Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2010

Scott County
Virginia
We're A Natural

County of Scott, Virginia

COUNTY OF SCOTT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

COUNTY OF SCOTT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

COUNTY OF SCOTT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

COUNTY OF SCOTT, VIRGINIA

BOARD OF SUPERVISORS

David S. Redwine, Chairman

Paul S. Fields	D. Joe Horton
Danny S. Parks	Joe W. Herron
Randall S. "Buck" Kinkead	Chad E. Hood

COUNTY SCHOOL BOARD

Joe D. Meade, Chairman

Lowell S. Campbell	Dennis Templeton
James K. Jessee	Gloria E. "Beth" Blair
Kathy J. McClelland	James Kay Jessee

COUNTY WELFARE BOARD

Joe Horton, Chairman

Mitzi Owens	Brenda Parks

OTHER OFFICIALS

Judge of the Circuit Court	John C. Kilgore
Clerk of the Circuit Court	Mark A. "Bo" Taylor
Commonwealth's Attorney	Marcus McClung
Commissioner of the Revenue	Gary Baker
Treasurer	Kevin Helms
Sheriff	John Puckett
Superintendent of Schools	James Scott
Director of Social Services	Gary Blankenbecler
County Administrator	Rufus Hood

BOSTIC, TUCKER & COMPANY, P.C.
Certified Public Accountants

RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the
Board of Supervisors
County of Scott, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, 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's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the County of Scott, 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 a report dated December 15, 2010 on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 12-22 and 61-69 and 75-85 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 consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the County of Scott's basic financial statements. The accompanying financial information listed as supplementary schedules in the Table of Contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management & Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the combining and individual non-major fund financial statements, and statistical schedules are presented for purposes of additional analysis and are not a required part of the financial statements of the County. The combining and individual non-major fund financial statements 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, is fairly presented in all material respects in relation to the financial statements taken as a whole. The statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bostic, Tucker & Company, PC

Lebanon, Virginia
December 15, 2010

BOSTIC, TUCKER
& COMPANY, P.C.
Certified Public Accountants

RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIALSTATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Members of the
Board of Supervisors
County of Scott, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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's internal control over financial reporting as a basis for designing our audit 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's internal control of financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 non-compliance that are required to be reported under *Government Auditing Standards*.

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

Bostic, Tucker & Company, PC

Lebanon, Virginia
December 15, 2010

BOSTIC, TUCKER
& COMPANY, P.C.
Certified Public Accountants

RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com

December 15, 2010

To the Scott County Board of Supervisors
County of Scott, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Scott, Virginia for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our audit contract dated July 10, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our audit contract letter dated July 10, 2007 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered County of Scott, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether County of Scott, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about County of Scott, 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" applicable to each of its major federal programs for the purpose of expressing an opinion on County of Scott, Virginia's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on County of Scott, Virginia's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on November 2, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Scott, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the allowance for doubtful accounts of the primary government, as well as the component units, is based on historical revenues. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of depreciation of property, plant, and equipment of the primary government, as well as the

component units, is based on the estimated useful lives ranging from five to eighty years. We evaluated the key factors and assumptions used to develop the allowance in determining it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 12 to the financial statements identifies state and federal laws requiring the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The county reports a portion of these closure and care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2010.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Scott County Board of Supervisors and management of County of Scott, Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bostic, Tucker & Company, PC

Bostic, Tucker and Company, P.C.

BOSTIC, TUCKER
& COMPANY, P.C.
Certified Public Accountants

RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266
(276) 889-3103 Fax: (276) 889-0229
www.bthcpa.com

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

The Honorable Members of the
Board of Supervisors
County of Scott, Virginia:

Compliance

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

In our opinion, the County of Scott, 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 Scott, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Bostic, Tucker & Company, PC

December 15, 2010
Lebanon, Virginia

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Scott, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County exceeded it's liabilities at the close of the most recent fiscal year by $11,766,696 (net assets). Of this amount, $1,259,203 (unrestricted net assets) may be used to meet the government's ongoing obligation to citizens and creditors.

- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of $2,637,104, a decrease of $1,433,253 in comparison with the prior year. Approximately 100% of this total amount, $2,637,104 is available for spending at the County's discretion (unreserved fund balance).

- At the end of the current fiscal year, undesignated fund balance for the general fund was $2,598,113, or 17% of total general fund expenditures.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police safety, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Scott, Virginia itself (known as the primary government), but also a legally separate school board (for which the County of Scott, Virginia is financially accountable), public services authority and economic development authority.

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - 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 Scott, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Overview of the Financial Statements (Continued):

Governmental funds - Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Law Library Fund, and Coal Road Improvement Fund, of which only the General Fund is considered to be a major fund.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds and expendable trust fund. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities form the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds and Expendable Trust funds are County custodial funds used to provide accountability of client or employee monies for which the County is custodian.

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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceed liabilities by $11,766,698 at the close of the most recent fiscal year.

The largest portion of the County's net assets (89%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	2010	2009
Current and other assets	$ 15,780,720	$ 16,609,968
Capital assets	10,591,458	11,202,876
Total assets	$ 26,372,178	$ 27,812,844
Long-term liabilities outstanding	$ 2,245,735	$ 1,982,084
Current liabilities	12,359,747	12,138,169
Total liabilities	$ 14,605,482	$ 14,120,253
Net assets:		
Investment in capital assets, net of related debt	$ 10,507,493	$ 10,939,625
Unrestricted	1,259,203	2,752,966
Total net assets	$ 11,766,696	$ 13,692,591

At the end of the current fiscal year, the County is able to report positive balances in net assets.

During the current fiscal year, the County's (including component unit's) net assets increased by $911,228.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities decreased the County's net assets by $1,925,895. Key elements of this increase are as follows:

County of Scott, Virginia's Change in Net Assets

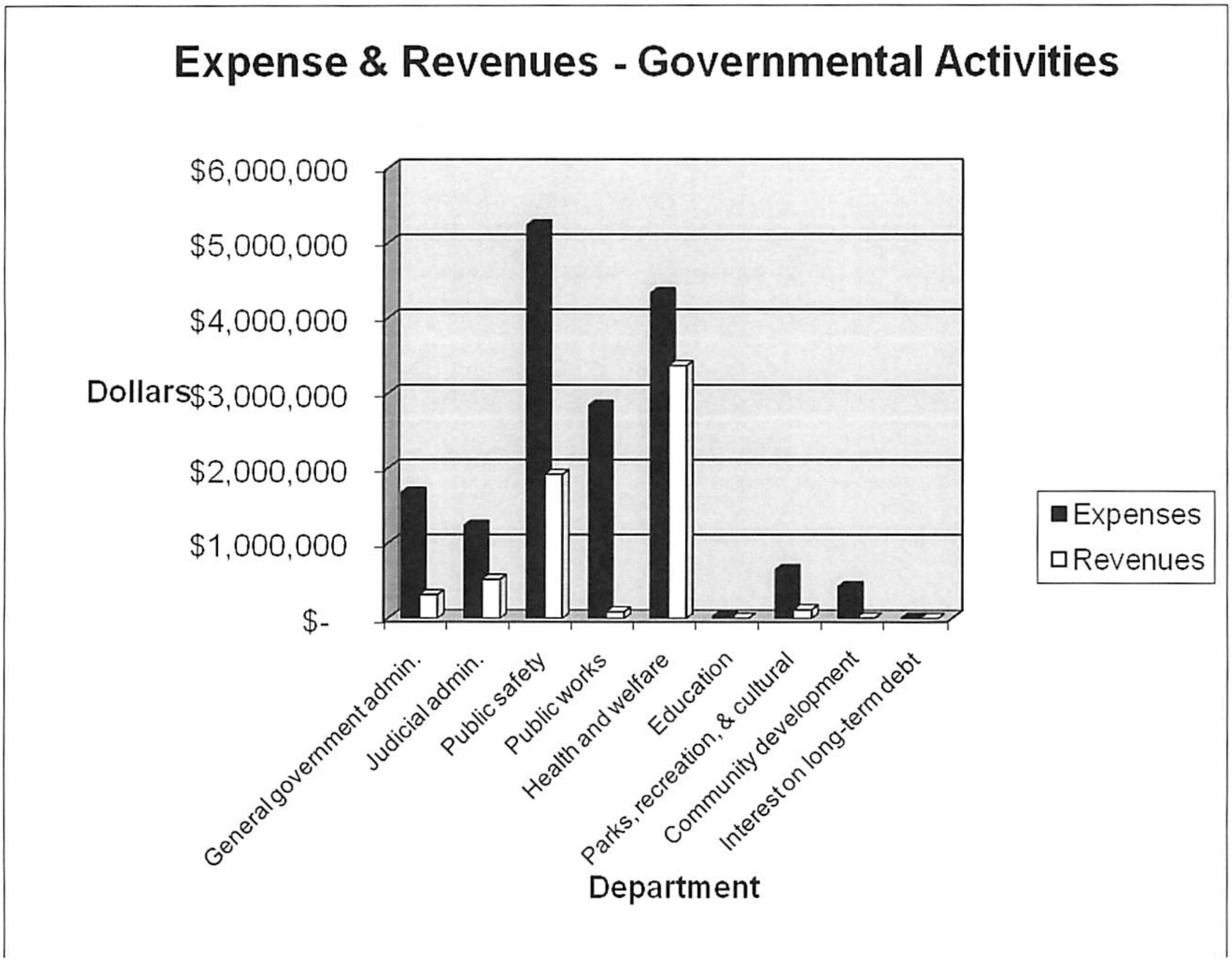
	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	$ 459,203	$ 395,217
Operating grants and contributions	5,850,809	6,059,904
General revenues:		
Property taxes	8,169,974	9,001,848
Other local taxes	3,119,899	3,061,724
Other	1,440,604	1,697,774
Total revenues	$ 19,040,489	$ 20,216,467
Expenses:		
General government	$ 1,674,034	$ 1,673,981
Judicial administration	1,233,475	1,183,616
Public safety	5,233,135	4,683,971
Public works	2,836,582	1,426,867
Health and welfare	4,328,650	4,531,171
Education	4,580,149	5,112,604
Parks, recreation and culture	646,810	612,528
Community development	425,029	876,362
Interest	8,520	17,036
Total expenses	$ 20,966,384	$ 20,118,136
Increase in net assets	$ (1,925,895)	$ 98,331
Net assets - beginning	13,692,591	13,594,260
Net assets - ending	$ 11,766,696	$ 13,692,591

Operating grants and contributions remained consistent during the year.

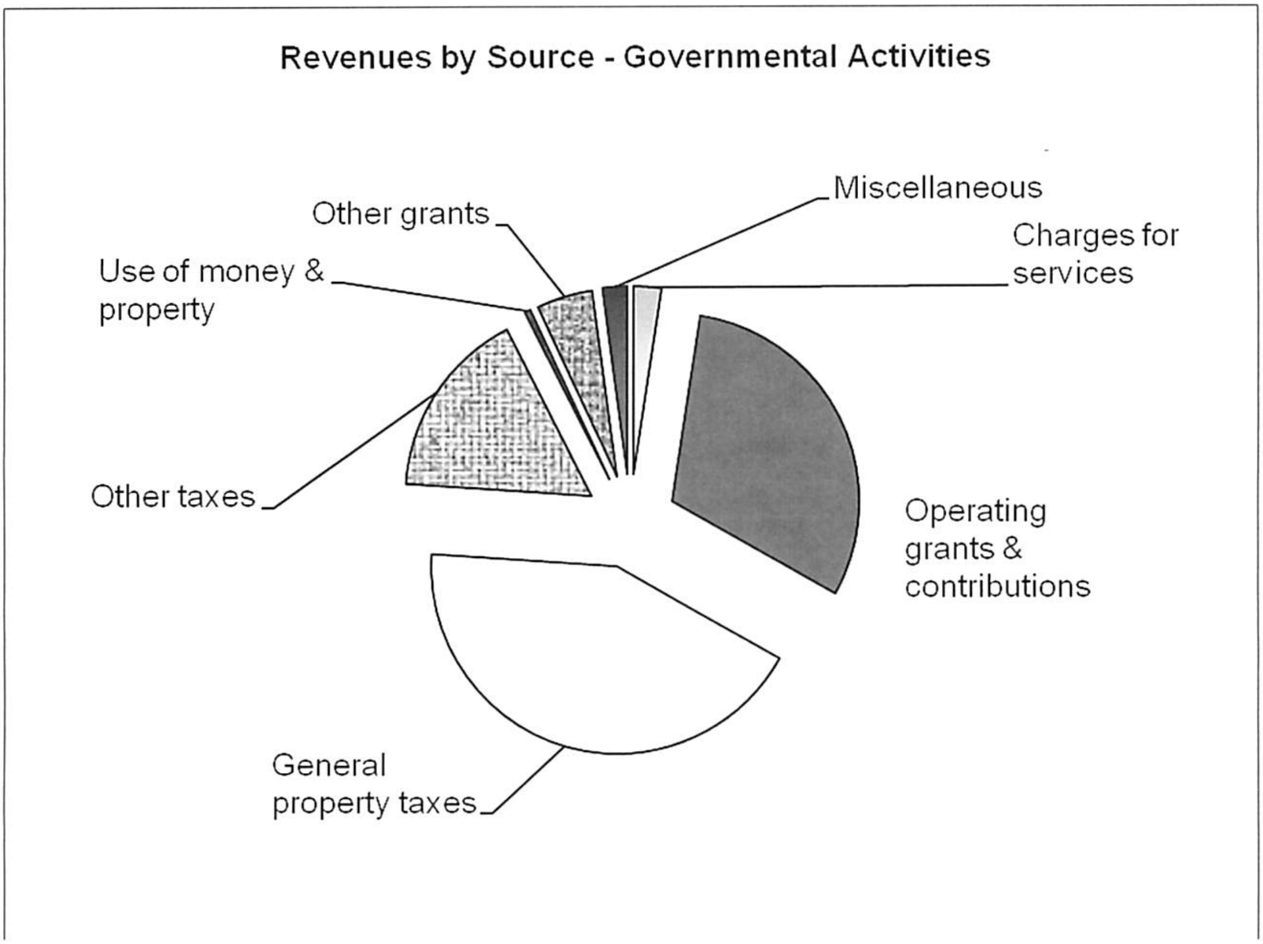
Government-wide Financial Analysis (Continued)

For the most part, increases in expense closely paralleled inflation of services.

The following graphs illustrate expense and program revenues for each of the functional areas of governmental activities as well as illustrating revenues by source for governmental activities:



Government-wide Financial Analysis (Continued)



Financial Analysis of the County's Funds

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

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

Financial Analysis of the County's Funds (Continued)

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $2,637,104 a decrease of $1,433,253 in comparison with the prior year. Approximately 100% of this total amount, $2,637,104 constitutes unreserved fund balance, which is available for spending at the County's discretion.

The general fund is the operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was $2,598,113, while the total fund balance was also $2,598,113. As a measure of the general fund's liquidity, t may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17% of total general fund expenditures.

The general fund balance decreased $1,437,630 during the current year.

The special revenue funds have a total fund balance of $38,991, all of which is undesignated. The fund balance increased $4,377 during the current year.

General Fund Budgetary Highlights

During the 2010 fiscal year the County had no amendments to its original budget.

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2010 amounts to $10,591,458 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was $611,418.

Assets and Debt Administration (Continued)

County of Scott, Virginia's Net Assets

	Governmental Activities	
	2010	2009
Land	$ 1,053,829	$ 1,043,829
Buildings and improvements	7,572,495	7,694,959
Equipment	7,787,356	7,264,635
Tenancy in common	35,045	202,861
Total capital assets	$ 16,448,725	$ 16,206,284
Less: accumulated depreciation	5,857,267	5,003,408
Net capital assets	$ 10,591,458	$ 11,202,876

Additional Information on the County's capital assets can be found in Note 5.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of $83,965. Of this amount $83,965 comprises debt backed by the full faith and credit of the County.

During the fiscal year, the County's total debt decreased by $179,286.

Additional information on the County of Scott, Virginia's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

- The June 2010 unemployment rate for the County of Scott, Virginia is 9.0%, which is an decrease from a rate of 10.8% in June 2009. This exceeds the state's average unemployment rate by 2.0% while the rate compares below the national average rate of 9.5%.
- Inflationary trends in the region compare equally to national indices.

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

These factors were considered in preparing the County's budget for the 2011 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the County Administrator, 112 Water Street, Gate City, Virginia 24251.

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2010

EXHIBIT 1

	Primary Government Governmental Activities	Component Units School Board	Component Units Other Component Units
Assets:			
Current Assets			
Cash & cash equivalents	$ 3,868,323	$ 991,814	$ 1,278,363
Receivables (net of allowance):			
Property taxes	11,114,420	-	-
Consumer utility taxes	-	-	-
Accounts receivable	134,178	-	273,212
Due from component unit	-	1,952,185	-
Inventory	-	-	66,832
Other current assets	-	772,595	2,908
Due from other governments	663,799	625,631	536,711
Total current assets	15,780,720	4,342,225	2,158,026
Noncurrent assets			
Capital assets:			
Land	1,053,829	1,577,912	4,445,536
Buildings & equipment, net of depreciation	9,537,629	35,770,433	47,991,568
Total noncurrent assets	10,591,458	37,348,345	52,437,104
Other assets:			
Restricted cash in bank	-	-	475,397
Notes receivable	-	-	86,858
Unamortized bond costs	-	-	62,307
Total other assets	-	-	624,562
Total assets	$ 26,372,178	$ 41,690,570	$ 55,219,692
Liabilities:			
Current Liabilities			
Accounts payable & accrued expenses	$ 120,639	$ 440,206	$ 630,439
Salaries payable	-	2,906,882	-
Health insurance payable	-	-	-
Due to component unit	1,952,185	-	-
Deferred revenue	10,115,619	15,571	-
Prepaid taxes	102,339	-	-
Current portion of long-term obligations	68,965	-	892,264
Total current liabilities	12,359,747	3,362,659	1,522,703
Noncurrent liabilities			
Accrued leave	454,885	648,444	150,446
Amounts held for others	-	-	164,627
Landfill closure	1,520,962	-	-
Other Post - Employment Benefits	254,888	790,910	90,998
Noncurrent portion of long-term obligations	15,000	-	17,192,723
Total noncurrent liabilities	2,245,735	1,439,354	17,598,794
Total liabilities	14,605,482	4,802,013	19,121,497
Invested in capital assets, net of related debt	10,507,493	37,348,345	34,352,117
Unrestricted assets	1,259,203	(459,788)	1,746,078
Total net assets	11,766,696	36,888,557	36,098,195
Total liabilities & net assets	$ 26,372,178	$ 41,690,570	$ 55,219,692

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

EXHIBIT 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government Governmental Activities	School Board	Discretely Presented Component Units
Primary Government:							
Governmental activities:							
General government administration	$ 1,674,034	$ 796	$ 310,291	$ -	$ (1,362,947)	$ -	$ -
Judicial administration	1,233,475	5,330	511,038	-	(717,107)	-	-
Public safety	5,233,135	233,666	1,678,434	-	(3,321,035)	-	-
Public works	2,836,582	75,487	11,084	-	(2,750,011)	-	-
Health and welfare	4,328,650	28,436	3,332,462	-	(967,752)	-	-
Education	4,580,149	-	-	-	(4,580,149)	-	-
Parks, recreation, and cultural	646,810	115,488	-	-	(531,322)	-	-
Community development	425,029	-	7,500	-	(417,529)	-	-
Interest on long-term debt	8,520	-	-	-	(8,520)	-	-
Total government activities	20,966,384	459,203	5,850,809	-	(14,656,372)	-	-
Total primary government	20,966,384	459,203	5,850,809	-	(14,656,372)	-	-
Component units:							
School board	44,263,414	5,098,883	33,817,440	-	-	(5,347,091)	-
Other component units	3,743,128	2,438,457	2,329,717	2,276,365	-	-	3,301,411
Total component units	$ 48,006,542	$ 7,537,340	$ 36,147,157	$ 2,276,365	$ -	$ (5,347,091)	$ 3,301,411
Total					$ (14,656,372)	$ (5,347,091)	$ 3,301,411
General Revenues:							
General Property					8,169,974	-	-
Other local taxes					3,119,899	-	-
Unrestricted revenues from use of money and property					101,244	35	9,946
Miscellaneous					410,886	181,084	139,553
Grants and contributions not restricted to specific programs					928,474	-	-
County contribution to School Board					-	4,552,185	-
Change in net assets					(1,925,895)	(613,787)	3,450,910
Net assets - beginning					13,692,591	37,502,344	32,647,285
Net assets - ending					$ 11,766,696	$ 36,888,557	$ 36,098,195

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

This page intentionally left blank

Fund Financial Statements

COUNTY OF SCOTT, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

EXHIBIT 3

	General Fund	Other General Funds	Total
Assets:			
Cash & cash equivalents	$ 3,829,684	$ 38,639	$ 3,868,323
Receivables (net of allowance):			
Property taxes	11,114,420	-	11,114,420
Consumer utility taxes	-	-	-
Accounts receivable	133,725	453	134,178
Due from other funds	222,106	-	222,106
Due from other governments	441,693	-	441,693
Total assets	$ 15,741,628	$ 39,092	$ 15,780,720
Liabilities:			
Accounts payable & accrued expenses	$ 120,538	$ 101	$ 120,639
Due to other funds			
Component unit	1,952,185	-	1,952,185
Deferred taxes	10,968,453	-	10,968,453
Prepaid taxes	102,339	-	102,339
Total liabilities	13,143,515	101	13,143,616
Fund Balance:			
Undesignated	2,598,113	38,991	2,637,104
Total fund balances	2,598,113	38,991	2,637,104
Total liabilities & fund balances	$ 15,741,628	$ 39,092	

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	10,591,458
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (receivables) are offset by deferred revenues in the governmental funds and not included in fund balance.	852,834
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.	(2,314,700)
Fund balance of General Government Activities	$ 11,766,696

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

COUNTY OF SCOTT, VIRGINIA EXHIBIT 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Governmental Fund Types		
	General	Other Funds	Total Governmental Funds
Revenues:			
General property taxes	$ 7,845,243	$ -	$ 7,845,243
Other local taxes	3,113,524	6,375	3,119,899
Permits, privilege fees & regulatory licenses	48,642	-	48,642
Fines and forfeitures	185,820	-	185,820
Revenue from use of money & property	101,244	-	101,244
Charges for services	221,096	3,645	224,741
Miscellaneous	116,756	-	116,756
Recovered costs	350,720	-	350,720
Intergovernmental:			
Commonwealth	5,225,451	-	5,225,451
Federal	1,553,832	-	1,553,832
Total revenues	18,762,328	10,020	18,772,348
Expenditures:			
Current:			
General government administration	1,896,713	-	1,896,713
Judicial administration	1,142,241	2,682	1,144,923
Public safety	4,784,534	-	4,784,534
Public works	2,429,350	2,961	2,432,311
Health and welfare	4,333,286	-	4,333,286
Education	27,964	-	27,964
Parks, recreation, and cultural	604,540	-	604,540
Community development	420,441	-	420,441
Debt service:			
Principal retirement	168,000	-	168,000
Interest and other fiscal charges	8,520	-	8,520
Total expenditures	15,815,589	5,643	15,821,232
Excess (deficiency) of revenues over (under) expenditures	2,946,739	4,377	2,951,116
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(4,384,369)	-	(4,384,369)
Proceeds from debt	-	-	-
Total other financing sources (uses)	(4,384,369)	-	(4,384,369)
Net changes in fund balances	(1,437,630)	4,377	(1,433,253)
Fund balances at beginning of year	4,035,743	34,614	4,070,357
Fund balances at end of year	$ 2,598,113	$ 38,991	$ 2,637,104

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

COUNTY OF SCOTT, VIRGINIA
RECONCILIATION OF STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

EXHIBIT 5

		Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(1,433,253)
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 exceed depreciation in the current period.		(443,602)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		268,141
School component unit general obligation debt guaranteed by the County is reported in governmental activities in statement of net assets. County has a tenancy-in-common for school assets with outstanding debt. This is the amount of debt that was paid for the year.		(167,816)
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 issuance of long-term debt and related items.		(160,835)
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.		11,470
Change in net assets of governmental activities	$	(1,925,895)

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF NET ASSETS -
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2010

EXHIBIT 6

	Discretely Presented Component Units
Assets:	
Current assets	
Cash and cash equivalents	$ 1,278,363
Receivables (net of allowance for uncollectibles):	
Accounts receivable	273,212
Inventory	66,832
Other current assets	2,908
Due from other governments	536,711
Total current assets	2,158,026
Noncurrent assets	
Capital assets:	
Land	4,445,536
Buildings and equipment, net of depreciation	47,991,568
Total noncurrent assets	52,437,104
Other assets:	
Restricted cash in bank	475,397
Notes receivable	86,858
Unamortized bond costs	62,307
Total other assets	624,562
Total assets	$ 55,219,692
Liabilities:	
Current liabilities	
Accounts payable and accrued expenses	$ 630,439
Current portion of long-term obligations	892,264
Total current liabilities	1,522,703
Noncurrent liabilities	
Compensated absences	150,446
Other post employement benefits	90,998
Amounts held for others	164,627
Noncurrent portion of long-term obligations	17,192,723
Total noncurrent liabilities	17,598,794
Total liabilities	19,121,497
Net assets:	
Invested in capital assets, net of related debt	34,352,117
Unrestricted assets	1,746,078
Total net assets	36,098,195
Total liabilities and net assets	$ 55,219,692

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

COUNTY OF SCOTT, VIRGINIA

EXHIBIT 7

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2010

	Discretely Presented Component Units
Operating revenues:	
Charges for services	$ 2,438,457
Rental income	202,421
Grants	2,114,175
Miscellaneous	13,121
Total operating revenue	4,768,174
Operating expenses:	
Employee benefits	1,240,684
Materials and supplies	2,146,673
Total operating expense	3,387,357
Operating income (loss)	1,380,817
Nonoperating revenues (expenses):	
Interest earned	9,946
Connection fees	63,624
Other nonoperating revenues/expenses	75,929
Interest expense	(355,771)
Total nonoperating revenues (expenses)	(206,272)
Capital contributions	2,276,365
Increase (decrease) in net assets	3,450,910
Net assets at beginning of year	32,647,285
Net assets at end of year	$ 36,098,195

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2010

EXHIBIT 8

	Discretely Presented Component Units
Cash flows from operating activities:	
Receipts from customers & users	$ 4,983,596
Payments to suppliers	(750,956)
Payments to employees	(1,352,582)
Net cash provided(used) by operating activities	2,880,058
Cash flows from capital & related financing activities:	
Connection fee	139,553
Other nonoperating revenues	-
Purchase of fixed assets	(5,107,883)
Principal on debt	(1,042,438)
Proceeds from indebtness	812,668
Interest on debt	(353,812)
Proceeds from grants	2,699,714
Net cash used in capital & related financing activities	(2,852,198)
Cash flows from investing activities:	
Interest earned	2,931
Net cash provided by investing activities	2,931
Increase in cash & cash equivalents	(4,209)
Cash & cash equivalents at beginning of year	1,757,969
Cash & cash equivalents at end of year	$ 1,753,760
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	$ 1,388,165
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation	1,107,213
Imputed interest	-
Donations	-
Loss on debt refinance	12,974
Changes in operating assets & liabilities:	
Accounts receivable	213,606
Inventory	37,090
Other assets	-
Accounts payable	13,104
Customer deposits	10,794
Accrued leave & benefits	97,112
Total adjustments	1,491,893
Net cash provided (used) by operating activities	$ 2,880,058

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

EXHIBIT 9

	Agency Funds
Assets:	
Cash and cash equivalents	$ 25,840
Due from other government units	240,922
Investments	2,209,445
Total assets	$ 2,476,207
Liabilities:	
Due to primary government	$ 222,107
Amounts held for others	2,254,100
Total liabilities	$ 2,476,207

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

Note 1 - Summary of Significant Accounting Policies

The County of Scott, Virginia is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Scott, 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 of America as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion & Analysis - for State & Local Governments.* This statement, known as the "Reporting Model", affects the way the County prepares and presents financial information.

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

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).

Government-wide and Fund Financial Statements

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 statement (i.e. the statement of net assets and the statement of changes in net assets) reports information on all of the nonfiduciary activities of the primary government and its components units. For the most part, effect of interfund activity has been removed from these statements. *Governmental activities,*

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)
Government-wide financial statements (Continued)

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 it's 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 Statements of Activities. The net assets of a government will be broken down into two categories - 1) invested in capital assets, net of related debt; and 2) 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose it's will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Scott, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

Discretely Presented Component Units - The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve

Note 1 - Summary of Significant Accounting Policies (Continued)

its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a

B. Individual Component Unit Disclosures (Continued)

separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

The Scott County Public Service Authority was created by the Board of Supervisors of Scott County to acquire, finance and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority are appointed by the Scott County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County.

The Scott County Economic Development Authority promotes industrial development in the County. The Authority is financially dependent upon the County. In addition, the Authority's Board is appointed by the County's Board.

Other Related Organizations Included in the County's Comprehensive Annual 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 July 1, 2002, 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

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.

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 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 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)

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

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

carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The government reports the following major governmental funds.

General 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 revenue is used principally to finance the operations of the Component Unit School Board.

Additionally, Scott County reports the following fund types:

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 Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Budget 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. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the departmental level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments. However, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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

State statues authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

F. Investments

Investments are stated at fair value, which approximates market; no investments are valued at cost. Certificates of deposit and

F. Investments (Continued)

short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

G. Receivable and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $239,235 at June 30, 2010, and is composed solely of property taxes.

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 November 20th. The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than $2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributed to capitalized assets as of June 30, 2010 was immaterial.

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

Assets	Years
Buildings	80
Building improvements	40-80
Vehicles	5
Office & computer equipment	7
Buses	12

I. Compensated Absences

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

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

K. Fund Equity

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

L. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

M. Use of Estimates

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

N. Jointly Governed Organizations

The County and the Counties of Wise and Lee, along with the City of Norton, participate in supporting the Planning District One Community Service Board. The governing body of this organization is supported by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2010, the County contributed $65,404.

The County and the Counties of Wise, Dickenson, and Lee, along with the Towns of Wise, Big Stone Gap, Coeburn, St. Paul and the City of Norton participate in supporting the Lonesome Pine Regional Library. For the year ended June 30, 2010, the County contributed $206,444.

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2010, the County Contributed $798,580.

Note 2 - Deposits and Investments

Deposits - All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. Of the Code of Virginia or covered by federal depository insurance.

Note 2 - Deposits and Investments (Continued)

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) and 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's and its component unit's investments at June 30, 2010 were held by the County or its component unit or in the name of the County or its component units by the custodial banks; $6,640 in U.S. Government Securities where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County or its component unit.

Note 3 - Due To/From Primary Government/Component Units:

Fund	Due To Component Unit School Board	Due From Primary Government
General	$ 1,952,185	$ -
School	-	1,952,185
Totals	$ 1,952,185	$ 1,952,185

Note 4 - Due From Other Governmental Units

At June 30, 2010, the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board	Other Component Units
Local Governments:			
Other Misc. Funds	$ -	$ -	$ 536,711
Commonwealth of Virginia:			
State sales taxes	-	548,585	-
Local sales taxes	222,106	-	-
Social service	84,452	-	-
CMPT	76,716	-	-
Shared expenses	177,771	-	-
Federal Government:			
School funds	-	77,046	-
Social service	102,754	-	-
Total	$ 663,799	$ 625,631	$ 536,711

Note 5 - Capital Assets

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

General Government:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Land & land improvements	$ 1,043,829	$ 10,000	$ -	$ 1,053,829
Buildings & improvements	7,463,982	94,424	-	7,558,406
Equipment	7,264,635	522,721	-	7,787,356
Construction	230,977	21,181	238,069	14,089
Tenancy in common	202,861	-	167,816	35,045
Totals	$16,206,284	$ 648,326	$ 405,885	$16,448,725
Accumulated Depreciation	(5,003,408)			(5,857,267)
Net capital assets primary government	$11,202,876			$10,591,458

(Continued)

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 5 - Capital Assets (Continued)

Component Unit School Board:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Land & land improvements	$ 1,577,912	$ -	$ -	$ 1,577,912
Buildings & improvements	46,352,617	366,351	-	46,718,968
Equipment	20,132,442	570,646	-	20,703,088
Construction	128,173	1,154,171	128,173	1,154,171
Tenancy in common	2,117,989	167,816	-	2,285,8055
Totals	$70,309,133	$2,258,984	$ 128,173	$72,439,944
Accumulated depreciation	(32,553,016)			(35,091,599)
Net capital assets School Board	$37,756,117			$37,348,345

Proprietary Funds:	Public Service Authority	Economic Development Authority	Total
Land & Improvements	$ 853,104	$ 3,958,783	$ 4,811,887
Building & Water Lines	46,532,554	9,266,689	55,799,243
Equipment & Vehicles	971,250	1,227,002	2,198,252
Construction in Progress	1,655,399	108,760	1,764,159
Total	50,012,307	14,561,234	64,573,541
Less: Accumulated Depreciation	(11,443,877)	(692,560)	(12,136,437)
Totals	$ 38,568,430	$13,868,674	$ 52,437,104

New legislation enacted during the year ended June 30, 2004, Section 15.2-1800.1 of the Code of Virginia (1950), as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on behalf" of school boards was reported in the school

Note 5 - Capital Assets (Continued)

board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation, eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Scott, Virginia for the year ended June 30, 2010, is that assets and debt in the amount of $35,045 have been transferred to the primary Government from the Component Unit School Board for financial reporting purposes.

Depreciation expenses were charged to functions/programs of the primary government as follows:

	Amount
Governmental activities:	
General government	$ 67,034
Judicial administration	57,201
Public safety	393,793
Public works	275,771
Health and welfare	19,912
Parks, recreation and cultural	40,148
Community development	-
Total	$ 853,859
Component Unit School Board:	
Education	$ 2,538,584

Depreciation expenses for the year ending June 30, 2010, for the Economic Development Authority amounted to $102,146.

Depreciation expenses for the year ending June 30, 2010, for the Public Service Authority amounted to $999,067.

Note 6 - Long-term Obligations

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2010:

Note 6 - Long-term Obligations (Continued)

Primary Government:

		Amount
General Long-term Obligations:		
Obligation payable at July 1, 2009		$ 2,165,336
Retirements:		
Bonds	$ 45,000	
State Literacy Fund Loans	122,816	
Payments on Capital Lease	11,470	
Total retirements		(179,286)
Additions:		
Increase on other post-employee benefits	254,888	
Increase in landfill closure postclosure monitoring estimates	64,013	
Increase in compensated absences	9,750	
Total additions		328,651
Long-term Obligations payable at June 30, 2010		$ 2,314,701

Long-term Obligations:

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

Year Ending June 30,	General Long-Term Debt: General Obligation Bonds Principal	General Obligation Bonds Interest	State Literary Fund Loans Principal	State Literary Fund Loans Interest
2011	$ 50,000	1,775	$ 15,000	600
2012	-	-	15,000	300
Total	$ 50,000	$ 1,775	$ 30,000	$ 900

Primary Government:

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

Year Ending June 30,	Capital Lease Principal	Capital Lease Interest
2011	$ 3,965	$ 3,965
Total	$ 3,965	$ 3,965

(Continued)

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 6 - Long-term Obligations (Continued)

	Amount Outstanding
Capital Leases:	
$52,497 capital lease issued September 15, 2005 for the purchase of 25 golf carts, due in monthly installments of $1,002.75, principal and interest through September 15, 2011, interest payable at 5.50%.	$ 3,965
Total Capital Leases	$ 3,965
General Obligation Bonds:	
$690,000 in bonds issued July 17, 1990, due in annual installments varying from $30,000 to $50,000 through July 15, 2010 with interest payable semi-annually at rate varying from 6.40% to 7.10%.	$ 50,000
Primary Government:	
State Literary Fund Loans:	
$300,000 State Literary Fund Loan issued May 15, 1992 due in annual installments of $15,000.00 through 2012; interest payable annually ay 2.00%.	$ 30,000
Total State Literary Fund Loans	$ 30,000
Accrued compensated absences	$ 454,885
Landfill closure and post-closure care	$ 1,520,962
Other post employee benefits	$ 254,888
Total long-term obligations	$ 2,314,701

(1) Note: Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2004, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

(Continued)

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 6 - Long-term Obligations (Continued)

Component Unit School Board

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2010:

		Amount
Obligation payable at July 1, 2009		$ 647,190
Additions:		
Increase in other post employee benefits	$ 790,910	
Increase in compensated absences	1,254	
Total additions		792,164
Long-term Obligations payable at June 30, 2010		$ 1,439,354

Note 7 - Proprietary Debt

Component Unit - Public Service Authority

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

Details of Long-term indebtedness:

Year Ending June 30,	Principal	Interest
2011	$ 771,355	$ 398,173
2012	565,848	381,625
2013	578,283	375,566
2014	586,067	348,980
2015	599,219	356,944
2016-2020	2,917,661	1,666,347
2021-2025	3,025,340	1,497,879
2026-2030	2,644,606	670,712
2031-2035	2,523,532	447,386
2036-2040	1,236,285	229,209
2041-2045	529,968	67,770
2046-2050	115,653	3,990
Total	$16,093,817	$ 6,444,581

(Continued)

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 7 - Proprietary Debt (Continued)

Changes in Long-term obligations:

	Amount
Long-term obligations at July 1, 2009	$16,219,989
Issuance of Revenue Bonds	812,668
Retirement of Revenue Bonds	(938,840)
Long-term debt payable at June 30, 2010	$16,093,817

Description of Long Term Debt

	Interest Rate	Issue Date	Final Maturity Date	Amount of Original Issue	Balance 6/30/2010	Amount Due Within One Year
Revenue bond	5.00%	1/1/1979	4/1/2011	$ 85,300	$ 2,490	$ 2,490
Revenue bond	5% to 5.95%	7/16/1999	7/1/2024	1,730,000	1,300,000	55,000
Revenue bond	4.50%	12/5/1997	12/5/2037	841,600	710,180	14,699
Revenue bond	4.95%	7/11/2002	9/1/2017	973,405	533,138	65,579
Revenue bond	4.50%	7/19/1995	7/19/2035	581,000	470,824	10,687
Revenue bond	4.50%	7/19/1995	7/19/2035	580,100	470,076	10,673
Revenue bond	4.50%	6/1/2002	6/1/2035	1,955,000	1,789,149	26,544
Revenue bond	4.125%	2/20/2007	2/20/2037	1,457,000	1,434,881	17,191
Revenue bond	4.25%	7/10/2003	7/10/2043	440,100	414,488	5,898
Line of credit	5.20%	9/25/2002	9/25/2004	2,000,000	215,118	215,118
Revenue bond	0.00%	7/10/2003	8/1/2034	1,083,923	885,204	36,131
Revenue bond	0.00%	9/20/2001	7/1/2031	116,431	81,503	3,881
Revenue bond	0.00%	8/9/2002	5/1/2033	444,154	340,518	14,805
Revenue bond	0.00%	8/9/2002	4/1/2033	182,410	139,801	6,078
Revenue bond	0.00%	12/21/2001	8/1/2032	399,237	299,428	13,308
Revenue bond	0.00%	10/22/2004	9/1/2034	96,391	78,719	3,213
Revenue bond	0.00%	8/11/2004	9/1/2035	323,904	275,318	10,797
Revenue bond	0.00%	2/10/2005	12/1/2035	542,227	460,893	18,074
Revenue bond	0.00%	5/18/2007	11/1/2037	648,886	594,812	21,630
Revenue bond	0.00%	9/27/2006	7/1/2033	2,637,350	2,426,362	105,494
Revenue bond	0.00%	7/19/2007	2/1/2038	375,408	350,381	12,514
Revenue bond	0.00%	2/24/2006	11/1/2036	1,010,816	892,623	33,694
Revenue bond	0.00%	9/14/2007	12/1/2037	554,730	490,000	18,491
Revenue bond	0.00%	1/25/2008	2/2/2038	365,822	341,434	12,194
Revenue bond	0.00%	1/25/2008	9/1/2038	334,252	317,540	10,585
Revenue bond	0.00%	1/25/2008	6/1/2038	280,446	261,750	9,348
Revenue bond	0.00%	9/30/09	/1/2040	416,062	401,680	13,389
Revenue bond	0.00%	9/3/09	6/1/2040	267,510	401,680	3,850
Total					$16,093,817	$ 771,355

Note 7 - Proprietary Debt (Continued)

Component Unit - Economic Development Authority

Revenue Note:

$1,959,734 Lease Revenue Refunding Note 2003 series, issued March 11, 2003, annual principal and semi-annual interest payments beginning October 1, 2003 through October 1, 2018, interest payable at 3.72%.	$1,264,996
$830,000 Loan Agreement with Virginia Coalfield Economic Development Authority, issued May 14, 2004 principal due and payable in full on May 14, 2014. There is no interest payable with this loan	830,000
Less Deferred loss on early retirement	(103,796)
Total Revenue Note	$2,991,170

Component Unit - Economic Development Authority (Continued)

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

Year	Principal Payments	Interest Payments	Total
2011	$ 120,909	$ 44,808	$ 165,717
2012	125,406	40,226	165,632
2013	130,071	35,475	165,546
2014	964,910	30,546	995,456
2015	139,929	25,434	165,363
2016-2019	613,741	46,704	660,445
Totals	$2,094,966	$ 223,193	$2,318,159

Note 8 - Claims, Judgments, and Compensated Absences

In accordance with GAAB 16, the County has accrued liabilities arising from outstanding claims, judgments and compensated absences.

County employees earn annual leave at various rates. Accumulated vacation up to thirty days is paid upon termination. Sick leave is paid at 25% of accrued sick leave at the rate of pay upon termination, up to a maximum of $2,500. The County primary government has outstanding accrued vacation and sick pay totaling $454,885.

Note 8 - Claims, Judgments, and Compensated Absences (Continued)

Component Unit School Board employees earn business and sick leave at various rates. The Component Unit School Board has an outstanding business and sick leave pay totaling $648,444.

Component Unit Public Service Authority employees earn annual leave at the rate of ½ day per month during the first year of employment and 1 day per month after one year of service. Employees may accumulate up to 30 days of annual leave. Total accrued leave for the year ended June 30, 2010 amounted to $130,872.

Note 9 - Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling $10,968,453 is comprised solely of deferred property tax revenue representing uncollected tax billings not available for funding of current expenditures.

Note 10 - Defined Benefit Pension Plan
A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters)or at age 50 with 30 years of service if elected by the employer (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation, (AFC) for each year of credited service (1.85 percent for sheriff's 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 increases 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 law enforcement officers and firefighters 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 <u>Code</u>

Note 10 - Defined Benefit Pension Plan (Continued)

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 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/2009AnnuRept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statue and approved by the VRS Board of Trustees. The County contribution rate for the fiscal year ended 2010 was 10.23% of annual covered payroll for the County's general government employees and 7.93% for Scott County School Board non-professional employees.

The public school divisions professional employees contribution rate for fiscal 2010 was 8.81% of covered payroll for July 2009 through March 2010 and 0.00% for April through June 2010.

The School Board's professional employees contributes $2,236,363, $2,770,413 and $2,970,063 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008 respectively and these contributions represent the required contribution amounts.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of $757,842 was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method.

In fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was $304,273 which was equal to Board's required and actuarial contributions. The required contributions were determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method.

Note 10 - Defined Benefit Pension Plan (Continued)

The actuarial assumptions included (a) 7.50% investment rate of return,(net of administrative expenses at June 30, 2009 (b) projected salary increases of 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) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County of Scott'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. County of Scott's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

	Trend Information for County of Scott		
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County:			
6/30/10	$ 757,842	100%	$ -
6/30/09	767,855	100	-
6/30/08	633,591	100	-
School Board:			
Non-Professional Employees:			
6/30/10	$ 304,273	100%	$ -
6/30/09	313,167	100	-
6/30/08	224,295	100	-

As of June 30, 2009, the most recent actuarial valuation date the plan was 78.35% funded for the County and was 85.73% funded for the School Board non-professional employees.

Note 10 - Defined Benefit Pension Plan (Continued)

Required Supplementary Information:

Schedule of Funding for the County and School Board:

Fiscal Year Ending	Autuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County:						
6/30/07	$15,704,248	$18,380,770	$2,676,522	85.44%	$4,596,067	58.24%
6/30/08	17,234,569	20,625,151	3,390,582	83.56%	4,886,408	63.39%
6/30/09	17,461,912	22,285,910	4,823,998	78.35%	4,946,940	97.51%
School Board:						
Non-Professional Employees						
6/30/07	$ 4,536,839	6,360,608	823,769	87.05%	2,092,210	39.37%
6/30/08	6,164,992	6,948,835	783,842	88.72%	2,263,175	34.63%
6/30/09	6,367,336	7,427,347	1,060,011	85.73%	2,418,280	43.83%

Note 11 - Other Post-Employment Benefits

The Governmental Accounting Standards Board ("GASB") Statement No. 45, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans,* establishes standards for the measurement, recognition and display of other post-employment benefits ("OPEB") expense and related liabilities in the financial statements. The cost of post-employment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The County and Schools prospectively adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2010, the County and School Board's annual OPEB costs of $127,444 and $732,012, respectively, were equal to the Annual Required Contribution (ARC).

Note 11 - Other Post-Employment Benefits (Continued)

	Primary Government	School Board
Annual required contribution	$ 122,543	$ 700,036
Interest on net OPEB obligation	4,901	15,825
Adjustment to annual required contribution	-	16,151
Annual OPEB cost	127,444	732,012
Contributions made	-	(336,720)
Increase in net OPEB obligation	127,444	395,292
Net OPEB obligation-beginning of year	127,444	395,618
Net OPEB obligation-end of year	$ 254,888	$ 790,910

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The County's first year for implementing GASB No. 45 was June 30, 2009.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 127,444	0.0%	$ 254,888
June 30, 2009	$ 127,444	0.0%	$ 127,444

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The School Board's first year for implementing GASB No. 45 was June 30, 2009.

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 732,012	45.9%	$ 790,910
June 30, 2009	$ 732,338	45.9%	$ 395,618

Note 11 - Other Post-Employment Benefits (Continued)

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2009 was as follows:

	Primary Government	School Board
Actuarial Accrued Liability (AAL)	$ 1,279,312	$ 7,414,221
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	1,279,312	7,414,221
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	4,424,406	23,637,851
UAAL as a Percentage of Covered Payroll	28.91%	31.36%

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 healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used to determine liabilities. Under this method, the actuarial present value of projected benefits of every active

Note 11 - Other Post-Employment Benefits (Continued)

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. Under this method, 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 actuarial assumptions used a 4% discount rate and an initial annual healthcare cost trend of 6.5% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5%. The unfunded accrued liability is being amortized over 30 years. The remaining amortization period at June 30, 2010 is 28 years.

Plan Description

The County and School Board provide post-employment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors and School Board. The plan does not grant retirees vested health benefits.

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. Employees at the County are allowed to stay on the plan until death of the employee and employees at the School Board are allowed to stay on the plan until death of the employee or eligibility for Medicare coverage. The employee pays 100% of the required premium.

The number of participants at June 30, 2010 was as follows:

	Primary Government	School Board
Retirees currently receiving benefits	1	72
Active employees	84	386
Total	85	458

Note 11 - Other Post-Employment Benefits (Continued)

Funding Policy

The County and Schools currently fund post-employment health care benefits on a pay-as-you-go basis. During fiscal year 2010, neither the County nor the Schools designated any funding for the OPEB liability.

Note 12 - Contingent Liabilities

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 13 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The $1,520,962 reported as landfill closure and post closure care liability at June 30, 2010, represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2010.

Note 14 - Risk Management

The County and its Component Unit School Board 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 County and its Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Association of Counties Self Insurance, for all types of

Note 14 - Risk Management (Continued)

insurance. The Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Municipal League, for all of its insurance coverage. The County and its Component Unit School Board pay an annual premium to these pools for their insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The County continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

NOTE 15 - Self-Funded Insurance

The Scott County School Board established a limited risk management program for health insurance in 1992. Premiums are paid into the School Health Insurance Fund by school employees and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2010 a total of $3,876,308 was paid in benefits and administrative costs. The risk assumed by the School Board is $100,000 per person with a maximum attachment point of $3,876,308. Inter-fund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions. The Self-Insurance fund had no health insurance claims payable at June 30, 2010.

Note 16 - Interfund Transfers

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 4,384,369
School Fund	4,384,369	-
Total	$ 4,384,369	$ 4,384,369

Note 17 - Surety Bonds

	Amount
Fidelity and Deposits Company of Maryland - Surety	
Mark A. "BO" Taylor, Clerk of the Circuit Court	$200,000
Kevin Helms, Treasurer	400,000
Gary Baker, Commissioner of the Revenue	10,000
John Puckett, Sheriff	30,000

Note 17 - Surety Bonds (Continued)

VACO Risk Management Programs	
All School Board employees - blanket	250,000
Hanover Insurance Companies - Surety	
All Social Service employees - blanket	100,000
Daugherty - Kane Insurance Agency - Surety	
Rufus Hood, County Administrator	100,000
All General Government employees - blanket	100,000

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

Combining and Individual Fund Statements and Schedules

COUNTY OF SCOTT, VIRGINIA

EXHIBIT 10

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2010

	General Fund			
	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:				
General property taxes	$ 8,649,200	$ 8,649,200	7,845,243	$ (803,957)
Other local taxes	3,405,650	3,405,650	3,113,524	(292,126)
Permits, privilege fees & regulatory licenses	117,241	117,241	48,642	(68,599)
Fines and forfeitures	27,105	27,105	185,820	158,715
Revenue from use of money & porperty	130,497	130,497	101,244	(29,253)
Charges for services	209,763	209,763	221,096	11,333
Miscellaneous	287,518	287,518	116,756	(170,762)
Recovered costs	478,325	478,325	350,720	(127,605)
Intergovernmental:				
Commonwealth	5,391,342	5,263,939	5,225,451	(38,488)
Federal	1,608,825	1,608,825	1,553,832	(54,993)
Total revenues	20,305,466	20,178,063	18,762,328	(1,415,735)
Expenditures:				
Current:				
General government administration	2,096,078	2,087,279	1,896,713	190,566
Judicial administration	1,111,202	1,238,501	1,142,241	96,260
Public safety	4,833,525	5,171,264	4,784,534	386,730
Public works	2,751,138	2,816,597	2,429,350	387,247
Health and welfare	4,688,066	4,698,517	4,333,286	365,231
Education	27,964	27,964	27,964	-
Parks, recreation, & cultural	602,375	619,288	604,540	14,748
Community development	414,403	414,740	420,441	(5,701)
Debt service:				
Principal retirement	168,000	168,000	168,000	-
Interest & other fiscal charges	8,520	8,520	8,520	-
Total expenditures	16,701,271	17,250,670	15,815,589	1,435,081
Excess (deficiency) of revenues over expenditures	3,604,195	2,927,393	2,946,739	19,346
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(4,817,304)	(4,817,304)	(4,384,369)	432,935
Transfers from primary government	-	-	-	-
Total other financing sources (uses)	(4,817,304)	(4,817,304)	(4,384,369)	432,935
Excess (deficiency) of revenues & other sources over expenditures & other uses	(1,213,109)	(1,889,911)	(1,437,630)	452,281
Fund balances at beginning of year	1,213,109	1,230,512	4,035,743	2,805,231
Fund balances at end of year	$ -	$ (659,399)	$ 2,598,113	$ 3,257,512

COUNTY OF SCOTT, VIRGINIA
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
June 30, 2010

EXHIBIT 11

	Expendable Trust	Agency Funds			
	Deferred Comp Fund	Special Welfare	Payroll Withholding Fund	Local Sales Tax Fund	Totals
Assets:					
Cash and cash equivalents	$ -	$ 17,631	$ 8,209	$ -	$ 25,840
Cash with sheriff	-	-	-	-	-
Due from other government units	-	-	-	240,922	240,922
Investments	2,209,445	-	-	-	2,209,445
Total assets	$ 2,209,445	$ 17,631	$ 8,209	$ 240,922	$ 2,476,207
Liabilities:					
Due to primary government	$ -	$ -	$ -	$ 222,107	$ 222,107
Due to other government units	-	-	-	-	-
Amounts held for others	2,209,445	17,631	8,209	18,815	2,254,100
Total liabilities	$ 2,209,445	$ 17,631	$ 8,209	$ 240,922	$ 2,476,207

This page intentionally left blank

Discretely Presented Component Unit - School Board

COUNTY OF SCOTT, VIRGINIA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2010

EXHIBIT 12

	Governmental Fund Types			Proprietary Fund Type	
	School Operating Fund	School Food Service Fund	Scott County Head Start	School Insurance Fund	Totals
Assets:					
Cash & cash equivalents	$ -	$ 108,559	$ -	$ 853,527	$ 962,086
Cash with head start	-	-	29,728	-	29,728
Other current assets	772,595	-	-	-	772,595
Due from other governmental units	598,964	26,667	-	-	625,631
Due from primary government	1,952,185	-	-	-	1,952,185
Total Assets	$ 3,323,744	$ 135,226	$ 29,728	$ 853,527	$ 4,342,225
Liabilities:					
Accounts payable	$ 416,862	$ 9,187	$ 14,157	$ -	$ 440,206
Accrued salaries	2,906,882	-	-	-	2,906,882
Health insurance payable	-	-	-	-	-
Deferred revenue	-	-	15,571	-	15,571
Total Liabilities	3,323,744	9,187	29,728	-	3,362,659
Retained earnings:					
Unreserved	-	-	-	853,527	853,527
Fund balance:					
Unreserved:					
Undesignated	-	126,039	-	-	126,039
Total Fund Balance	-	126,039	-	853,527	979,566
Total Liabilities & Fund Balance	$ 3,323,744	$ 135,226	$ 29,728	$ 853,527	

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	37,348,345
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.	(1,439,354)
Net assets of General Government Activities	###########

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2010

EXHIBIT 13

	Governmental Fund Types			Proprietary Fund Type	
	School Operating Fund	School Food Service Fund	Scott County Head Start	School Insurance Fund	Totals
Revenues:					
Revenue from use of money and property	$ -	$ 35	$ -	$ -	$ 35
Charges for services	23,299	646,532	-	4,429,052	5,098,883
Miscellaneous	178,799	-	2,285	-	181,084
Recovered costs	-	-	-	-	-
Intergovernmental:					
Commonwealth	24,972,882	64,830	-	-	25,037,712
Federal	5,735,989	1,350,062	1,693,677	-	8,779,728
Total revenues	30,910,969	2,061,459	1,695,962	4,429,052	39,097,442
Expenditures:					
Current					
Education	35,295,338	2,028,054	1,695,962	3,876,308	42,895,662
Total expenditures	35,295,338	2,028,054	1,695,962	3,876,308	42,895,662
Excess (deficiency) of revenues over(under) expenditures	(4,384,369)	33,405	-	552,744	(3,798,220)
Other financing sources (uses):					
Operating transfers in	4,384,369	-	-	-	4,384,369
Operating transfers out	-	-	-	-	-
Proceeds from indebtness	-	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-	-
Total other financing sources	4,384,369	-	-	-	4,384,369
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	33,405	-	552,744	586,149
Fund balances at beginning of year	-	92,634	-	300,783	393,417
Fund balances at end of year	$ -	$ 126,039	$ -	$ 853,527	$ 979,566

Amount reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ 586,149
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 government 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 issuance of long-term debt and related items.	-
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 activities.	1,254
School component unit general obligation debt guaranteed by the County is reported in governmental activities in statement of net assets. County has a tenancy-in-common for school assets with outstanding debt. This is the amount of debt that was paid for the year.	(623,094)
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.	(578,096)
Change in net assets of governmental activities	$ (613,787)

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2010

EXHIBIT 14

	School Operating Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	$ 500	$ 500	$ -	$ (500)
Charges for services	24,000	24,000	23,299	(701)
Miscellaneous	114,656	114,656	178,799	64,143
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	27,025,902	27,025,902	24,972,882	(2,053,020)
Federal	4,871,703	4,871,703	5,735,989	864,286
Total revenues	32,036,761	32,036,761	30,910,969	(1,125,792)
Expenditures:				
Current				
Education	36,616,565	36,616,565	35,295,338	1,321,227
Total expenditures	36,616,565	36,616,565	35,295,338	1,321,227
Excess (deficiency) of revenues over(under) expenditures	(4,579,804)	(4,579,804)	(4,384,369)	195,435
Other financing sources (uses):				
Operating transfers in	4,817,304	4,817,304	4,384,369	(432,935)
Operating transfers out	(237,500)	(237,500)	-	237,500
Proceeds from indebtness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	4,579,804	4,579,804	4,384,369	(195,435)
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2010

EXHIBIT 14

	School Food Service Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	$ 300	$ 300	$ 35	$ (265)
Charges for services	619,815	619,815	646,532	26,717
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	63,955	63,955	64,830	875
Federal	995,000	995,000	1,350,062	355,062
Total revenues	1,679,070	1,679,070	2,061,459	382,389
Expenditures:				
Current				
Education	1,916,570	1,916,570	2,028,054	(111,484)
Total expenditures	1,916,570	1,916,570	2,028,054	(111,484)
Excess (deficiency) of revenues over(under) expenditures	(237,500)	(237,500)	33,405	270,905
Other financing sources (uses):				
Operating transfers in	237,500	237,500	-	(237,500)
Operating transfers out	-	-	-	-
Proceeds from indebtness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	237,500	237,500	-	(237,500)
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	33,405	33,405
Fund balances at beginning of year	-	-	92,634	92,634
Fund balances at end of year	$ -	$ -	$ 126,039	$ 126,039

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2010

EXHIBIT 14

	School Construction Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Education	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in				-
Operating transfers out	-	-	-	-
Proceeds from indebtness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2010

EXHIBIT 14

	Scott County Head Start			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	2,285	2,285
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	1,298,325	1,298,325	1,693,677	395,352
Total revenues	1,298,325	1,298,325	1,695,962	397,637
Expenditures:				
Current				
Education	1,298,325	1,298,325	1,695,962	(397,637)
Total expenditures	1,298,325	1,298,325	1,695,962	(397,637)
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from indebtness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2010

EXHIBIT 14

	School Insurance Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ -	$ -
Charges for services	-	-	4,429,052	4,429,052
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	-	-	4,429,052	4,429,052
Expenditures:				
Current				
Education	-	-	3,876,308	(3,876,308)
Total expenditures	-	-	3,876,308	(3,876,308)
Excess (deficiency) of revenues over(under) expenditures	-	-	552,744	552,744
Other financing sources (uses):				
Operating transfers in	-	2,975,242	-	(2,975,242)
Operating transfers out	-	-	-	-
Proceeds from indebtness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	-	2,975,242	-	(2,975,242)
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	2,975,242	552,744	(2,422,498)
Fund balances at beginning of year	-	-	300,783	300,783
Fund balances at end of year	$ -	$ 2,975,242	$ 853,527	$ (2,121,715)

Proprietary Fund - Discretely Presented Component Unit

COUNTY OF SCOTT, VIRGINIA

STATEMENTS NET ASSETS

PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2010

EXHIBIT 15

	Discretely Presented Component Units		
	Economic Development Authority	Public Service Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 953,556	$ 324,807	$ 1,278,363
Receivables (net of allowance)			
Accounts receivable	8,076	265,136	273,212
Inventory	-	66,832	66,832
Other current assets	-	2,908	2,908
Due from other governments	199,130	337,581	536,711
Total current assets	1,160,762	997,264	2,158,026
Noncurrent assets:			
Capital assets:			
Land	3,958,783	486,753	4,445,536
Buildings & equipment, net of depreciation	9,909,891	38,081,677	47,991,568
Total noncurrent assets	13,868,674	38,568,430	52,437,104
Other assets:			
Restricted cash in bank	6,640	468,757	475,397
Notes receivable	86,858	-	86,858
Unamortized bond costs	13,333	48,974	62,307
Total other assets	106,831	517,731	624,562
Total assets	$ 15,136,267	$ 40,083,425	$ 55,219,692
Liabilities:			
Current liabilities:			
Accounts payable & accrued expenses	$ 221,044	$ 409,395	$ 630,439
Current portion of long-term obligations	120,909	771,355	892,264
Total current liabilities	341,953	1,180,750	1,522,703
Noncurrent liabilities:			
Compensated absences	19,574	130,872	150,446
Amounts held for others	9,227	155,400	164,627
Other post employment benefits		90,998	90,998
Noncurrent portion of long-term obligations	1,870,261	15,322,462	17,192,723
Total noncurrent liabilities	1,899,062	15,699,732	17,598,794
Total liabilities	2,241,015	16,880,482	19,121,497
Net assets:			
Invested in capital assets, net of related debt	11,877,504	22,474,613	34,352,117
Unrestricted assets	1,017,748	728,330	1,746,078
Total net assets	12,895,252	23,202,943	36,098,195
Total liabilities & net assets	$ 15,136,267	$ 40,083,425	$ 55,219,692

COUNTY OF SCOTT, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2010

EXHIBIT 16

	Discretely Presented Component Units		
	Economic Development Authority	Public Service Authority	Total
Operating revenues:			
Charges for services	$ -	$ 2,438,457	$ 2,438,457
Rental income	202,421	-	202,421
Grants	2,114,175	-	2,114,175
Miscellaneous	5,308	7,813	13,121
Total operating revenue	2,321,904	2,446,270	4,768,174
Operating expenses:			
Wages and benefits	147,437	1,093,247	1,240,684
Other operating expenses	344,460	1,802,213	2,146,673
Total operating expense	491,897	2,895,460	3,387,357
Operating income (loss)	1,830,007	(449,190)	1,380,817
Nonoperating revenues (expenses):			
Interest earned	7,348	2,598	9,946
Connection fees	-	63,624	63,624
Other non operating revenues/expense	-	75,929	75,929
Interest expense	-	(355,771)	(355,771)
Total nonoperating revenues (expenses)	7,348	(213,620)	(206,272)
Capital contributions	-	2,276,365	2,276,365
Increase (decrease) in net assets	1,837,355	1,613,555	3,450,910
Net assets at beginning of year	11,057,897	21,589,388	32,647,285
Net assets at end of year	$ 12,895,252	$ 23,202,943	###########

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2010

EXHIBIT 17

	Discretely Presented Component Units		
	Economic Development Authority	Public Service Authority	Total
Cash flows from operating activities:			
Receipts from customers & users	$ 2,573,432	$ 2,410,164	$ 4,983,596
Payments to suppliers	-	(750,956)	(750,956)
Payments to employees for services	(357,485)	(995,097)	(1,352,582)
Net cash provided(used) by operating activities	2,215,947	664,111	2,880,058
Cash flows from capital & related financing activities:			
Connection fee	-	139,553	139,553
Other nonoperating revenues	-	-	-
Loans to Industries	(35,000)	-	(35,000)
Purchase of fixed assets	(2,109,183)	(2,998,700)	(5,107,883)
Principal on debt	(103,598)	(938,840)	(1,042,438)
Proceeds from indebtness	-	812,668	812,668
Interest on debt	-	(353,812)	(353,812)
Proceeds from loans & grants	9,397	2,690,317	2,699,714
Net cash used in capital & related financing activities	(2,238,384)	(648,814)	(2,887,198)
Cash flows from investing activities:			
Interest earned	-	2,931	2,931
Net cash provided by investing activities	-	2,931	2,931
Increase (decrease) in cash & cash equivalents	(22,437)	18,228	(4,209)
Cash & cash equivalents at beginning of year	982,633	775,336	1,757,969
Cash & cash equivalents at end of year	$ 960,196	$ 793,564	$ 1,753,760
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ 1,837,355	$ (449,190)	$ 1,388,165
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Depreciation	103,813	1,003,400	1,107,213
Imputed interest	-	-	-
Donations	-	-	-
Loss on debt refinance	12,974	-	12,974
Changes in operating assets & liabilities:			
Accounts receivable	260,506	(46,900)	213,606
Inventory	-	37,090	37,090
Other assets	-	-	-
Accounts payable	1,299	11,805	13,104
Customer deposits	-	10,794	10,794
Accrued leave & benefits	-	97,112	97,112
Total adjustments	378,592	1,113,301	1,491,893
Net cash provided (used) by operating activities	$ 2,215,947	$ 664,111	$ 2,880,058

Non-Major Governmental Funds

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

EXHIBIT 18

	Special Revenue Funds		
	Coal Road Improvement Fund	Law Library Fund	Totals
Assets:			
Cash & cash equivalents	$ 28,472	$10,167	$ 38,639
Accounts receivable	453	-	453
Total assets	$ 28,925	$10,167	$ 39,092
Liabilities:			
Accounts payable	$ -	$ 101	$ 101
Accrued expenses	-	-	-
Total liabilities	-	101	101
Fund balance:			
Unreserved:			
Undesignated	28,925	10,066	38,991
Total fund balance	28,925	10,066	38,991
Total liabilities & fund balance	$ 28,925	$10,167	$ 39,092

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
For the Year Ended June 30, 2010

EXHIBIT 19

	Special Revenue Funds		
	Coal Road Improvement Fund	Law Library Fund	Totals
Revenues:			
Revenues from local sources:			
Other taxes	$ 6,375	$ -	$ 6,375
Permits, privilege fees & regulatory licenses	-	-	-
Charges for services	-	3,645	3,645
Intergovernmental	-	-	-
Total revenues	6,375	3,645	10,020
Expenditures:			
Judicial administration	-	2,682	2,682
Public safety	-	-	-
Public works	2,961	-	2,961
Total expenditures	2,961	2,682	5,643
Excess (deficiency) of revenues over expenditures	3,414	963	4,377
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources	-	-	-
Excess (deficiency) of revenues & other sources over expenditure & other uses	3,414	963	4,377
Fund balance at beginning of year	25,511	9,103	34,614
Fund balance at end of year	$ 28,925	$10,066	$ 38,991

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

EXHIBIT 20

	Coal Road Improvement Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenues from local sources:				
Other taxes	$ -	$ -	$ 6,375	$ 6,375
Permits, privilege fees & regulatory licenses	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	-	-	6,375	6,375
Expenditures:				
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	2,500	2,500	2,961	(461)
Total expenditures	2,500	2,500	2,961	(461)
Excess (deficiency) of revenues over expenditures	(2,500)	(2,500)	3,414	5,914
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues & other sources over expenditure & other uses	(2,500)	(2,500)	3,414	5,914
Fund balances at beginning of year	-	-	25,511	25,511
Fund balance at end of year	$ (2,500)	$ (2,500)	$ 28,925	$ 31,425

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

EXHIBIT 20

	Law Library Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenues from local sources:				
Other taxes	$ -	$ -	$ -	$ -
Permits, privilege fees & regulatory licenses	-	-	-	-
Charges for services	-	-	3,645	3,645
Intergovernmental	-	-	-	-
Total revenues	-	-	3,645	3,645
Expenditures:				
Judicial administration	10,500	10,500	2,682	7,818
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	10,500	10,500	2,682	7,818
Excess (deficiency) of revenues over expenditures	(10,500)	(10,500)	963	11,463
Other financing sources (uses):				
Operating transfers in	8,500	8,500	-	8,500
Operating transfers out	-	-	-	-
Total other financing sources	8,500	8,500	-	8,500
Excess (deficiency) of revenues & other sources over expenditure & other uses	(2,000)	(2,000)	963	19,963
Fund balances at beginning of year	-	-	9,103	9,103
Fund balance at end of year	$ (2,000)	$ (2,000)	$ 10,066	$ 29,066

Supporting Schedules

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund:				
Revenue form local sources:				
General property taxes:				
Real property taxes	$ 6,500,000	$ 6,500,000	$ 5,809,794	$ (690,206)
Real & personal public service corporation property taxes	551,000	551,000	539,367	(11,633)
Personal property taxes	925,000	925,000	867,470	(57,530)
Machinery and tools taxes	224,200	224,200	199,571	(24,629)
Merchants capital	133,000	133,000	133,406	406
Mobile home taxes	124,000	124,000	106,395	(17,605)
Penalties	132,000	132,000	118,044	(13,956)
Interest	60,000	60,000	71,196	11,196
TOTAL GENERAL PROPERTY TAXES	8,649,200	8,649,200	7,845,243	(803,957)
Other local taxes:				
Local sales & use taxes	1,297,765	1,297,765	1,317,173	19,408
Consumer utility tax	416,837	416,837	418,420	1,583
Local cell phone tax	843,119	843,119	753,581	(89,538)
Parimutuel - Colonial Downs	31,620	31,620	23,456	(8,164)
Gross receipts - utility	81,107	81,107	75,881	(5,226)
Motor vehicle licenses	588,000	588,000	417,306	(170,694)
Bank franchise taxes	3,500	3,500	6,225	2,725
Transient lodging tax	4,085	4,085	4,573	488
Tax on wills	3,000	3,000	3,391	391
Recordation tax	103,538	103,538	80,769	(22,769)
Coal severance tax	33,079	33,079	12,749	(20,330)
TOTAL OTHER LOCAL TAXES	3,405,650	3,405,650	3,113,524	(292,126)
Permits, privilege fees & regulatory license:				
Animal licenses	11,647	11,647	8,235	(3,412)
Transfer fees	900	900	796	(104)
Building and related permits	26,005	26,005	26,875	870
Weapons permits	69,033	69,033	8,645	(60,388)
Permits and other licenses	9,656	9,656	4,091	(5,565)
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	117,241	117,241	48,642	(68,599)
Fines and forfeitures:				
Court fines and forfeitures	27,105	27,105	185,820	158,715
TOTAL FINES & FORFEITURES	27,105	27,105	185,820	158,715
Revenue from use of money & property:				
Revenue from use of money	32,957	32,957	6,117	(26,840)
Revenue from use of property	97,540	97,540	95,127	(2,413)
TOTAL REVENUE FROM USE OF MONEY & PROPERTY	130,497	130,497	101,244	(29,253)
Charges for services:				
Charges for recreation	133,721	133,721	115,488	(18,233)
Charges for NARF collections				-
Charges for waste collection & disposal	70,385	70,385	75,487	5,102
Charges for Commonwealth Attorney	1,115	1,115	1,526	411
Room and board animals			159	159
Charges for jail work release	309	309		(309)
Charges for correction	4,233	4,233		(4,233)
Excess fees of health department			28,436	28,436
TOTAL CHARGES FOR SERVICES	209,763	209,763	221,096	11,333

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Miscellaneous revenue:				
Miscellaneous	$ 222,649	$ 222,649	$ 60,166	$ (162,483)
Payments in lieu of taxes for enterprise activities	64,869	64,869	56,590	(8,279)
TOTAL MISCELLANEOUS REVENUE	287,518	287,518	116,756	(170,762)
Recovered costs:				
Other recovered cost	478,325	478,325	350,720	(127,605)
TOTAL RECOVERED COSTS	478,325	478,325	350,720	(127,605)
TOTAL REVENUE FROM LOCAL SOURCES	13,305,299	13,305,299	11,983,045	(1,322,254)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits				-
Wine taxes				-
Mobile home titling taxes	114,371	114,371	48,345	(66,026)
Tax on deeds	15,932	15,932	12,489	(3,443)
Rolling stock tax	169,405	169,405	133,614	(35,791)
Personal property tax relief	734,026	734,026	734,026	-
TOTAL NONCATAGORICAL AID	1,033,734	1,033,734	928,474	(105,260)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	281,215	268,019	258,957	(9,062)
Sheriff	1,344,294	1,267,333	1,254,178	(13,155)
Commissioner of the Revenue	119,906	112,494	107,754	(4,740)
Treasurer	129,016	120,407	114,118	(6,289)
Medical examiner	600	600		(600)
Clerk of the Circuit Court	261,030	239,805	252,081	12,276
Registrar/electoral board	61,000	61,000	47,257	(13,743)
Office of emergency services	13,000	13,000	14,810	1,810
Four for life	20,000	20,000	19,947	(53)
TOTAL SHARED EXPENSES	2,230,061	2,102,658	2,069,102	(33,556)
Other categorical aid:				
Welfare administration and assistance	1,283,585	1,283,585	1,204,811	(78,774)
CMPT	658,962	658,962	658,164	(798)
Domestic Violance	20,000	20,000	7,549	(12,451)
Victim witness grant	43,354	43,354	60,854	17,500
Local law enforcement			6,737	6,737
Liter control	13,000	13,000	11,084	(1,916)
Fire programs	52,000	52,000	53,438	1,438
Wireless E911 grant	45,000	45,000	184,575	139,575
CSA				-
Other aid	11,646	11,646	40,663	29,017
TOTAL OTHER CATEGORICAL AID	2,127,547	2,127,547	2,227,875	100,328
TOTAL CATEGORICAL AID	4,357,608	4,230,205	4,296,977	66,772
TOTAL REVENUE FROM THE COMMONWEALTH	5,391,342	5,263,939	5,225,451	(38,488)

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenue from the Federal Government:				
Categorical aid:				
Welfare public assistance	$ 1,568,825	$ 1,568,825	$ 1,441,991	$ (126,834)
Homeland Security & Terrorism	5,000	5,000	58,610	53,610
VAW	30,000	30,000	29,434	(566)
Law enforcement grant			15,798	15,798
Federal Asset Seizure	5,000	5,000	499	(4,501)
Community Development Block Grant			7,500	7,500
TOTAL CATEGORICAL AID	1,608,825	1,608,825	1,553,832	(54,993)
TOTAL REVENUE FROM FEDERAL GOVERNMENT	1,608,825	1,608,825	1,553,832	(54,993)
TOTAL GENERAL FUND	$ 20,305,466	$ 20,178,063	$ 18,762,328	$ (1,415,735)
Special Revenue Fund:				
Law Library				
Revenue from local sources:				
Charges for services				
Law library fees	$ 10,500	$ 10,500	$ 3,645	$ (6,855)
Coal Road Improvement Fund				
Revenue from local sources:				
Other taxes				
Coal road tax	$ 2,500	$ 2,500	$ 6,375	$ 3,875
TOTAL SPECIAL REVENUE FUNDS	$ 13,000	$ 13,000	$ 10,020	$ (2,980)
GRAND TOTAL REVENUES, ALL PRIMARY GOVERNMENTAL FUNDS	$ 20,318,466	$ 20,191,063	$ 18,772,348	$ (1,418,715)
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money & property:				
Revenue from use of money	$ 500	$ 500		$ (500)
Charges for services:				
Transportation	24,000	24,000	23,299	(701)
Miscellaneous revenue:				
Miscellaneous	114,656	114,656	178,799	64,143
Recovered costs:				
Other				-
TOTAL REVENUE FROM LOCAL SOURCES	139,156	139,156	202,098	62,942

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 3,273,727	$ 3,273,727	$ 3,123,620	$ (150,107)
Basic school aid	15,373,998	15,373,998	14,079,360	(1,294,638)
Primary class size	455,305	455,305	441,950	(13,355)
Medicaid	310,000	310,000	383,563	73,563
GED funding	7,859	7,859	7,859	-
Foster care	22,691	22,691	5,956	(16,735)
Early intervention	80,026	80,026	75,024	(5,002)
Gifted & talented children	136,754	136,754	137,655	901
SOL	58,804	58,804	58,804	-
At - risk	503,143	503,143	496,151	(6,992)
Special education	1,883,935	1,883,935	1,959,145	75,210
English second language	18,602	18,602		(18,602)
Incentive funds	16,071	16,071	19,175	3,104
Vocational education	466,446	466,446	453,839	(12,607)
Fringe benefits	1,954,063	1,954,063	1,685,511	(268,552)
Remedial education/summer school	920,003	920,003	625,294	(294,709)
School construction	276,152	276,152	353,162	77,010
Textbook rentals	360,180	360,180	165,083	(195,097)
VSPA tech grant	440,000	440,000	440,000	-
Tobacco Commission Grant			3,984	3,984
Alternative education	282,090	282,090	315,917	33,827
Enrollment loss	124,968	124,968	42,585	(82,383)
Clinical faculty & mentor teacher	6,520	6,520	8,157	1,637
Other revenue	54,565	54,565	91,088	36,523
TOTAL REVENUE FROM THE COMMONWEALTH	27,025,902	27,025,902	24,972,882	(2,053,020)
Revenue from the federal government:				
Categorical aid:				
Title I	1,152,414	1,152,414	892,019	(260,395)
E-rate				-
Title II	223,573	223,573	209,269	(14,304)
Title VI - B	1,303,693	1,303,693	1,276,374	(27,319)
Title V				-
Academic Achieve			67,904	67,904
Assistive Technology				-
Education Technology				-
Gear-up	84,918	84,918	46,765	(38,153)
Preschool grant	52,390	52,390	31,452	(20,938)
Vocational education	70,505	70,505	66,889	(3,616)
Forest reserve	62,939	62,939	71,248	8,309
Title IV - A	14,775	14,775		(14,775)
Title IV - B	270,486	270,486	250,393	(20,093)
Federal Stimulus	1,635,910	1,635,910	2,823,676	1,187,766
Other revenue	100	100		(100)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	4,871,703	4,871,703	5,735,989	864,286
TOTAL SCHOOL OPERATING FUND	$ 32,036,761	$ 32,036,761	$ 30,910,969	$ (1,125,792)

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF REVENUES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money & property:				
Revenue from use of money	$ 300	$ 300	$ 35	$ (265)
Charges for services:				
Cafeteria sales	619,815	619,815	646,532	26,717
Miscellaneous revenue:				
Miscellaneous revenue				-
TOTAL REVENUE FROM LOCAL SOURCES	620,115	620,115	646,567	26,452
Revenue from the government:				
Categorical aid:				
Federal funds	$ 995,000	$ 995,000	$ 1,350,062	$ 355,062
State funds	63,955	63,955	64,830	875
TOTAL REVENUE FROM THE GOVERNMENT	1,058,955	1,058,955	1,414,892	355,937
TOTAL SCHOOL FOOD SERVICE FUND	$ 1,679,070	$ 1,679,070	$ 2,061,459	$ 382,389
School Insurance Fund:				
Charges for services:				
Insurance premiums			$ 4,429,052	$ 4,429,052
Scott County Headstart:				
Revenue from local sources:				
Miscellaneous			$ 2,285	$ 2,285
Revenue from the federal government:				
Categorical aid:				
Headstart grant	$ 1,298,325	$ 1,298,325	$ 1,693,677	$ 395,352
TOTAL SPECIAL REVENUE FUNDS	$ 1,298,325	$ 1,298,325	$ 1,695,962	$ 397,637
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	$ 35,014,156	$ 35,014,156	$ 39,097,442	$ 4,083,286

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED
COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 2

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 483,640	$ 445,724	$ 395,096	50,628
General & financial administration:				
County administrator	249,298	275,762	274,018	1,744
Legal services & assessment	170,876	170,876	164,971	5,905
Independent auditors report	40,000	40,000	11,000	29,000
Commissioner of revenue	234,674	234,674	231,557	3,117
Treasurer	275,691	275,691	252,698	22,993
Info Systems Manager	69,170	69,170	63,937	5,233
Central accounting	140,572	140,572	135,138	5,434
General assessment	172,402	175,055	158,391	44,667
Purchasing	87,353	87,353	79,310	8,043
TOTAL GENERAL & FINANCIAL ADMINISTRATION	1,440,036	1,469,153	1,371,020	98,133
Board of elections:				
Electoral board & officials	172,402	172,402	130,597	41,805
TOTAL GENERAL GOVERNMENT ADMINISTRATION	2,096,078	2,087,279	1,896,713	190,566
Judicial administration:				
Courts:				
Clerk of the circuit court	365,681	380,425	360,906	19,519
Circuit court	56,519	56,519	49,838	6,681
General district court	6,725	6,725	5,433	1,292
Magistrate	2,000	2,350	2,136	214
Lib for VA President	-	62,305	52,052	10,253
Preservation grants	850	850	235	615
Technology trust fund	-	7,442	7,441	1
Juvenile & domestic relations	342,311	342,311	329,244	13,067
TOTAL COURTS	774,086	858,927	807,285	51,642
Commonwealth's attorney:				
Commonwealth's attorney	337,116	379,574	334,956	44,618
TOTAL JUDICIAL ADMINISTRATION	1,111,202	1,238,501	1,142,241	96,260
Public safety:				
Law enforcement & traffic control:				
Sheriff	2,084,427	2,140,063	2,145,258	(5,195)
DMV seatbelt grant	17,059	17,059	6,912	10,147
VAW outreach	14,236	29,334	29,340	(6)
Criminal investigation	22,600	22,600	16,092	6,508
Inmate expense	3,514	3,514	1,047	2,467
Victim witness	43,354	43,354	43,261	93
VA domestic Violense grant	20,000	62,151	40,047	22,104
Courthouse security	58,273	62,823	59,536	3,287
E-911 gramt	258,015	419,734	217,586	202,148
Traffic safety & accident redution	-	16,680	9,367	7,313
Motor vehicle violations	23,000	30,300	11,253	19,047
Recovery act	-	26,231	19,805	6,426
Byrne grant	-	1,325	1,325	-
Central dispatcher	552,979	552,979	544,492	8,487
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	3,097,457	3,428,147	3,145,321	282,826

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 2

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Fire & rescue services:				
Volunteer fire department	399,500	401,938	401,938	-
Ambulance & rescue services	185,000	185,000	184,947	53
Southwest Virginia EMS, Inc.	3,203	3,203	3,203	-
Forest fire service	14,769	18,265	18,265	-
TOTAL FIRE & RESCUE SERVICES	602,472	608,406	608,353	53
Correction and detention:				
Sheriff - jail	$ 879,301	$ 879,301	$ 798,580	$ 80,721
Inspections:				
Board of building appeals	75,086	75,510	75,596	(86)
Other protection:				
Emergency services	41,568	41,568	38,304	3,264
Medical examiner	700	700	180	520
Federal asset	5,000	5,405	1,633	3,772
Concealed weapon	8,000	8,000	3,000	5,000
Litter control	46,846	47,132	39,084	8,048
Animal control	77,095	77,095	74,483	2,612
TOTAL OTHER PROTECTION	179,209	179,900	156,684	23,216
TOTAL PUBLIC SAFETY	4,833,525	5,171,264	4,784,534	386,730
Public works:				
Maintenance of highways, streets, Bridges and sidewalks:				
Road administration	-	-		-
Sanitation & waste removal:				
Refuse collection	455,182	455,182	422,076	33,106
Refuse disposal	1,406,058	1,411,932	1,204,322	207,610
Manned solid waste sites	468,027	468,027	398,895	69,132
TOTAL SANITATION & WASTE REMOVAL	2,329,267	2,335,141	2,025,293	309,848
Maintenance of general buildings & grounds:				
General properties	217,636	231,712	213,446	18,266
Crooked road tech center	54,114	60,459	47,896	12,563
Community service building	150,121	150,354	142,715	7,639
TOTAL MAINTENANCE OF GENERAL PROPERTIES & GROUNDS	421,871	442,525	404,057	38,468
Capital Outlays	-	38,931	-	38,931
TOTAL PUBLIC WORKS	2,751,138	2,816,597	2,429,350	387,247
Health & welfare:				
Health:				
Supplement of local health department	249,508	249,508	240,975	8,533
Mental health & mental retardation:				
Chapter X board	65,404	65,404	65,404	-

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED
COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 2

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
State & local hospitalization:				
State & local hospitalization	-		2,840	(2,840)
Older American program	50,000	50,000	50,000	-
Lenowisco disability services	750	750		750
TOTAL STATE & LOCAL HOSPITALIZATION	50,750	50,750	52,840	(2,090)
Welfare:				
Welfare administration	$ 2,038,463	$ 2,038,463	$ 1,909,584	$ 128,879
Public assistance	1,298,691	1,298,691	1,068,032	230,659
Community service act	-	-		-
CMPT	985,250	995,701	995,701	-
Other social services	-	-	750	(750)
TOTAL WELFARE	4,322,404	4,332,855	3,974,067	358,788
TOTAL HEALTH & WELFARE	4,688,066	4,698,517	4,333,286	365,231
Education:				
Community colleges:				
Contributions to community colleges	27,964	27,964	27,964	-
Parks, recreation & cultural:				
Parks & recreation:				
Recreation centers & playgrounds	261,524	262,473	248,971	13,502
Nickelsville recreation	-	9,278	9,278	-
Non-park recreation	140,851	141,093	139,847	1,246
TOTAL PARKS & RECREATION	402,375	412,844	398,096	14,748
Library:				
Lonesome Pine Regional Library	200,000	206,444	206,444	-
TOTAL PARK, RECREATION & CULTURAL	602,375	619,288	604,540	14,748
Community development:				
Planning & community development:				
LENOWISCO	38,424	38,424	38,424	-
Planning district commission	5,000	5,000	2,680	2,320
Economic Development Authority	216,001	211,001	228,158	(17,157)
Chamber of commerce	8,000	8,000	8,000	-
Toursim	42,200	47,537	43,786	3,751
Community development general	-	-		-
TOTAL PLANNING & COMMUNITY DEVELOPMENT	309,625	309,962	321,048	(11,086)
Environmental management:				
Soil and water conservation district	30,000	30,000	30,000	-
Cooperative extension program:				
VPI extension	74,778	74,778	69,393	5,385
TOTAL COMMUNITY DEVELOPMENT	414,403	414,740	420,441	(5,701)

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010

SCHEDULE 2

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Debt service:				
Principal retirement	168,000	168,000	168,000	-
Interest & fiscal charges	8,520	8,520	8,520	-
TOTAL DEBT SERVICE	176,520	176,520	176,520	-
TOTAL GENERAL FUND	$ 16,701,271	$ 17,250,670	$ 15,815,589	$ 1,435,081
Special Revenue Fund:				
Law Library Fund:				
Judicial administration:				
Courts:				
Law library	$ 10,500	$ 10,500	$ 2,682	$ 7,818
Coal Road Improvement Fund:				
Public works				
Maintenance of highways, streets, bridges & sidewalks:				
Coal road	$ 2,500	$ 2,500	$ 2,961	$ (461)
TOTAL SPECIAL REVENUE FUND	$ 13,000	$ 13,000	$ 5,643	$ 7,357
GRAND TOTAL EXPENDITURES, ALL PRIMARY GOVERNMENTAL FUNDS	$ 16,714,271	$ 17,263,670	$ 15,821,232	$ 1,442,438
Component unit - school board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration & health services	$ 1,618,910	$ 1,618,910	$ 1,385,056	$ 233,854
Instruction costs:				
Instructional costs	28,184,670	28,184,670	27,584,963	599,707
Operating costs:				
Pupil transportation	2,256,175	2,256,175	1,605,699	650,476
Operation & maintenance of school plant	4,556,810	4,556,810	4,719,620	- (162,810)
TOTAL OPERATING COSTS	6,812,985	6,812,985	6,325,319	487,666
TOTAL SCHOOL OPERATING FUND	$ 36,616,565	$ 36,616,565	$ 35,295,338	$ 1,321,227
School Food Service Fund:				
Education				
Cafeteria operation	$ 1,916,570	$ 1,916,570	$ 2,028,054	$ (111,484)
School Construction Fund:				
Education				
Construction	$ -	$ -		$ -
School Health Insurance:				
Education				
Insurance cost	$ -	$ -	$ 3,876,308	$ (3,876,308)
Scott County Headstart Fund:				
Education				
Instruction costs	$ 1,298,325	$ 1,298,325	$ 1,695,962	$ (397,637)
GRAND TOTAL EXPENDITURES - COMPONENT UNIT - SCHOOL BOARD	$ 39,831,460	$ 39,831,460	$ 42,895,662	$ (3,064,202)

COUNTY OF SCOTT, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

SCHEDULE 3

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number		Federal Catalogue Number		Expenditures
DEPARTMENT OF AGRICULTURE:				
Direct Payments:				
Child and Adult Care Food Program		10.558	$	115,325
Pass Through Payments:				
Virginia Resources Authority Grant/Loan:				
Capitalization Grants for Drinking Water	*	66.468		809,161
Pass Through Payments:				
State Department of Agriculture:				
Food Distribution - Schools		10.555		136,314
Department of Social Services:				
Administrative Grant for Food Stamps	*	10.561		321,333
Department of Education:				
National School Lunch Program (SL-11)	*	10.555		819,395
National School Breakfast Program (SL-4)	*	10.553		310,580
AARA - Child Nutrition Discretionary		10.579		220,087
Forest Reserve Funds		10.665		71,248
TOTAL DEPARTMENT OF AGRICULTURE			$	2,803,443
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
Direct Payments:				
Administration to Children, Youth and Families				
Head Start	*	93.600	$	1,228,473
ARRA - Head Start		93.708	$	75,699
Pass Through Payments:				
Department of Social Services:				
Independent Living		93.674		5,966
Social Service Block Grant		93.667		116,121
Foster Care - Title IV - E		93.658		193,978
ARRA Foster Care - Title IV - E		93.658		14,576
Temporary Assistance to Needy Families	*	93.558		331,593
Adoption Assistance		93.659		87,116
ARRA Adoption Assistance		93.659		9,725
Child Care and Development Fund		93.596		59,284
Child Welfare Services		93.645		949
State Children's Insurance Program		93.767		14,412
Chafee Education & Training		93.599		6,182
Family Preservation		93.556		4,563
Adoption Incentive Payments		93.603		1,360
ARRA - Child Care and Development Block Grant		93.713		18,040
Pass Through Payments:				
State Administered Program:				
Low - Income Home Energy Assistance		93.568		18,066
Refugee and Entrant Assistance		93.566		716
Payments to State for Child Care Assistance		93.575		52,421
Medicaid Assistance		93.778		185,590
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES:			$	2,424,830

COUNTY OF SCOTT, VIRGINIA SCHEDULE 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number		Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Pass Through Payments:			
Virginia Department of Housing & Community Development:			
Community Development Block Grant		14.228	$ 7,500
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
Title I:			
Educationally Deprived Children's - LEA	*	84.010	$ 959,923
ARRA- Title I - Grants to LEA	*	84.389	$ 306,913
Title II:			
Improving School Programs State Block Grant (6-E-003381) (7-E-003325) (8-E-003567)		84.298	199,566
Title VI-B:			
Assistance to States for Education of Handicapped Children:			
Handicapped State Grants (5-E002581) (6-E002585	*	84.027	856,921
ARRA Special Educationn Grants to States	*	84.391	419,453
ARRA Special Education - Preschool Grants		84.392	29,923
Title VI-D:			
Vocational Education:			
Basic Grant to States		84.048	66,889
Education Technology State Grant		84.318	9,703
ARRA Education Technology State Grant		84.386	16,970
Preschool Handicapped		84.173	31,452
Twenty-First Century Community Learning Center		84.287	250,393
State Fiscal Stabilization Fund	*	84.394	2,469,868
Gear-Up Programs		84.334	46,765
TOTAL DEPARTMENT OF EDUCATION			$ 5,664,739
DEPARTMENT OF EMERGENCY MANAGEMENT			
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Grant Program		97.073	$ 58,610
U.S DEPARTMENT OF JUSTICE			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Woman Grant		16.588	$ 29,434
DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
Department of Motor Vehiles:			
State and Coummunity Safety		20.601	15,798
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 11,004,354

* Denotes major program

I. SUMMARY OF AUDIT RESULTS

A. The Auditors' report of Scott County, Virginia expresses an unqualified opinion on the general purpose financial statements.

B. No reportable condition relating to the audit of the financial statements are reported in the Independent Auditors' Report on compliance and on internal control over Financial Reporting based on an Audit of Financial Statements performed in accordance with Government Auditing Standards.

C. There was no instance of noncompliance material to the general purpose financial statements of Scott County, Virginia which would be required to be reported in accordance with Government Standards.

D. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance, in Accordance with OMB Circular A-133.

E. The Auditors' Report on Compliance for the major Federal Awards programs for Scott County, Virginia expresses an unqualified opinion.

F. No audit findings relative to the major federal award programs for Scott County, Virginia are reported.

G. Major programs as identified on the Schedule of Expenditures of Federal Awards were tested as major.

H. The dollar threshold for distinguishing Type A and B programs was $300,000.

I. Scott County, Virginia was not determined to be a low risk auditee.

II. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs discovered.

(CONTINUED)

COUNTY OF SCOTT, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

SCHEDULE 4
PAGE 2 OF 2

III. STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

All prior findings or questioned costs have been resolved.

Statistical Tables

COUNTY OF SCOTT, VIRGINIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

TABLE 1

Fiscal Year	General Adminis- tration	Judicial Adminis- tration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Develop- ment	Capital Project	Debt Service	Total
2000-01	1,251,011	702,726	2,841,215	1,055,736	3,260,080	25,747,671	535,966	146,388	-	750,900	36,291,693
2001-02	1,205,036	778,340	3,129,688	1,156,478	3,370,006	26,636,538	511,726	705,797	-	526,763	38,020,372
2002-03	1,191,607	790,366	2,933,395	1,072,398	3,301,075	28,378,948	485,069	425,897	-	487,611	39,066,366
2003-04	1,320,752	744,702	3,312,860	1,545,841	3,444,678	29,530,820	521,386	1,131,831	-	482,136	42,035,006
2004-05	1,319,429	775,645	4,163,791	1,310,358	3,452,029	32,996,510	500,342	1,650,751	-	438,264	46,607,119
2005-06	1,276,067	818,881	4,665,028	1,608,541	3,705,025	34,978,514	626,166	329,769	-	420,035	48,428,026
2006-07	1,411,505	1,062,366	4,053,538	2,003,468	3,819,479	40,193,389	575,524	633,755	-	372,209	54,125,233
2007-08	1,688,423	1,215,016	4,218,258	2,596,794	4,445,892	42,568,404	567,446	1,192,484	-	278,804	58,771,521
2008-09	1,715,417	1,232,552	4,505,877	2,771,975	4,541,706	43,518,037	648,707	876,362	-	243,244	60,053,877
2009-10	1,896,713	1,144,923	4,784,534	2,432,311	4,333,286	42,923,626	604,540	420,441	-	176,520	58,716,894

(1) Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

COUNTY OF SCOTT, VIRGINIA
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

TABLE 2

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfei-tures	Revenues from the Use of Money & Property	Charges for Services	Miscell-aneous	Recovered Costs	Inter-govern-mental	Total
2000-01	6,123,524	2,567,453	55,313	2,353	297,291	821,495	465,816	23,147	27,338,224	37,694,616
2001-02	5,972,730	2,960,254	57,645	51,772	178,379	772,909	225,828	303,624	29,053,578	39,576,719
2002-03	6,142,036	3,080,337	57,507	2,545	168,942	2,788,377	372,924	34,010	28,222,104	40,868,782
2003-04	6,206,568	3,038,223	65,896	28,493	154,221	2,235,504	351,945	-	30,472,364	42,553,214
2004-05	7,609,147	3,061,142	52,404	40,072	241,053	3,623,291	461,952	254,217	33,352,978	48,696,256
2005-06	7,870,574	3,272,318	51,517	39,128	363,072	2,295,623	485,503	150,254	33,346,999	47,874,988
2006-07	8,134,460	3,093,915	54,294	38,346	440,081	4,086,299	467,481	151,539	38,121,547	54,587,962
2007-08	8,186,961	3,332,751	57,903	85,077	289,442	3,912,939	481,535	199,766	39,401,408	55,947,782
2008-09	9,021,659	3,061,724	66,006	119,118	136,711	4,254,414	967,403	290,161	40,881,401	58,798,597
2009-10	7,845,243	3,119,899	48,642	185,820	101,279	5,323,624	297,840	350,720	40,596,723	57,869,790

(1) Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

COUNTY OF SCOTT, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 3

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2000-01	6,763,141	6,269,463	92.70%	167,649	6,437,112	95.18%	774,070	11.45%
2001-02	6,929,953	6,517,413	94.05%	209,262	6,726,675	97.07%	763,135	11.01%
2002-03	7,180,166	6,702,105	93.34%	169,407	6,871,512	95.70%	919,785	12.81%
2003-04	7,239,551	6,786,819	93.75%	270,900	7,057,719	97.49%	864,872	11.95%
2004-05	8,812,823	8,105,869	91.98%	316,351	8,422,220	95.57%	865,369	9.82%
2005-06	8,995,810	8,496,294	94.45%	296,178	8,792,472	97.74%	859,105	9.55%
2006-07	9,087,515	8,615,034	94.80%	359,802	8,974,836	98.76%	839,089	9.23%
2007-08	9,125,956	7,758,586	85.02%	428,375	8,186,961	89.71%	902,641	9.89%
2008-09	9,181,540	8,521,892	92.82%	499,767	9,021,659	98.26%	1,007,824	10.98%
2009-10	9,347,822	8,745,340	93.55%	835,563	9,580,903	102.49%	1,124,013	12.02%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

(4) Includes revenue from the commonwealth for personal property tax relief act.

COUNTY OF SCOTT, VIRGINIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 4

Fiscal Year	Real Estate	Personal Property	Public Service Real Estate	Public Service Personal Property	Total
2000-01	523,512,500	150,841,412	57,712,012	404,915	732,470,839
2001-02	634,246,200	156,109,462	59,798,612	314,147	850,468,421
2002-03	658,012,800	170,995,259	63,187,714	653,126	892,848,899
2003-04	659,413,600	173,108,981	47,952,780	653,126	881,128,487
2004-05	903,007,200	170,445,802	102,112,811	406,826	1,175,972,639
2005-06	916,916,750	192,747,069	82,425,959	425,141	1,192,514,919
2006-07	926,449,800	196,166,314	73,554,085	363,789	1,196,533,988
2007-08	932,487,800	196,487,615	73,554,085	363,789	1,202,893,289
2008-09	945,918,300	188,842,338	76,153,851	273,600	1,211,188,089
2009-10	963,334,181	182,691,109	78,556,795	267,229	1,224,849,314

(1) 100% fair market value.
(2) Assessed values are established by the State Corporation Commission.

COUNTY OF SCOTT, VIRGINIA
PROPERTY TAX RATES (1)
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2000-01	0.67	1.20	0.72	0.72	0.72
2001-02	0.73	1.40	0.72	0.72	0.72
2002-03	0.73	1.40	0.72	0.72	0.72
2003-04	0.73	1.40	0.72	0.72	0.72
2004-05	0.69	1.40	0.69	0.72	0.72
2005-06	0.69	1.40	0.69	0.72	0.72
2006-07	0.69	1.40	0.69	0.72	0.72
2007-08	0.72	1.40	0.69	0.72	0.72
2008-09	0.72	1.40	0.69	0.72	0.72
2009-10	0.69	1.40	0.69	0.72	0.72

(1) Per $100 of assessed value.

COUNTY OF SCOTT, VIRGINIA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000-01	23,403	799,630,447	2,666,870	0.33%	113.95
2001-02	23,403	832,470,839	2,320,850	0.28%	99.17
2002-03	23,403	850,468,421	1,974,830	0.23%	84.38
2003-04	23,403	892,848,899	1,645,960	0.18%	70.33
2004-05	23,403	1,175,972,639	1,338,210	0.11%	57.18
2005-06	23,403	1,192,514,919	1,024,960	0.09%	43.80
2006-07	23,403	1,196,533,988	707,165	0.06%	30.22
2007-08	23,403	1,202,893,289	463,165	0.04%	19.79
2008-09	23,403	1,211,188,089	247,816	0.02%	10.59
2009-10	23,403	1,224,849,314	80,000	0.01%	3.42

(1) Bureau of the Census.

(2) From Table 4.

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