ -</u>	<u>\$ 244,900</u>	<u>\$ 353,236</u>	<u>\$ 108,336</u>
\$ -	\$ -	\$ 2,175,249	\$ (2,175,249)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	244,900	266,396	(21,496)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,175,249</u>	<u>\$ (2,175,249)</u>	<u>\$ -</u>	<u>\$ 244,900</u>	<u>\$ 266,396</u>	<u>\$ (21,496)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (851,284)</u>	<u>\$ (851,284)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,840</u>	<u>\$ 86,840</u>
\$ -	\$ -	\$ 916,719	\$ 916,719	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 916,719</u>	<u>\$ 916,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 65,435	\$ 65,435	\$ -	\$ -	\$ 86,840	\$ 86,840
-	-	625,610	625,610	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,045</u>	<u>\$ 691,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,840</u>	<u>\$ 86,840</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010 (Continued)

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 67	\$ 67	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	29,500	29,500	-	-	-	-
Intergovernmental revenues:								
Local government	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ 29,567	\$ 29,567	\$ -	\$ -	\$ -	\$ -
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ 4,319	\$ (4,319)	\$ -	\$ -	\$ 8,480	\$ (8,480)
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 4,319	\$ (4,319)	\$ -	\$ -	\$ 8,480	\$ (8,480)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 25,248	\$ 25,248	\$ -	\$ -	\$ (8,480)	\$ (8,480)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 25,248	\$ 25,248	\$ -	\$ -	\$ (8,480)	\$ (8,480)
Fund balances - beginning	-	-	87,410	87,410	-	-	111,000	111,000
Fund balances - ending	\$ -	\$ -	\$ 112,658	\$ 112,658	\$ -	\$ -	\$ 102,520	\$ 102,520

Statement of Net Assets
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2010

	<u>Self Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 716,444
Total assets	<u>\$ 716,444</u>
LIABILITIES	
Current liabilities:	
Claims and judgments	\$ 330,721
Total liabilities	<u>\$ 330,721</u>
NET ASSETS	
Unrestricted	\$ 385,723
Total net assets	<u><u>\$ 385,723</u></u>

Statement of Revenues, Expenses, and Changes in Net Assets
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	<u>Self Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 4,353,687
Total operating revenues	<u>\$ 4,353,687</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 4,824,654
Total operating expenses	<u>\$ 4,824,654</u>
Operating income (loss)	<u>\$ (470,967)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 2,820
Total nonoperating revenues (expenses)	<u>\$ 2,820</u>
Change in net assets	\$ (468,147)
Total net assets - beginning	<u>853,870</u>
Total net assets - ending	<u><u>\$ 385,723</u></u>

Statement of Cash Flows
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	<u>Self Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,353,687
Payments for claims	<u>(4,859,248)</u>
Net cash provided (used) by operating activities	<u>\$ (505,561)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 2,820
Net cash provided (used) by investing activities	<u>\$ 2,820</u>
Net increase (decrease) in cash and cash equivalents	\$ (502,741)
Cash and cash equivalents - beginning	<u>1,219,185</u>
Cash and cash equivalents - ending	<u><u>\$ 716,444</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (470,967)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease in IBNR)	<u>(34,594)</u>
Total adjustments	<u>\$ (34,594)</u>
Net cash provided (used) by operating activities	<u><u>\$ (505,561)</u></u>

This page intentionally left blank

Supporting Schedules

This page intentionally left blank

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 21,044,748	\$ 31,126,736	\$ 32,005,334	\$ 878,598
Real and personal public service corporation taxes	315,000	506,766	570,511	63,745
Personal property taxes	7,654,020	10,977,941	11,039,964	62,023
Mobile home taxes	6,000	8,662	10,496	1,834
Machinery and tools taxes	700,000	1,055,175	1,101,591	46,416
Land redemptions	1,000	1,000	258	(742)
Rollback taxes	-	-	5,975	5,975
Penalties	300,000	300,000	371,558	71,558
Interest	180,000	180,000	211,332	31,332
Total general property taxes	<u>\$ 30,200,768</u>	<u>\$ 44,156,280</u>	<u>\$ 45,317,019</u>	<u>\$ 1,160,739</u>
Other local taxes:				
Local sales and use taxes	\$ 3,100,000	\$ 3,100,000	\$ 2,838,297	\$ (261,703)
Consumers' utility taxes	650,000	650,000	670,372	20,372
E-911 telephone taxes	45,000	45,000	37,156	(7,844)
Business license taxes	1,000,000	1,000,000	749,297	(250,703)
Motor vehicle licenses	625,000	625,000	543,006	(81,994)
Taxes on recordation and wills	700,000	700,000	486,031	(213,969)
Hotel and motel room taxes	30,000	30,000	43,981	13,981
Restaurant food taxes	600,000	667,916	667,916	-
Total other local taxes	<u>\$ 6,750,000</u>	<u>\$ 6,817,916</u>	<u>\$ 6,036,056</u>	<u>\$ (781,860)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 27,500	\$ 27,500	\$ 34,927	\$ 7,427
Building and related permits	330,000	237,049	169,952	(67,097)
Zoning, subdivision fees and rezoning permits	40,000	40,000	20,675	(19,325)
Land use application fees	-	-	545	545
Transfer fees	2,500	2,500	1,379	(1,121)
Cable franchise fees	-	-	6,622	6,622
Parks and rec user fees	226,816	240,951	209,721	(31,230)
Septage fees	25,000	25,000	36,375	11,375
Other fees	-	-	17,000	17,000
Total permits, privilege fees, and regulatory licenses	<u>\$ 651,816</u>	<u>\$ 573,000</u>	<u>\$ 497,196</u>	<u>\$ (75,804)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 50,000	\$ 50,000	\$ 48,014	\$ (1,986)
Total fines and forfeitures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 48,014</u>	<u>\$ (1,986)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 700,000	\$ 700,000	\$ 304,995	\$ (395,005)
Revenue from use of property	168,160	168,160	153,893	(14,267)
Total revenue from use of money and property	<u>\$ 868,160</u>	<u>\$ 868,160</u>	<u>\$ 458,888</u>	<u>\$ (409,272)</u>
Charges for services:				
Excess fees of clerk	\$ 60,000	\$ 60,000	\$ 23,160	\$ (36,840)
Sheriff's fees	-	-	8,238	8,238
Courthouse security fees	50,000	86,675	86,675	-
Administrative fee	100,000	100,000	158,069	58,069

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for Commonwealth's Attorney	\$ 1,000	\$ 1,000	\$ 1,367	\$ 367
Inmate phone usage	25,000	25,000	28,889	3,889
Airport hangar rental fees	100,674	100,674	98,082	(2,592)
Work release fees	260,000	260,000	186,706	(73,294)
Miscellaneous jail and inmate fees	-	-	1,880	1,880
Charges for sanitation and waste removal	1,000,000	1,000,000	936,839	(63,161)
Charges for other and sale of maps	-	-	17,791	17,791
Charges for air show	-	5,745	6,745	1,000
Total charges for services	<u>\$ 1,596,674</u>	<u>\$ 1,639,094</u>	<u>\$ 1,554,441</u>	<u>\$ (84,653)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 75,000	\$ 140,848	\$ 182,476	\$ 41,628
Sale of recyclable materials	32,000	32,000	17,029	(14,971)
Total miscellaneous revenue	<u>\$ 107,000</u>	<u>\$ 172,848</u>	<u>\$ 199,505</u>	<u>\$ 26,657</u>
Recovered costs:				
Expenditure refunds	\$ 20,000	\$ 20,000	\$ 38,795	\$ 18,795
Other recovered costs	230,000	515,162	515,162	-
Total recovered costs	<u>\$ 250,000</u>	<u>\$ 535,162</u>	<u>\$ 553,957</u>	<u>\$ 18,795</u>
Total revenue from local sources	<u>\$ 40,474,418</u>	<u>\$ 54,812,460</u>	<u>\$ 54,665,076</u>	<u>\$ (147,384)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 34,031	\$ 34,031	\$ 55,353	\$ 21,322
Mobile home titling tax	2,500	2,500	8,036	5,536
State recordation tax	177,227	177,227	163,107	(14,120)
Personal property tax relief funds	4,541,219	4,541,219	4,541,220	1
Communication taxes	1,000,000	1,000,000	932,498	(67,502)
Other noncategorical aid	-	-	175	175
State budget reduction - Aid to the Commonwealth	-	-	(241,858)	(241,858)
Total noncategorical aid	<u>\$ 5,754,977</u>	<u>\$ 5,754,977</u>	<u>\$ 5,458,531</u>	<u>\$ (296,446)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 377,806	\$ 351,457	\$ 356,693	\$ 5,236
Sheriff	2,588,546	2,400,526	2,403,125	2,599
Commissioner of revenue	175,723	158,679	157,141	(1,538)
Treasurer	128,392	118,597	115,520	(3,077)
Registrar/electoral board	50,000	44,512	48,260	3,748
Clerk of the Circuit Court	302,946	271,825	265,220	(6,605)
Total shared expenses	<u>\$ 3,623,413</u>	<u>\$ 3,345,596</u>	<u>\$ 3,345,959</u>	<u>\$ 363</u>
Other categorical aid:				
Welfare administration and public assistance	\$ 1,651,617	\$ 1,651,617	\$ 1,449,070	\$ (202,547)
Comprehensive services act	1,451,895	1,451,895	1,218,329	(233,566)
Emergency medical services	36,237	36,951	36,951	-
Litter control grant	-	10,834	10,834	-
Care of prisoners	525,000	525,000	340,852	(184,148)
School resource officer grant	-	2,460	2,460	-
Grant for restoration of records	-	67,655	67,655	-
Abandoned vehicle program	20,000	20,000	6,900	(13,100)
VA domestic violence victims grant	40,000	40,000	41,366	1,366
Victim-witness grant	48,000	48,282	53,271	4,989

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Performing arts grant	\$ -	\$ 35,175	\$ 35,175	\$ -
Fire programs funds	40,000	40,676	49,646	8,970
Juvenile crime control	47,855	47,855	45,359	(2,496)
Airport grant	-	24,541	24,135	(406)
Other categorical aid	-	30,620	30,620	-
Total other categorical aid	<u>\$ 3,860,604</u>	<u>\$ 4,033,561</u>	<u>\$ 3,412,623</u>	<u>\$ (620,938)</u>
Total categorical aid	<u>\$ 7,484,017</u>	<u>\$ 7,379,157</u>	<u>\$ 6,758,582</u>	<u>\$ (620,575)</u>
Total revenue from the Commonwealth	<u>\$ 13,238,994</u>	<u>\$ 13,134,134</u>	<u>\$ 12,217,113</u>	<u>\$ (917,021)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 29,000	\$ 29,000	\$ 48,880	\$ 19,880
Total noncategorical aid	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 48,880</u>	<u>\$ 19,880</u>
Categorical aid:				
Welfare administration and public assistance	\$ 1,993,701	\$ 1,993,701	\$ 1,881,004	\$ (112,697)
State and community highway safety grant	-	14,274	14,274	-
Outdoor recreation, acquisition, development and planning	-	76,760	76,760	-
Congressional mandated - Small business administration	-	158,867	159,769	902
Edward Byrne memorial justice assistance grant to states - ARRA	-	-	140,669	140,669
Public safety partnership and community policing grant	-	6,457	6,457	-
Ed Byrne memorial state and local law enforcement	-	50,143	50,143	-
Airport improvement program	-	2,409	2,409	-
Total categorical aid	<u>\$ 1,993,701</u>	<u>\$ 2,302,611</u>	<u>\$ 2,331,485</u>	<u>\$ 28,874</u>
Total revenue from the federal government	<u>\$ 2,022,701</u>	<u>\$ 2,331,611</u>	<u>\$ 2,380,365</u>	<u>\$ 48,754</u>
Total General Fund	<u>\$ 55,736,113</u>	<u>\$ 70,278,205</u>	<u>\$ 69,262,554</u>	<u>\$ (1,015,651)</u>
Law Library Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 12,000	\$ 12,000	\$ 12,567	\$ 567
Total charges for services	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 12,567</u>	<u>\$ 567</u>
Total revenue from local sources	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 12,567</u>	<u>\$ 567</u>
Total Law Library Fund	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 12,567</u>	<u>\$ 567</u>
Courthouse Maintenance Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 27,500	\$ 39,913	\$ 37,577	\$ (2,336)
Total charges for services	<u>\$ 27,500</u>	<u>\$ 39,913</u>	<u>\$ 37,577</u>	<u>\$ (2,336)</u>
Total revenue from local sources	<u>\$ 27,500</u>	<u>\$ 39,913</u>	<u>\$ 37,577</u>	<u>\$ (2,336)</u>
Total Courthouse Maintenance Fund	<u>\$ 27,500</u>	<u>\$ 39,913</u>	<u>\$ 37,577</u>	<u>\$ (2,336)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Weapon Permits Fund:				
Revenue from local sources:				
Permits, privilege fees, and regulatory licenses:				
Weapon permits	\$ 2,500	\$ 2,500	\$ 9,124	\$ 6,624
Total permits, privilege fees, and regulatory licenses	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 9,124</u>	<u>\$ 6,624</u>
Total revenue from local sources	\$ 2,500	\$ 2,500	\$ 9,124	\$ 6,624
Total Weapon Permits Fund	<u><u>\$ 2,500</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 9,124</u></u>	<u><u>\$ 6,624</u></u>
Drug Forfeiture Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 34	\$ 34
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 6,247	\$ 6,247
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,247</u>	<u>\$ 6,247</u>
Total revenue from local sources	\$ -	\$ -	\$ 6,281	\$ 6,281
Total Drug Forfeiture Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,281</u></u>	<u><u>\$ 6,281</u></u>
Proffers Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 19,200	\$ 19,200
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,200</u>	<u>\$ 19,200</u>
Total revenue from local sources	\$ -	\$ -	\$ 19,200	\$ 19,200
Total Proffers Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,200</u></u>	<u><u>\$ 19,200</u></u>
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,162,909	\$ 1,740,742	\$ 1,919,972	\$ 179,230
Total general property taxes	<u>\$ 1,162,909</u>	<u>\$ 1,740,742</u>	<u>\$ 1,919,972</u>	<u>\$ 179,230</u>
Miscellaneous revenue:				
New construction fee	\$ -	\$ -	\$ 1,043	\$ 1,043
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043</u>	<u>\$ 1,043</u>
Total revenue from local sources	\$ 1,162,909	\$ 1,740,742	\$ 1,921,015	\$ 180,273
Total Sanitary District Fund	<u><u>\$ 1,162,909</u></u>	<u><u>\$ 1,740,742</u></u>	<u><u>\$ 1,921,015</u></u>	<u><u>\$ 180,273</u></u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Front Royal Golf Club Fund:				
Revenue from local sources:				
Charges for services:				
Golf club membership dues, golf fees, shop sales	\$ 233,700	\$ 233,700	\$ 195,955	\$ (37,745)
Total charges for services	<u>\$ 233,700</u>	<u>\$ 233,700</u>	<u>\$ 195,955</u>	<u>\$ (37,745)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 60,500	\$ 60,500	\$ 1,311	\$ (59,189)
Total revenue from local sources	<u>\$ 294,200</u>	<u>\$ 294,200</u>	<u>\$ 197,266</u>	<u>\$ (96,934)</u>
Total Front Royal Golf Club Fund	<u>\$ 294,200</u>	<u>\$ 294,200</u>	<u>\$ 197,266</u>	<u>\$ (96,934)</u>
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 402,136	\$ 402,136
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,136</u>	<u>\$ 402,136</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,136</u>	<u>\$ 402,136</u>
Total School Bond Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,136</u>	<u>\$ 402,136</u>
Total Primary Government	<u>\$ 57,235,222</u>	<u>\$ 72,367,560</u>	<u>\$ 71,867,720</u>	<u>\$ (499,840)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 203,890	\$ 212,941	\$ 289,778	\$ 76,837
Total miscellaneous revenue	<u>\$ 203,890</u>	<u>\$ 212,941</u>	<u>\$ 289,778</u>	<u>\$ 76,837</u>
Total revenue from local sources	<u>\$ 203,890</u>	<u>\$ 212,941</u>	<u>\$ 289,778</u>	<u>\$ 76,837</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Warren, Virginia	\$ 19,160,275	\$ 19,160,275	\$ 18,621,792	\$ (538,483)
Total revenues from local governments	<u>\$ 19,160,275</u>	<u>\$ 19,160,275</u>	<u>\$ 18,621,792</u>	<u>\$ (538,483)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Wine tax	\$ 11,058	\$ 11,058	\$ -	\$ (11,058)
Total noncategorical aid	<u>\$ 11,058</u>	<u>\$ 11,058</u>	<u>\$ -</u>	<u>\$ (11,058)</u>
Categorical aid:				
Share of state sales tax	\$ 5,220,693	\$ 5,220,693	\$ 4,982,175	\$ (238,518)
Basic school aid	13,946,842	13,946,842	12,933,209	(1,013,633)
Remedial summer education	52,731	52,731	24,235	(28,496)
Adult secondary education	2,125	2,125	-	(2,125)
Gifted and talented	139,121	139,121	139,789	668
Remedial education	232,877	232,877	233,995	1,118
Special education	10,354	10,354	8,216	(2,138)
Textbook payment	358,449	358,449	-	(358,449)
Vocational SOQ payments	211,875	211,875	160,420	(51,455)
Social security fringe benefits	762,143	762,143	765,802	3,659
Retirement fringe benefits	979,898	979,898	738,452	(241,446)
Group life insurance benefits	27,219	27,219	21,272	(5,947)
State lottery payments	274,825	274,825	350,841	76,016
Early reading intervention	61,085	61,085	59,289	(1,796)
Jail education	33,088	33,088	28,354	(4,734)
GED program	15,717	15,717	15,717	-
School food	-	-	34,321	34,321
Special education - foster children	-	-	7,863	7,863
At risk payments	311,747	311,747	176,824	(134,923)
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	27,562	27,562	23,893	(3,669)
Mentor teacher program	5,565	5,565	20,254	14,689
English as a second language	73,329	73,329	63,567	(9,762)
K-3 initiative	320,740	320,740	310,859	(9,881)
Homebound education	1,457,750	1,457,750	1,464,749	6,999
Other state funds	28,826	53,577	118,502	64,925
Total categorical aid	<u>\$ 24,812,561</u>	<u>\$ 24,837,312</u>	<u>\$ 22,940,598</u>	<u>\$ (1,896,714)</u>
Total revenue from the Commonwealth	<u>\$ 24,823,619</u>	<u>\$ 24,848,370</u>	<u>\$ 22,940,598</u>	<u>\$ (1,907,772)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ -	\$ -	\$ 1,766	\$ 1,766
State fiscal stabilization	1,695,978	1,695,978	1,895,978	200,000
Title I; Grants to local educational agencies	707,483	707,483	874,326	166,843
Title VI-B; Special education grants to states	1,019,489	1,019,489	1,134,124	114,635
Title VI-B; Special education preschool grants	30,504	30,504	30,147	(357)
Vocational education	85,674	85,674	99,220	13,546
Drug free schools	16,341	16,341	9,814	(6,527)
Title II, Part D; Enhancing state grants	222,396	222,396	8,590	(213,806)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
English language acquisition grant	\$ 17,202	\$ 17,202	\$ 13,153	\$ (4,049)
Title I; Grants to local educational agencies - ARRA	-	-	65,644	65,644
Title VI-B; Special education preschool grants - ARRA	-	-	20,931	20,931
Title VI-B; Special education grants to states - ARRA	-	-	611,552	611,552
School improvement grants	-	-	38,547	38,547
Title II Part A; Improving teacher quality state grants	-	-	194,502	194,502
National school lunch program	-	999,587	976,567	(23,020)
Title II Part D; Education technology state grants - ARRA	-	-	21,749	21,749
Other federal categorical	90,000	90,000	80,142	(9,858)
Total categorical aid	<u>\$ 3,885,067</u>	<u>\$ 4,884,654</u>	<u>\$ 6,076,752</u>	<u>\$ 1,192,098</u>
Total revenue from the federal government	<u>\$ 3,885,067</u>	<u>\$ 4,884,654</u>	<u>\$ 6,076,752</u>	<u>\$ 1,192,098</u>
Total School Operating Fund	<u>\$ 48,072,851</u>	<u>\$ 49,106,240</u>	<u>\$ 47,928,920</u>	<u>\$ (1,177,320)</u>
School Cafeteria Fund:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 1,323,965	\$ 1,323,965
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,965</u>	<u>\$ 1,323,965</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,965</u>	<u>\$ 1,323,965</u>
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,965</u>	<u>\$ 1,323,965</u>
Vocational Building Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 67	\$ 67
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,567</u>	<u>\$ 29,567</u>
Total Vocational Building Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,567</u>	<u>\$ 29,567</u>
School Capital Improvements Fund				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 108,336	\$ 108,336
Other miscellaneous	-	-	-	-
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,336</u>	<u>\$ 108,336</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,336</u>	<u>\$ 108,336</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	\$ -	\$ 244,900	\$ 244,900	\$ -
Total revenues from local governments	<u>\$ -</u>	<u>\$ 244,900</u>	<u>\$ 244,900</u>	<u>\$ -</u>
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ 244,900</u>	<u>\$ 353,236</u>	<u>\$ 108,336</u>
School Board	<u>\$ 48,072,851</u>	<u>\$ 49,351,140</u>	<u>\$ 49,635,688</u>	<u>\$ 284,548</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 263,259	\$ 210,840	\$ 202,399	\$ 8,441
General and financial administration:				
County administrator	\$ 522,984	\$ 538,031	\$ 534,871	\$ 3,160
County attorney	241,229	238,369	220,121	18,248
Commissioner of revenue	635,441	636,802	633,770	3,032
Reassessment	100,000	32,030	32,030	-
Treasurer	395,354	407,931	401,378	6,553
Finance and purchasing	273,868	277,038	275,357	1,681
Total general and financial administration	<u>\$ 2,168,876</u>	<u>\$ 2,130,201</u>	<u>\$ 2,097,527</u>	<u>\$ 32,674</u>
Board of elections:				
Electoral board and officials	\$ 231,275	\$ 224,200	\$ 151,026	\$ 73,174
Total board of elections	<u>\$ 231,275</u>	<u>\$ 224,200</u>	<u>\$ 151,026</u>	<u>\$ 73,174</u>
Total general government administration	<u>\$ 2,663,410</u>	<u>\$ 2,565,241</u>	<u>\$ 2,450,952</u>	<u>\$ 114,289</u>
Judicial administration:				
Courts:				
Circuit court	\$ 59,700	\$ 58,984	\$ 30,878	\$ 28,106
General district court	9,090	8,981	8,411	570
Special magistrates	6,775	6,694	5,451	1,243
Clerk of the circuit court	483,864	549,557	522,632	26,925
Juvenile and domestic relations court	19,000	21,380	18,086	3,294
Law library	12,000	12,000	11,518	482
Total courts	<u>\$ 590,429</u>	<u>\$ 657,596</u>	<u>\$ 596,976</u>	<u>\$ 60,620</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 632,500	\$ 632,900	\$ 611,864	\$ 21,036
Total commonwealth's attorney	<u>\$ 632,500</u>	<u>\$ 632,900</u>	<u>\$ 611,864</u>	<u>\$ 21,036</u>
Total judicial administration	<u>\$ 1,222,929</u>	<u>\$ 1,290,496</u>	<u>\$ 1,208,840</u>	<u>\$ 81,656</u>
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	\$ 3,634,901	\$ 3,670,863	\$ 3,598,699	\$ 72,164
Work release program	294,705	300,093	250,650	49,443
E - 911 system	460,771	537,691	526,583	11,108
Total law enforcement and emergency services	<u>\$ 4,390,377</u>	<u>\$ 4,508,647</u>	<u>\$ 4,375,932</u>	<u>\$ 132,715</u>
Fire and rescue services:				
Cost recovery fees	\$ -	\$ 43,925	\$ 43,925	\$ -
Cost recovery reimbursement to fire companies	-	-	-	-
Contributions to fire and rescue squads	907,414	902,158	903,791	(1,633)
Total fire and rescue services	<u>\$ 907,414</u>	<u>\$ 946,083</u>	<u>\$ 947,716</u>	<u>\$ (1,633)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 2,003,597	\$ 1,948,357	\$ 1,796,639	\$ 151,718
Probation office	60,834	60,597	53,517	7,080
Total correction and detention	<u>\$ 2,064,431</u>	<u>\$ 2,008,954</u>	<u>\$ 1,850,156</u>	<u>\$ 158,798</u>
Inspections:				
Building	\$ 509,351	\$ 524,412	\$ 489,918	\$ 34,494
Total inspections	<u>\$ 509,351</u>	<u>\$ 524,412</u>	<u>\$ 489,918</u>	<u>\$ 34,494</u>
Other protection:				
Animal control	\$ 405,072	\$ 415,911	\$ 398,304	\$ 17,607
Medical examiner	280	280	340	(60)
Emergency services	1,379,449	1,505,268	1,515,154	(9,886)
Total other protection	<u>\$ 1,784,801</u>	<u>\$ 1,921,459</u>	<u>\$ 1,913,798</u>	<u>\$ 7,661</u>
Total public safety	<u>\$ 9,656,374</u>	<u>\$ 9,909,555</u>	<u>\$ 9,577,520</u>	<u>\$ 332,035</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets and highways	\$ 21,000	\$ 20,748	\$ 12,576	\$ 8,172
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 21,000</u>	<u>\$ 20,748</u>	<u>\$ 12,576</u>	<u>\$ 8,172</u>
Sanitation and waste removal:				
Refuse collection	\$ 730,830	\$ 732,764	\$ 664,430	\$ 68,334
Refuse disposal	2,116,778	1,871,378	1,877,894	(6,516)
Total sanitation and waste removal	<u>\$ 2,847,608</u>	<u>\$ 2,604,142</u>	<u>\$ 2,542,324</u>	<u>\$ 61,818</u>
Maintenance of general buildings and grounds:				
General properties	\$ 412,635	\$ 438,119	\$ 453,944	\$ (15,825)
Total maintenance of general buildings and grounds	<u>\$ 412,635</u>	<u>\$ 438,119</u>	<u>\$ 453,944</u>	<u>\$ (15,825)</u>
Total public works	<u>\$ 3,281,243</u>	<u>\$ 3,063,009</u>	<u>\$ 3,008,844</u>	<u>\$ 54,165</u>
Health and welfare:				
Health:				
Local health department	\$ 327,000	\$ 319,746	\$ 294,086	\$ 25,660
Total health	<u>\$ 327,000</u>	<u>\$ 319,746</u>	<u>\$ 294,086</u>	<u>\$ 25,660</u>
Mental health and mental retardation:				
Northwestern community services	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Northwestern sheltered workshoop	-	-	-	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	<u>\$ 252,500</u>	<u>\$ 252,500</u>	<u>\$ 252,500</u>	<u>\$ -</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 4,477,069	\$ 4,477,069	\$ 4,131,799	\$ 345,270
Shenandoah area agency on aging	40,000	40,000	40,000	-
Warren county council on domestic violence	19,000	19,000	19,000	-
Other social services	41,931	41,931	41,931	-
Property tax relief for the elderly and handicapped	-	-	327,770	(327,770)
Comprehensive Services Act	2,817,801	2,723,987	2,172,980	551,007
Total welfare	<u>\$ 7,395,801</u>	<u>\$ 7,301,987</u>	<u>\$ 6,733,480</u>	<u>\$ 568,507</u>
Total health and welfare	<u>\$ 7,975,301</u>	<u>\$ 7,874,233</u>	<u>\$ 7,280,066</u>	<u>\$ 594,167</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 19,479,119	\$ 19,160,275	\$ 18,621,792	\$ 538,483
Contributions to community college	34,640	34,640	34,640	-
Total education	<u>\$ 19,513,759</u>	<u>\$ 19,194,915</u>	<u>\$ 18,656,432</u>	<u>\$ 538,483</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	\$ 1,604,545	\$ 1,629,031	\$ 1,617,994	\$ 11,037
Total parks and recreation	<u>\$ 1,604,545</u>	<u>\$ 1,629,031</u>	<u>\$ 1,617,994</u>	<u>\$ 11,037</u>
Cultural enrichment:				
Browntown community center	\$ 2,000	\$ 2,000	\$ 2,000	-
Blue ridge arts council	5,000	10,000	10,000	-
Heritage society	5,000	5,000	5,000	-
4-H center	2,500	2,500	2,500	-
Total cultural enrichment	<u>\$ 14,500</u>	<u>\$ 19,500</u>	<u>\$ 19,500</u>	<u>\$ -</u>
Library:				
Library administration	\$ 601,000	\$ 601,000	\$ 601,000	-
Total library	<u>\$ 601,000</u>	<u>\$ 601,000</u>	<u>\$ 601,000</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 2,220,045</u>	<u>\$ 2,249,531</u>	<u>\$ 2,238,494</u>	<u>\$ 11,037</u>
Community development:				
Planning and community development:				
Planning and zoning administration	\$ 384,968	\$ 374,257	\$ 349,677	\$ 24,580
Enterprise zone grant	1,146,838	267,283	267,283	-
Industrial development authority	82,067	81,082	81,082	-
Other contributions	500	500	500	-
Total planning and community development	<u>\$ 1,619,373</u>	<u>\$ 728,122</u>	<u>\$ 703,542</u>	<u>\$ 24,580</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	-
Friends of the shenandoah	-	-	-	-
Abandoned vehicle program	20,000	19,598	6,210	13,388
Gypsy moth program	21,064	20,811	13,354	7,457
Total environmental management	<u>\$ 51,064</u>	<u>\$ 50,409</u>	<u>\$ 29,564</u>	<u>\$ 20,845</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Airport commission:				
Operations	\$ 38,700	\$ 52,232	\$ 51,329	\$ 903
Cooperative extension program:				
VPI extension service	\$ 95,176	\$ 79,115	\$ 71,770	\$ 7,345
Total cooperative extension program	\$ 95,176	\$ 79,115	\$ 71,770	\$ 7,345
Total community development	\$ 1,804,313	\$ 909,878	\$ 856,205	\$ 53,673
Nondepartmental:				
Retiree medical, workers compensation and unemployment insurance	\$ 77,714	\$ 81,179	\$ 76,307	\$ 4,872
Central equipment and maintenance	99,000	99,000	106,030	(7,030)
Other nondepartmental	217,514	103,766	-	103,766
Total nondepartmental	\$ 394,228	\$ 283,945	\$ 182,337	\$ 101,608
Capital projects:				
Courthouse renovations	\$ -	\$ 171,089	\$ 199,689	\$ (28,600)
Economic development	129,827	129,827	129,827	-
Juvenile detention center improvements	196,243	237,161	237,161	-
340/522 water and sewer project	271,760	271,760	271,758	2
Soccer fields	25,000	69,877	120,788	(50,911)
Fishnet property purchase	200,000	31,178	31,318	(140)
Public safety building	-	636,799	633,520	3,279
Bing crosby stadium renovations	25,000	15,500	14,693	807
Eagles Landing road project	-	-	3,001	(3,001)
Airport capital projects	1,000	19,122	35,209	(16,087)
Eastham Park	25,000	12,500	18,277	(5,777)
Skatepark	-	366,084	446,623	(80,539)
Purchase of second street property	26,829	-	-	-
Capital lease purchase - public safety	-	-	231,879	(231,879)
Capital lease purchase - public works	-	-	149,635	(149,635)
Other capital projects	1,735,414	1,619,589	904,621	714,968
Total capital projects	\$ 2,636,073	\$ 3,580,486	\$ 3,427,999	\$ 152,487
Debt service:				
Principal retirement	\$ 3,711,768	\$ 3,711,768	\$ 3,711,768	\$ -
Interest and other fiscal charges	1,259,916	4,537,964	4,964,661	(426,697)
Total debt service	\$ 4,971,684	\$ 8,249,732	\$ 8,676,429	\$ (426,697)
Total General Fund	\$ 56,339,359	\$ 59,171,021	\$ 57,564,118	\$ 1,606,903
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety				
Other protection				
Drug forfeiture	\$ -	\$ -	\$ 29,200	\$ (29,200)
Total other protection	\$ -	\$ -	\$ 29,200	\$ (29,200)
Total public safety	\$ -	\$ -	\$ 29,200	\$ (29,200)
Total Drug Forfeiture Fund	\$ -	\$ -	\$ 29,200	\$ (29,200)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Proffers Funds:				
Education				
Contribution to local school board	\$ -	\$ 244,900	\$ 244,900	\$ -
Total Proffers Funds	<u>\$ -</u>	<u>\$ 244,900</u>	<u>\$ 244,900</u>	<u>\$ -</u>
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,102,909	\$ 1,102,909	\$ 1,242,862	\$ (139,953)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 1,102,909</u>	<u>\$ 1,102,909</u>	<u>\$ 1,242,862</u>	<u>\$ (139,953)</u>
Total public works	<u>\$ 1,102,909</u>	<u>\$ 1,102,909</u>	<u>\$ 1,242,862</u>	<u>\$ (139,953)</u>
Total Sanitary District Fund	<u>\$ 1,102,909</u>	<u>\$ 1,102,909</u>	<u>\$ 1,242,862</u>	<u>\$ (139,953)</u>
Front Royal Golf Club Fund:				
Parks, recreation and culture				
Parks and recreation				
Golf club operations	\$ 271,860	\$ 313,788	\$ 327,442	\$ (13,654)
Total parks and recreation	<u>\$ 271,860</u>	<u>\$ 313,788</u>	<u>\$ 327,442</u>	<u>\$ (13,654)</u>
Total parks, recreation and culture	<u>\$ 271,860</u>	<u>\$ 313,788</u>	<u>\$ 327,442</u>	<u>\$ (13,654)</u>
Total Front Royal Golf Club Fund	<u>\$ 271,860</u>	<u>\$ 313,788</u>	<u>\$ 327,442</u>	<u>\$ (13,654)</u>
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	\$ -	\$ -	\$ 15,944,906	\$ (15,944,906)
Cost of debt issuance	-	-	82,000	(82,000)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,026,906</u>	<u>\$ (16,026,906)</u>
Total School Bond Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,026,906</u>	<u>\$ (16,026,906)</u>
Total Primary Government	<u>\$ 57,714,128</u>	<u>\$ 60,832,618</u>	<u>\$ 75,435,428</u>	<u>\$ (14,602,810)</u>
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 34,730,027	\$ 35,763,416	\$ 34,068,172	\$ 1,695,244
Administration, attendance and health	1,798,297	1,798,297	1,694,282	104,015
Pupil transportation	2,271,750	2,271,750	2,242,178	29,572
Operation and maintenance	5,880,067	5,880,067	5,686,140	193,927
Technology	1,481,596	1,481,596	1,414,416	67,180
Total education	<u>\$ 46,161,737</u>	<u>\$ 47,195,126</u>	<u>\$ 45,105,188</u>	<u>\$ 2,089,938</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 1,424,121	\$ 1,424,121	\$ 1,424,121	\$ -
Interest and other fiscal charges	486,993	486,993	482,892	4,101
Total debt service	<u>\$ 1,911,114</u>	<u>\$ 1,911,114</u>	<u>\$ 1,907,013</u>	<u>\$ 4,101</u>
 Total School Fund	 <u>\$ 48,072,851</u>	 <u>\$ 49,106,240</u>	 <u>\$ 47,012,201</u>	 <u>\$ 2,094,039</u>
 Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ -	\$ -	\$ 2,175,249	\$ (2,175,249)
Total school food services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,175,249</u>	<u>\$ (2,175,249)</u>
 Total education	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,175,249</u>	 <u>\$ (2,175,249)</u>
 Total Cafeteria Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,175,249</u>	 <u>\$ (2,175,249)</u>
 Vocational Building Fund:				
Education:				
Vocational building	\$ -	\$ -	\$ 4,319	\$ (4,319)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,319</u>	<u>\$ (4,319)</u>
 Total Vocational Building Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,319</u>	 <u>\$ (4,319)</u>
 School Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	\$ -	\$ 244,900	\$ 266,396	\$ (21,496)
Total capital projects	<u>\$ -</u>	<u>\$ 244,900</u>	<u>\$ 266,396</u>	<u>\$ (21,496)</u>
 Total School Capital Improvements Fund	 <u>\$ -</u>	 <u>\$ 244,900</u>	 <u>\$ 266,396</u>	 <u>\$ (21,496)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 48,072,851</u>	 <u>\$ 49,351,140</u>	 <u>\$ 49,466,645</u>	 <u>\$ (115,505)</u>

This page intentionally left blank

Other Statistical Information

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 6

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11 - 12

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13 - 14

Sources: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

This page intentionally left blank

COUNTY OF WARREN, VIRGINIA

Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 9,634,395	\$ 10,216,305	\$ 17,397,255	\$ 18,877,770	\$ 22,451,670	\$ 23,611,594	\$ 23,980,653	\$ 28,433,137
Restricted	-	220,968	99,200	166,400	401,600	530,100	671,806	404,906
Unrestricted	15,768,398	19,050,328	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839
Total governmental activities net assets	\$ 25,402,793	\$ 29,487,601	\$ 37,007,928	\$ 45,393,713	\$ 54,630,374	\$ 52,329,427	\$ 52,959,076	\$ 72,103,882
Primary government								
Invested in capital assets, net of related debt	\$ 9,634,395	\$ 10,216,305	\$ 17,397,255	\$ 18,877,770	\$ 22,451,670	\$ 23,611,594	\$ 23,980,653	\$ 28,433,137
Restricted	-	220,968	99,200	166,400	401,600	530,100	671,806	404,906
Unrestricted	15,768,398	19,050,328	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839
Total primary government net assets	\$ 25,402,793	\$ 29,487,601	\$ 37,007,928	\$ 45,393,713	\$ 54,630,374	\$ 52,329,427	\$ 52,959,076	\$ 72,103,882

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

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

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 2,050,910	\$ 1,923,215	\$ 2,466,844	\$ 2,673,036	\$ 2,911,298	\$ 2,902,924	\$ 3,215,515	\$ 3,151,069
Judicial administration	671,845	928,883	1,009,922	1,082,540	1,339,218	1,551,450	1,349,421	1,422,107
Public safety	6,658,608	6,578,525	7,874,128	9,213,506	9,838,477	10,932,498	11,053,220	11,282,726
Public works	3,553,360	3,642,059	4,076,368	4,411,167	4,922,261	4,874,698	4,578,357	4,742,144
Health and welfare	5,590,815	5,903,567	6,379,449	6,890,563	7,161,649	7,904,706	7,814,495	7,701,920
Education	12,988,537	15,089,710	13,087,605	14,711,826	15,430,281	21,134,088	19,282,393	19,142,956
Parks, recreation and cultural	1,188,136	1,504,339	1,976,434	2,036,104	4,539,947	4,588,560	4,339,242	2,755,644
Community development	933,772	997,256	1,496,777	1,202,645	1,105,175	1,305,378	1,258,578	1,194,165
Non-departmental	188,581	204,876	102,283	132,142	122,559	123,071	123,990	139,412
Unallocated depreciation expense	47,574	47,574	-	-	-	-	-	-
Interest on long-term debt	1,127,551	1,029,468	3,689,200	4,759,007	4,631,534	4,426,329	5,329,882	5,407,080
Total governmental activities expenses	\$ 34,999,689	\$ 37,849,472	\$ 42,159,010	\$ 47,112,536	\$ 52,002,399	\$ 59,743,702	\$ 58,345,093	\$ 56,939,223
Total primary government expenses	\$ 34,999,689	\$ 37,849,472	\$ 42,159,010	\$ 47,112,536	\$ 52,002,399	\$ 59,743,702	\$ 58,345,093	\$ 56,939,223
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 94,173	\$ 164,271	\$ 204,773	\$ 231,981	\$ 460,606	\$ 365,131	\$ 401,650	\$ 459,098
Judicial administration	119,980	167,043	273,236	333,535	437,513	413,847	364,648	363,139
Public safety	703,139	628,397	1,007,107	1,053,699	1,691,282	1,986,541	1,924,180	1,901,618
Public works	375,427	672,582	1,192,016	1,398,722	1,172,961	1,481,020	1,123,668	1,068,864
Health and welfare	-	-	50,994	25,021	28,536	38,141	269,513	278,137
Parks, recreation and cultural	166,414	150,374	149,192	337,190	504,600	512,869	525,998	534,070
Community development	94,202	76,372	86,365	192,265	240,698	209,791	179,738	179,771
Operating grants and contributions	7,225,184	7,912,853	8,135,771	9,356,103	9,614,388	9,725,186	9,620,915	8,915,568
Capital grants and contributions	653,926	376,952	40,369	544,210	1,315,675	1,714,549	187,969	234,304
Total governmental activities program revenues	\$ 9,432,445	\$ 10,148,844	\$ 11,139,823	\$ 13,472,726	\$ 15,466,259	\$ 16,447,075	\$ 14,598,279	\$ 13,934,569
Total primary government program revenues	\$ 9,432,445	\$ 10,148,844	\$ 11,139,823	\$ 13,472,726	\$ 15,466,259	\$ 16,447,075	\$ 14,598,279	\$ 13,934,569
Net (expense) / revenue								
Governmental activities	\$ (25,567,244)	\$ (27,700,628)	\$ (31,019,187)	\$ (33,639,810)	\$ (36,536,140)	\$ (43,296,627)	\$ (43,746,814)	\$ (43,004,654)
Total primary government net expense	\$ (25,567,244)	\$ (27,700,628)	\$ (31,019,187)	\$ (33,639,810)	\$ (36,536,140)	\$ (43,296,627)	\$ (43,746,814)	\$ (43,004,654)

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

	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 19,799,028	\$ 21,362,306	\$ 23,673,512	\$ 25,646,664	\$ 27,823,493	\$ 30,282,018	\$ 30,117,767	\$ 49,583,450
Local sales and use taxes	1,733,547	1,957,375	2,190,929	2,262,675	2,364,724	2,692,913	2,837,283	2,838,297
Taxes on recordation and wills	399,972	543,441	1,133,365	1,127,774	897,902	613,479	450,074	486,031
Communication taxes	-	-	-	-	438,269	1,022,051	928,624	-
Consumer utility taxes	1,008,958	974,898	1,034,003	1,070,406	854,830	666,366	681,492	670,372
Business licenses taxes	866,362	1,013,569	1,207,130	1,269,066	1,354,944	1,193,715	1,017,697	749,297
Meals tax (1)	-	-	-	-	-	-	628,516	667,916
Other local taxes	914,800	987,114	1,181,462	1,117,208	934,988	1,075,012	908,094	624,143
Unrestricted grants and contributions	4,061,081	4,449,359	4,520,582	5,636,350	4,803,851	4,754,973	4,541,517	5,458,531
Unrestricted revenues from use of money and property	144,174	162,299	1,378,994	3,065,850	6,074,437	1,518,252	1,088,900	861,058
Miscellaneous	284,533	335,075	262,875	1,383,413	225,363	349,774	1,176,499	210,365
Total governmental activities	\$ 29,212,455	\$ 31,785,436	\$ 36,582,852	\$ 42,579,406	\$ 45,772,801	\$ 44,168,553	\$ 44,376,463	\$ 62,149,460
Total primary government	\$ 29,212,455	\$ 31,785,436	\$ 36,582,852	\$ 42,579,406	\$ 45,772,801	\$ 44,168,553	\$ 44,376,463	\$ 62,149,460
Change in Net Assets								
Governmental activities	\$ 3,645,211	\$ 4,084,808	\$ 5,563,665	\$ 8,939,596	\$ 9,236,661	\$ 871,926	\$ 629,649	\$ 19,144,806
Total primary government	\$ 3,645,211	\$ 4,084,808	\$ 5,563,665	\$ 8,939,596	\$ 9,236,661	\$ 871,926	\$ 629,649	\$ 19,144,806

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

- (1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"
- (2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.

COUNTY OF WARREN, VIRGINIA

Table 3

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

	2003	2004	2005	2006	2007	2008	2009	2010
General fund								
Unreserved	\$ 13,130,298	\$ 14,861,983	\$ 17,433,209	\$ 21,995,055	\$ 25,920,082	\$ 17,205,359	\$ 15,452,280	\$ 17,195,830
Total general fund	\$ 13,130,298	\$ 14,861,983	\$ 17,433,209	\$ 21,995,055	\$ 25,920,082	\$ 17,205,359	\$ 15,452,280	\$ 17,195,830
All other governmental funds								
Reserved	\$ -	\$ -	\$ 77,194,689	\$ 37,608,880	\$ 8,918,159	\$ 2,726,776	\$ 22,703,534	\$ 12,954,446
Unreserved, reported in:								
Special revenue funds	272,673	433,601	442,567	327,243	363,359	126,553	26,645	(54,216)
Capital projects funds	3,136,398	4,594,324	5,033,233	6,869,431	9,672,514	11,741,182	12,970,305	26,672,946
Total all other governmental funds	\$ 3,409,071	\$ 5,027,925	\$ 82,670,489	\$ 44,805,554	\$ 18,954,032	\$ 14,594,511	\$ 35,700,484	\$ 39,573,176

COUNTY OF WARREN, VIRGINIA

Table 4

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

	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
General property taxes	\$ 19,581,028	\$ 21,692,697	\$ 23,622,839	\$ 25,211,738	\$ 28,235,949	\$ 29,615,065	\$ 30,304,803	\$ 47,236,991
Other local taxes	4,771,486	5,432,715	6,746,889	6,847,128	6,883,177	7,263,536	7,451,780	6,036,056
Permits, privilege fees and regulatory licenses	878,896	860,766	1,041,773	1,094,150	917,128	648,763	508,254	506,320
Fines and forfeitures	37,775	65,231	93,745	102,119	93,529	62,110	42,395	48,014
Revenue from use of money and property	257,510	279,646	1,378,994	3,059,748	6,052,586	1,501,355	1,086,205	861,058
Charges for services	626,522	942,152	1,813,216	2,271,272	2,007,538	2,271,201	1,915,160	1,800,540
Miscellaneous	181,339	208,621	217,997	1,079,321	474,236	2,014,035	1,172,533	227,306
Recovered costs	-	-	59,825	102,821	632,889	576,439	677,069	553,957
Intergovernmental:								
Commonwealth	9,448,776	10,203,697	10,826,918	13,189,971	12,329,646	12,469,533	11,526,007	12,217,113
Federal	1,989,642	2,202,197	1,869,804	2,219,884	3,392,408	2,124,856	2,819,257	2,380,365
Total revenues	\$ 37,772,974	\$ 41,887,722	\$ 47,672,000	\$ 55,178,152	\$ 61,019,086	\$ 58,546,893	\$ 57,503,463	\$ 71,867,720
Expenditures								
General government administration	\$ 2,022,259	\$ 1,908,881	\$ 2,058,452	\$ 2,544,341	\$ 2,309,828	\$ 2,396,688	\$ 2,521,049	\$ 2,450,952
Judicial administration	608,421	811,180	959,252	1,017,171	1,127,029	1,196,882	1,152,773	1,208,840
Public safety	6,348,892	6,952,973	8,488,185	8,744,615	9,678,565	9,834,048	9,675,347	9,606,720
Public works	2,899,544	3,340,435	3,894,742	4,308,991	4,681,406	4,678,045	4,146,798	4,251,706
Health and welfare	5,577,382	5,870,910	6,394,223	6,691,125	7,163,028	7,448,551	7,351,875	7,280,066
Education	14,830,381	16,769,680	14,761,096	15,883,584	15,588,578	18,616,370	18,875,998	18,901,332
Parks, recreation and cultural	1,125,196	1,453,936	1,380,437	1,756,337	1,992,193	2,243,701	2,277,426	2,565,936
Community development	790,868	831,658	937,181	704,743	801,080	987,983	975,573	856,205
Non-departmental	181,790	204,876	102,283	114,462	389,752	475,784	172,356	182,337
Capital projects	720,375	1,143,112	15,141,486	41,729,898	34,411,243	14,279,414	8,887,092	19,454,905
Debt service								
Principal	225,550	449,240	684,518	1,113,143	1,149,551	1,165,548	1,525,382	3,711,768
Interest and other fiscal charges	239,488	234,470	1,866,039	4,060,595	4,022,879	3,813,327	4,819,350	4,964,661
Total expenditures	\$ 35,570,146	\$ 39,971,351	\$ 56,667,894	\$ 88,669,005	\$ 83,315,132	\$ 67,136,341	\$ 62,381,019	\$ 75,435,428
Excess of revenues over (under) expenditures	\$ 2,202,828	\$ 1,916,371	\$ (8,995,894)	\$ (33,490,853)	\$ (22,296,046)	\$ (8,589,448)	\$ (4,877,556)	\$ (3,567,708)
Other financing sources (uses)								
Transfers in	\$ 918,250	\$ 3,402,555	\$ 4,562,108	\$ 7,761,927	\$ 6,405,058	\$ 12,639,909	\$ 6,429,432	\$ 22,414,429
Transfers out	(918,250)	(3,402,555)	(4,562,108)	(7,761,927)	(6,405,058)	(12,673,070)	(6,429,432)	(22,375,833)
Issuance of bonds	-	-	83,265,000	-	-	12,730,401	46,775,450	11,192,300
Premium on bonds issued	-	-	1,973,716	-	-	686,698	-	-
Discount on bonds issued	-	-	-	-	-	-	(40,000)	-
Payments to refunded bond escrow agent	-	-	-	-	-	(15,000,000)	(23,000,000)	(2,450,000)
Issuance capital leases	129,145	1,290,942	2,530,232	226,751	284,690	304,139	495,000	403,054
Total other financing sources (uses)	\$ 129,145	\$ 1,290,942	\$ 87,768,948	\$ 226,751	\$ 284,690	\$ (1,311,923)	\$ 24,230,450	\$ 9,183,950
Net change in fund balances	\$ 2,331,973	\$ 3,207,313	\$ 78,773,054	\$ (33,264,102)	\$ (22,011,356)	\$ (9,901,371)	\$ 19,352,894	\$ 5,616,242
Debt service as a percentage of noncapital expenditures	1.33%	1.76%	6.14%	11.02%	10.58%	8.06%	11.21%	11.66%

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

COUNTY OF WARREN, VIRGINIA

Table 5

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

Fiscal Year	General Government Administration				Health and Welfare		Education (2)		Parks, Recreation, and Cultural		Community Development		Non-departmental		Debt Service		Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Public Safety	Public Works	Education (2)	Education (2)	Cultural	Community Development	Non-departmental	Debt Service	Debt Service	Total			
2000-01	\$ 1,537,896	\$ 554,852	\$ 5,038,885	\$ 2,508,520	\$ 4,836,182	\$ 32,311,266	\$ 770,176	\$ 791,944	\$ -	\$ 2,648,191	\$ 50,997,912						
2001-02	1,915,942	549,878	5,563,344	2,728,421	5,410,981	33,798,143	1,108,592	785,672	-	3,324,600	55,185,573						
2002-03	2,022,259	608,421	6,348,892	2,899,544	5,577,382	37,590,829	1,135,255	790,868	-	3,185,943	60,159,393						
2003-04	1,908,881	811,180	6,952,973	3,340,435	5,870,910	39,493,996	1,453,936	831,658	-	3,077,328	63,741,297						
2004-05	2,058,452	959,252	8,488,185	3,894,742	6,394,223	41,797,866	1,380,437	937,181	-	4,696,099	70,606,437						
2005-06	2,544,341	1,017,171	8,744,615	4,308,991	6,691,125	40,809,276	1,756,337	890,950	-	7,245,211	74,008,017						
2006-07	2,309,828	1,127,029	9,678,565	4,681,406	7,163,028	43,935,553	1,992,193	801,080	-	7,174,053	78,862,735						
2007-08	2,396,688	1,196,882	9,834,048	4,678,045	7,448,551	47,741,628	2,243,701	987,983	-	6,915,189	83,442,715						
2008-09	2,521,049	1,152,773	9,675,347	4,146,798	7,351,875	48,022,270	2,277,426	975,573	172,356	8,217,033	84,512,500						
2009-10	2,450,952	1,208,840	9,606,720	4,251,706	7,280,066	47,327,876	2,565,936	856,205	182,337	10,583,442	86,314,080						

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

(2) Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority

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

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

COUNTY OF WARREN, VIRGINIA

Table 6

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

Fiscal Year	General Property Taxes		Other Local Taxes		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
2000-01	\$ 18,560,487	\$ 3,760,710	\$ 536,196	\$ 5,701	\$ 1,993,622	\$ 1,297,337	\$ 2,654,817	\$ -	\$ -	\$ 26,766,588	\$ 55,575,458	\$ -	\$ -	\$ 26,766,588	\$ 55,575,458	\$ -	\$ -	\$ -	\$ -
2001-02	18,809,339	4,528,743	736,059	9,608	1,248,443	1,366,301	3,084,640	-	-	30,809,128	60,592,261	-	-	30,809,128	60,592,261	-	-	-	-
2002-03	19,581,028	4,771,486	878,896	37,775	534,705	1,613,766	3,761,843	-	-	32,330,545	63,510,044	-	-	32,330,545	63,510,044	-	-	-	-
2003-04	21,692,697	5,432,715	860,766	65,231	430,805	2,040,939	4,031,639	-	-	34,008,133	68,562,925	-	-	34,008,133	68,562,925	-	-	-	-
2004-05	23,622,839	6,746,889	1,041,773	93,745	551,501	3,005,579	3,872,864	59,825	59,825	37,275,360	76,270,375	59,825	59,825	37,275,360	76,270,375	59,825	59,825	59,825	59,825
2005-06	25,211,738	6,847,128	1,094,150	102,119	3,064,164	3,665,679	1,316,930	102,821	102,821	41,538,374	82,943,103	102,821	102,821	41,538,374	82,943,103	102,821	102,821	102,821	102,821
2006-07	28,235,949	6,883,177	917,128	93,529	6,073,046	3,328,318	818,470	632,889	632,889	44,465,619	91,448,125	632,889	632,889	44,465,619	91,448,125	632,889	632,889	632,889	632,889
2007-08	29,615,065	7,263,536	648,763	62,110	1,543,815	3,643,342	720,142	576,439	576,439	44,109,698	88,182,910	576,439	576,439	44,109,698	88,182,910	576,439	576,439	576,439	576,439
2008-09	30,304,803	7,451,780	508,254	42,395	1,086,849	3,310,229	1,577,659	677,069	677,069	43,622,251	88,581,289	677,069	677,069	43,622,251	88,581,289	677,069	677,069	677,069	677,069
2009-10	47,236,991	6,036,056	506,320	48,014	458,989	3,124,505	546,584	553,957	553,957	43,614,828	102,126,244	546,584	546,584	43,614,828	102,126,244	546,584	546,584	546,584	546,584

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

(2) Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority

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

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

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

COUNTY OF WARREN, VIRGINIA

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Recordation and Wills Tax	Business License Tax	Communication Tax	Meals Tax (1)	Other Local Taxes		Total
2003	\$ 19,799,028	\$ 1,733,547	\$ 1,008,958	\$ 399,972	\$ 866,362	\$ -	\$ -	914,800	\$ 24,722,667	
2004	21,362,306	1,957,375	974,898	543,441	1,013,569	-	-	987,114	26,838,703	
2005	23,673,512	2,190,929	1,034,003	1,133,365	1,207,130	-	-	1,181,462	30,420,401	
2006	25,646,664	2,262,675	1,070,406	1,127,774	1,269,066	-	-	1,117,208	32,493,793	
2007	27,823,493	2,364,724	854,830	897,902	1,354,944	438,269	-	1,373,257	35,107,419	
2008	30,282,018	2,692,913	666,366	613,479	1,193,715	1,022,051	-	1,021,862	37,492,404	
2009	30,117,767	2,837,283	681,492	450,074	1,017,697	928,624	628,516	908,094	37,569,547	
2010	49,583,450	2,838,297	670,372	486,031	749,297	932,498	667,916	1,110,174	57,038,035	

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

- (1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"
- (2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 8

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes		Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Homes						
2001	\$ 1,516,628,300	\$ 258,508,006	\$ 25,560,450	\$ 56,421,287	\$ 1,857,118,043	\$ 1,857,118,043	100.00%	
2002	1,559,216,707	278,249,441	25,191,430	54,717,723	1,917,375,301	1,917,375,301	100.00%	
2003	1,596,978,600	296,999,756	24,535,050	52,954,863	1,971,468,269	1,971,468,269	100.00%	
2004	2,024,030,300	326,324,172	23,889,510	52,954,863	2,427,198,845	2,427,198,845	100.00%	
2005	2,296,416,720	336,831,968	20,171,800	54,718,870	2,708,139,358	2,708,139,358	100.00%	
2006	2,232,709,900	275,486,114	24,482,595	45,019,071	2,577,697,680	2,577,697,680	100.00%	
2007	2,322,050,800	413,895,353	19,761,215	37,241,703	2,792,949,071	2,792,949,071	100.00%	
2008	4,618,588,000	426,788,783	54,714,951	67,587,582	5,167,679,316	5,167,679,316	100.00%	
2009	4,737,808,700	422,529,586	54,831,030	71,830,670	5,286,999,986	5,286,999,986	100.00%	
2010	4,805,941,500	362,529,370	57,578,180	84,239,604	5,310,288,654	5,310,288,654	100.00%	

Source: Commissioner of Revenue

Note: The County implemented semi-annual tax billings in fiscal year 2010 - fiscal year 2010 is comprised of the 2009 calendar year assesment.

COUNTY OF WARREN, VIRGINIA

Table 9

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Direct Rates				
	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)	
2001	0.83	3.15	0.83	2.00	
2002	0.86	3.15	0.86	2.25	
2003	0.86	3.15	0.86	2.25	
2004	0.76	3.15	0.76	2.25	
2005	0.79	3.15	0.79	2.25	
2006	0.79	3.15	0.79	2.25	
2007	0.82	3.15	0.82	2.25	
2008	0.45	3.15	0.45	1.30	
2009	0.45	3.15	0.45	1.30	
2010	0.46	4.00	0.46	1.30	

(1) Per \$100 of assessed value

(2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.

COUNTY OF WARREN, VIRGINIA

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3,5)		Current Tax Collections (1,4,5)	Percent of Levy Collected	Delinquent Tax Collections (1)		Total Tax Collections	Outstanding Delinquent Taxes (1,2)
2000-01	\$	18,109,177	\$ 16,962,023	93.67%	\$ 808,916	\$ 17,770,939	\$ 1,123,744	
2001-02		18,083,580	17,087,298	94.49%	793,276	17,880,574	812,451	
2002-03		18,640,421	17,754,546	95.25%	736,771	18,491,317	1,135,506	
2003-04		20,678,868	19,815,413	95.82%	620,023	20,435,436	783,382	
2004-05		22,942,829	21,857,551	95.27%	853,251	22,710,802	1,997,402	
2005-06		29,725,755	29,247,386	98.39%	536,451	29,783,837	1,883,337	
2006-07		32,511,034	31,437,990	96.70%	776,957	32,214,947	2,847,490	
2007-08		34,493,331	33,113,731	96.00%	620,850	33,734,581	2,920,549	
2008-09		34,927,253	33,368,512	95.54%	924,484	34,292,996	3,127,406	
2009-10		50,419,800	45,519,673	90.28%	771,896	46,291,569	5,265,055	

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years plus current tax year.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(4) Includes personal property tax relief from the Commonwealth of Virginia.

(5) In fiscal year 2010 the County implemented semi-annual tax billings - tax levy includes calendar year 2009 and first half of 2010 assessment.

COUNTY OF WARREN, VIRGINIA

Table 11

Ratios of Outstanding Debt by Type
Last Eight Fiscal Years

Fiscal Years	Governmental Activities										Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds		Lease Revenue Bonds		Literary Fund Loans		Other Notes/Bonds		Capital Leases				
2003	\$ 20,635,130	\$ -	\$ -	\$ 20,054	\$ 141,641	\$ -	\$ 20,054	\$ 141,641	\$ -	\$ 20,796,825	2.26%	614	
2004	19,308,772	-	-	14,847	1,133,550	-	14,847	1,133,550	-	20,457,169	2.05%	593	
2005	17,919,015	83,265,000	-	55,476	3,093,633	-	55,476	3,093,633	-	104,333,124	9.48%	2,934	
2006	16,522,681	83,265,000	-	25,677	2,397,040	-	25,677	2,397,040	-	102,210,398	8.52%	2,784	
2007	15,114,663	83,265,000	-	584,846	1,753,666	-	584,846	1,753,666	-	100,718,175	9.15%	2,743	
2008	26,429,273	68,265,000	-	560,780	1,091,323	-	560,780	1,091,323	-	96,346,376	8.03%	2,624	
2009	24,468,064	92,040,450	-	535,424	805,767	-	535,424	805,767	-	117,849,705	9.38%	3,214	
2010	31,207,549	89,592,428	-	510,067	729,453	-	510,067	729,453	-	122,039,497	8.78%	3,324	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Amounts in table do not include premiums or discounts

(1) See the Schedule of Demographic and Economic Statistics - Table 13

COUNTY OF WARREN, VIRGINIA

Table 12

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)		Net Bonded Debt per Capita (1)
2001	\$ 23,463,981	23,463,981	1.26%	\$	728
2002	22,027,054	22,027,054	1.15%		666
2003	20,635,130	20,635,130	1.05%		610
2004	19,308,773	19,308,773	0.80%		560
2005	101,184,015	101,184,015	3.74%		2,846
2006	99,787,681	99,787,681	3.87%		2,718
2007	98,379,663	98,379,663	3.52%		2,767
2008	94,694,273	94,694,273	1.83%		2,579
2009	116,508,514	116,508,514	2.20%		3,178
2010	120,799,977	120,799,977	2.27%		3,290

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 8

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

COUNTY OF WARREN, VIRGINIA

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	32,227	\$ 853,098	\$ 26,472	38	5,011	2.80%
2002	33,051	878,076	26,567	38	5,104	3.90%
2003	33,844	918,957	27,153	38	5,159	3.90%
2004	34,494	1,000,185	28,996	38	5,213	3.20%
2005	35,556	1,100,204	30,942	38	5,268	2.90%
2006	36,717	1,199,222	32,661	38	5,317	2.80%
2007	36,717	1,199,222	32,661	38	5,332	3.10%
2008	36,717	1,199,222	32,661	38	5,301	4.20%
2009	36,663	1,256,292	34,650	38	5,317	6.60%
2010	36,713	1,390,394	37,872	39	5,368	6.61%

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

The census data (excluding school enrollment, median age and unemployment rate) is not updated annually. The 2007 and 2008 data was not available. The 2006 figures were used as an estimate.

COUNTY OF WARREN, VIRGINIA

Table 14

Principal Employers Current Year	2010
Employer	Employees
Warren County School Board	1,000
Valley Health System	830
Family Dollar Services	530
Sysco Resources Northeast, Inc.	500
E.I. DuPont De Nemours Company	435
Ferguson Enterprises, Inc.	400
Interbake Foods	350
County of Warren	280
Totals	<u>4,325</u>

This page intentionally left blank

Compliance

This page intentionally left blank

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Warren, Virginia's basic financial statements and have issued our report thereon dated November 30, 2010. We did not audit the financial statements of the Industrial Development Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements and this report on internal controls and compliance in so far as they relate to the Industrial Development Authority is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *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 Warren, 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 Warren, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Warren, 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 County'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 would not necessarily identify all deficiencies in internal control that might be 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 Warren, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2010

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

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

Compliance

We have audited the compliance of County of Warren, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County of Warren, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Warren, Virginia's management. Our responsibility is to express an opinion on County of Warren, 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 Warren, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Warren, Virginia's compliance with those requirements.

In our opinion, the County of Warren, Virginia complied, in all material respects, with the 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

The management of the County of Warren, 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 Warren, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and to report on internal control over compliance in accordance with OMB 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's internal control over compliance.

Internal Control Over Compliance: (Continued)

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 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 the Board of Supervisors, management, 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, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2010

COUNTY OF WARREN, 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 Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 17,231
Temporary assistance for needy families	93.558	0400109/0400110	274,213
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	811
Low income home energy assistance	93.568	0600409/0600410	11,578
Child care mandatory and matching funds of the child care development block grant	93.575	0770109/0770110	134,509
Child welfare services - state grants	93.645	0900109/0900110	1,025
Child care development fund	93.596	0760109/0760110	155,958
ARRA - Child care and development block grant	93.713	0740109/0780109	65,951
Children's health insurance program	93.767	0540109/0540110	13,921
Foster care - Title IV-E	93.658	1100109/1100110	383,186
ARRA - Foster care - Title IV-E	93.658	1100109/1100110	34,297
Adoption assistance	93.659	1120109/1120110	161,318
ARRA - Adoption assistance	93.659	1120109/1120110	18,453
Social services block grant	93.667	1000109/1000110	111,726
Chafee foster care independence program	93.674	9150108/9150109/9150110	10,867
ARRA - Adoption incentive payments	93.603	1130108	5,560
Medical assistance program	93.778	1200109/1200110	<u>171,215</u>
Total Dept. Health & Human Services-pass through			\$ <u>1,571,819</u>
Total Department Health and Human Services			\$ <u>1,571,819</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution - schools	10.555	10.555/2010/2009	\$ 79,978
Department of Education:			
National school breakfast program	10.553	10.553/2010/2009	143,368
National school lunch program	10.555	10.555/2010/2009	752,174
Summer food service program	10.559	10.559/2010	1,048
Schools and roads - Grants to states	10.665	10.665	1,766
Department of Social Services:			
State admin matching grants for SNAP	10.561	00101109/0040109/0040110	287,314
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	00101109/0040109/0040110	<u>21,871</u>
Total Department of Agriculture - pass-through payments			\$ <u>1,287,519</u>
Total Department of Agriculture			\$ <u>1,287,519</u>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in lieu of taxes	15.226		\$ <u>48,880</u>
Pass Through Payments:			
Department of Conservation and Recreation			
Outdoor recreation_acquisition, development and planning	15.916	51-00412	\$ <u>76,760</u>
Total Department of Interior			\$ <u>125,640</u>

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Expenditures
Department of Justice:			
Direct payments:			
Public safety partnership & community policing grants	16.710		\$ 6,457
Edward Byrne memorial state and local law enforcement assistance	16.580		50,143
Total Department of Justice - direct payments			<u>\$ 56,600</u>
Pass Through Payments:			
Department of Criminal Justice Service:			
ARRA - Edward Byrne memorial justice assistance grant (JAG)	16.803	09SUB9033	\$ 140,669
Total Department of Justice - pass-through			<u>\$ 140,669</u>
Total Department of Justice			<u>\$ 197,269</u>
National Foundation on the Arts and the Humanities			
Pass Through Payments:			
The Library of Virginia:			
E-Rate of Virginia	45.310	N/A	\$ 80,142
Total National Foundation on the Arts and the Humanities			<u>\$ 80,142</u>
Department of Transportation:			
Direct Payments:			
Airport improvement program	20.106		\$ 2,409
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety	20.600	SC2009593703673	14,274
Total Department of Transportation			<u>\$ 16,683</u>
Small Business Administration			
Direct Payments:			
Congressional mandated	59.000		159,769
Department of Education:			
Pass Through Payments:			
Department of Education:			
State fiscal stabilization fund - education state grants, recovery act	84.394	S394A090047	\$ 1,895,978
Title I: Grants to local educational agencies	84.010	S010A090046	874,326
ARRA - Title I: Grants to local educational agencies	84.389	S389A090046	65,644
ARRA - School improvement grants	84.377	S377A080047	38,547
Title VI-B: Special education grants to states	84.027	H027A090107	1,134,124
ARRA - Title VI-B: Special education grants to states	84.391	H391A090107	611,552
Career and technical education: Basic grants to states	84.048	V048A090046	99,220
Title VI-B: Special education preschool grants	84.173	H173A090112	30,147
ARRA - Title VI-B: Special education preschool grants	84.392	H392A090112	20,931
Safe and drug-free schools and communities	84.186	Q186A080048	9,814
English language acquisition grants	84.365	T365A080046	13,153
Title II, part D: Education technology state grant	84.318	S318X090046	8,590
Title II, part A: Improving teacher quality state grants	84.367	S367A090044	194,502
ARRA - Title II, part D: Education technology state grant	84.386	S386A090046	21,748
Total Department of Education			<u>\$ 5,018,276</u>
Total Expenditures of Federal Awards			<u>\$ 8,457,117</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WARREN, VIRGINIA

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

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal grant activity of the County of Warren, Virginia under programs of the federal government for the year ended June 30, 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 Warren, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Warren, Virginia.

Note 2 - Basis of Accounting

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles provided in OMB Circular A-81, *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 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General fund	\$ 2,380,365
Total primary government	\$ <u>2,380,365</u>

Component Unit - Warren County Public Schools:

School operating fund	\$ 6,076,752
Total component unit public schools	\$ <u>6,076,752</u>

Total federal expenditures per basic financial statements	\$ <u><u>8,457,117</u></u>
---	----------------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>8,457,117</u></u>
---	----------------------------

COUNTY OF WARREN, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
	Special Education Cluster:
84.027	Title VI-B, Special education state grant
84.391	ARRA - Title VI-B: Special education preschool grants
84.173	Title VI-B, Special education preschool grant
84.392	ARRA - Title VI-B: Special education preschool grants
84.394	State fiscal stabilization fund - government services recovery act
16.803	ARRA - Ed Byrne memorial justice assistance grant
10.561	State admin matching grants for SNAP
10.561	ARRA - State admin matching grants for SNAP
	Child Nutrition Cluster:
10.553	School breakfast program
10.555	National school lunch program
10.559	Summer food service program
10.555	Food distribution - schools
84.010	Title I: Grants to local educational agencies
84.389	ARRA - Title I: Grants to local educational agencies

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None