

# Financial Report Year Ended June 30, 2010

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# DIRECTORY OF PRINCIPAL OFFICIALS FISCAL YEAR ENDED JUNE 30, 2010

#### **BOARD OF SUPERVISORS**

Eddie Dean, Chairman James L. Arrington, Vice-Chairman

Dave Allen Pete Elliott Jerry Butler

#### DEPARTMENT OF SOCIAL SERVICES BOARD

Lisa Robertson, Chairman Michael D. Hale, Vice-Chairman

Jerry Butler Doris Turner

Barbara A. Breeding

## MADISON COUNTY SCHOOL BOARD

Jeffrey C. Early, Chairman James L. Nelson, Jr., Vice-Chairman

Martin Boone

Tanya Taylor

Doreen G. Jenkins

## **OTHER OFFICIALS**

|                     | Judge of the Circuit CourtClerk of the Circuit Court |
|---------------------|--|
|                     | Judge of the General District Court                  |
|                     | Judge of the Juvenile & Domestic Relations Court     |
| •                   | Judge of the Juvenile & Domestic Relations Court     |
| George S. Webb, III | Commonwealth's Attorney                              |
| Gale L. Harris      | Commissioner of the Revenue                          |
| Stephanie Murray    | Treasurer  |
| Erik Weaver         | Sheriff  |
| Matthew Eberhardt   | Superintendent of Schools                            |
| Elizabeth Patterson | Clerk of the School Board                            |
| Nancy B. Coppedge   | Director of Social Services                          |
| Lisa Robertson      | County Administrator                                 |

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

#### INDEPENDENT AUDITORS' REPORT

# To the Honorable Members of the Board of Supervisors County of Madison, Virginia

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, Virginia, as of June 30, 2010, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2011, on our consideration of the County of Madison, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. The County of Madison, Virginia has not presented the Management's Discussion and Analysis. The general fund budgetary comparison information and schedule of pension and OPEB funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

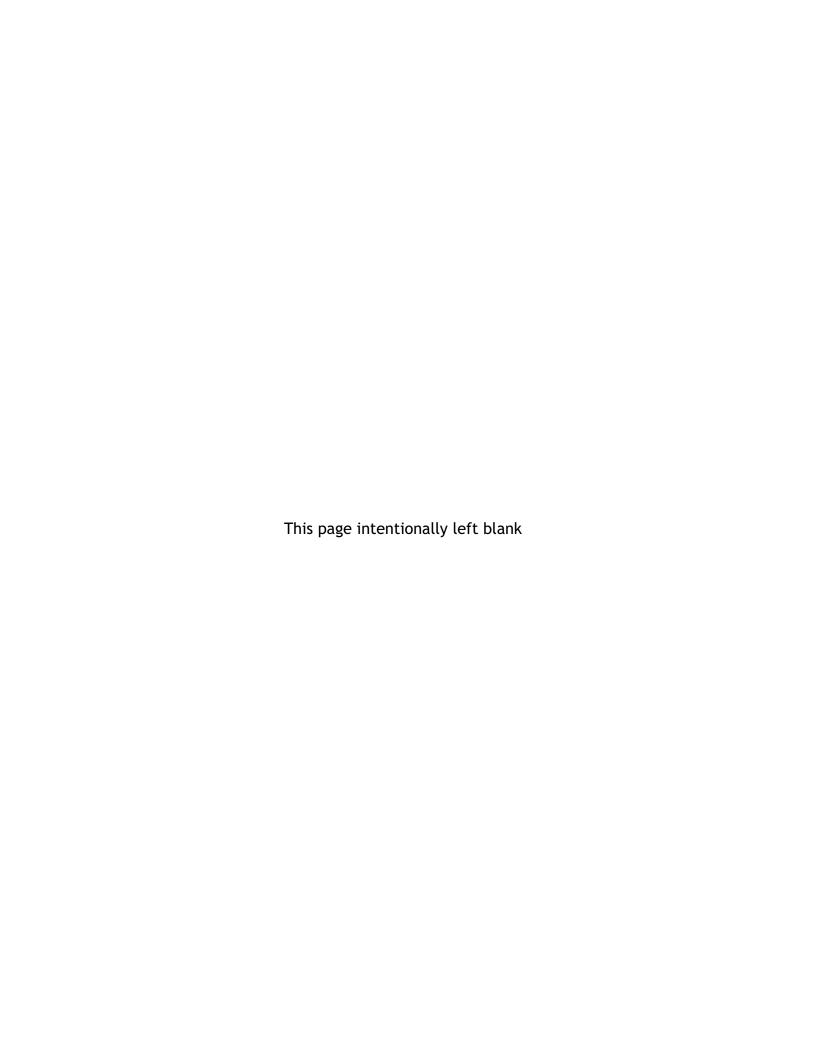
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Madison, Virginia's, basic financial statements. The introductory section, other supplementary information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the County of Madison, Virginia. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Charlottesville, Virginia

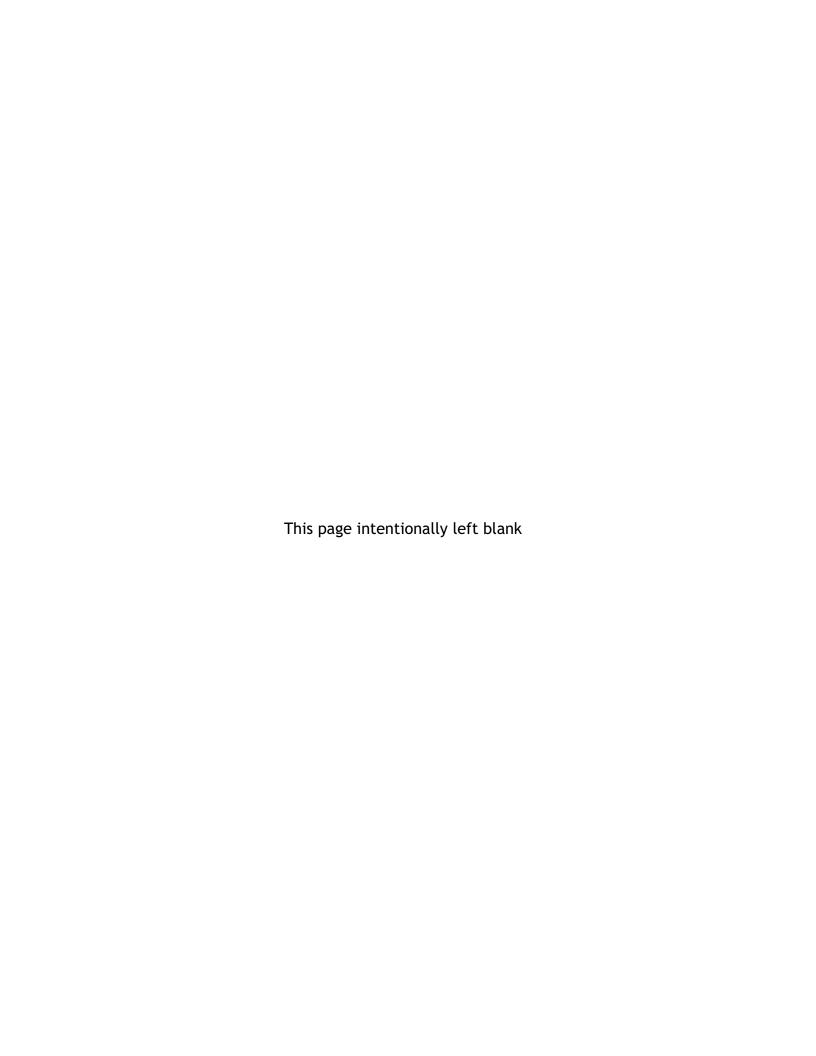
Tuinson, Farmer, Cox Associates

January 10, 2011









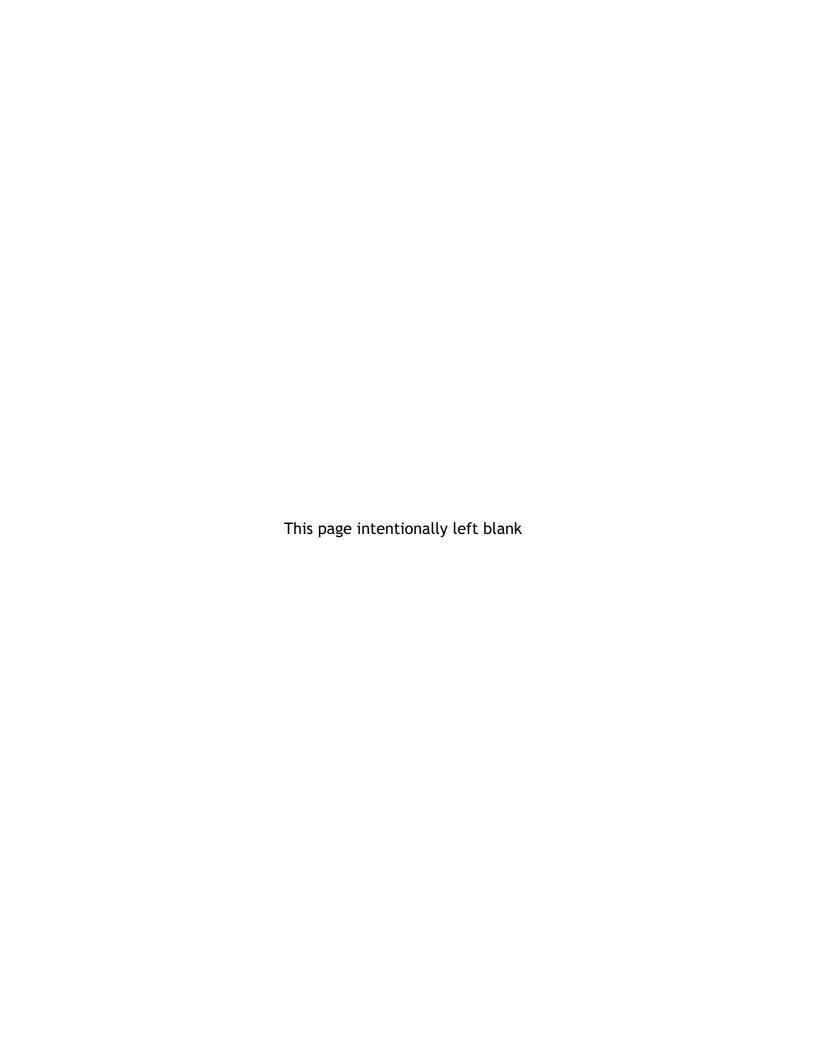
Statement of Net Assets At June 30, 2010

|   |          | Primary<br>Government     | Compo                     |             |
|---|----------|---------------------------|---------------------------|-------------|
|   | <u>-</u> | overnmental<br>Activities | Scho<br>Boa               |             |
| ASSETS  |          |                           |                           |             |
| Current Assets:   | ¢        | E 202 400                 | ¢ 2.2                     | 44 002      |
| Cash and cash equivalents  Receivables (net of allowance for uncollectibles): | \$       | 5,393,498                 | <b>Φ</b> 2,2 <sup>2</sup> | 46,902      |
| Property taxes  |          | 5,318,485                 |                           | _           |
| Accounts receivable   |          | 105,215                   |                           | 3,449       |
| Note receivable   |          | 15,562                    |                           | · -         |
| Inventory   |          | -                         | 2                         | 20,595      |
| Due from other governments  |          | 571,583                   | 53                        | 38,229      |
| Due from Component Unit   | _        | 485,981                   |                           | _           |
| Total Current Assets  | \$       | 11,890,324                | \$ 2,80                   | 09,175      |
| Noncurrent Assets:  |          |                           |                           |             |
| Capital assets:   |          |                           |                           |             |
| Land and construction in progress   | \$       | 11,436,342                | \$ 10                     | 09,803      |
| Buildings and equipment, net of depreciation                                  | _        | 7,843,603                 |                           | 05,964      |
| Total Noncurrent Assets   | \$       | 19,279,945                | \$ 4,8                    | 15,767      |
| Total Assets  | \$       | 31,170,269                | \$ 7,62                   | 24,942      |
| LIABILITIES   |          |                           |                           |             |
| Current Liabilities:  |          |                           |                           |             |
| Accounts payable  | \$       | 539,928                   |                           | 55,697      |
| Accrued liabilities   |          | -                         |                           | 58,331      |
| Due to Primary Government   |          | -                         | 48                        | 35,981      |
| Accrued interest payable Deferred revenue                                     |          | 80,957<br>4,417,809       |                           | -           |
| Current portion of long-term obligations                                      |          | 1,719,285                 |                           | -<br>36,501 |
| Total Current Liabilities   | \$       | 6,757,979                 |                           | 36,510      |
| Noncurrent Liabilities:   |          |                           |                           |             |
| Noncurrent portion of long-term obligations                                   |          | 7,327,382                 | 37                        | 71,513      |
| Total Liabilities   | \$       | 14,085,361                | \$ 2,60                   | 08,023      |
| NET ASSETS  |          |                           |                           |             |
| Invested in capital assets, net of related debt                               | \$       | 11,381,095                | \$ 4,8                    | 15,767      |
| Unrestricted assets   | _        | 5,703,813                 | 20                        | 01,152      |
| Total Net Assets  | \$       | 17,084,908                | \$ 5,0                    | 16,919      |
| Total Liabilities and Net Assets  | \$       | 31,170,269                | \$ 7,62                   | 24,942      |

Net (Expense)

|   |      |                      |              |                     |               |    | Met (Lxp        | crise)         |
|---|------|----------------------|--------------|---------------------|---------------|----|-----------------|----------------|
|   |      |                      |              |                     |               |    | Revenue         | and            |
|   |      |                      |              |                     |               |    | Change          | s in           |
|   |      |                      |              |                     |               |    | Net Ass         |                |
|   |      |                      |              |                     |               | -  | Primary         | Component      |
|   |      |                      |              | Program Revenu      | ies           |    | Government      | Unit           |
|   |      | -                    | Charges      | Operating           | Capital       |    |                 |                |
|   |      |                      | for          | Grants and          | Grants and    |    | Governmental    | School         |
| Functions/Programs  |      | Expenses             | Services     | Contributions       | Contributions |    | Activities      | Board          |
| PRIMARY GOVERNMENT: Governmental activities: General government |      |                      |              |                     |               |    |                 |                |
| administration  | \$   | 1,236,352\$          | - \$         | 293,809             | -             | \$ | (942,543) \$    | -              |
| Judicial administration   |      | 784,033              | 220,132      | 340,842             | -             |    | (223,059)       | -              |
| Public safety   |      | 4,266,320            | 210,716      | 928,930             | -             |    | (3,126,674)     | -              |
| Public works  |      | 1,235,080            | 141,247      | 7,787               | -             |    | (1,086,046)     | -              |
| Health and welfare  |      | 2,580,466            | -            | 1,615,967           | -             |    | (964,499)       | -              |
| Education   |      | 8,259,183            | -            | =                   | -             |    | (8,259,183)     | -              |
| Parks, recreation, and cultural                                 |      | 371,752              | 111,145      | -                   | -             |    | (260,607)       | -              |
| Community development   |      | 411,120              | 531          | 4,956               |               |    | (405,633)       | -              |
| Interest on long-term debt                                      | _    | 199,776              |              |                     |               |    | (199,776)       |                |
| Total governmental activities                                   | \$_  | 19,344,082 \$        | 683,771      | 3,192,291           |               | \$ | (15,468,020) \$ |                |
| COMPONENT UNIT:<br>School Board                                 | \$_  | <u>17,949,832</u> \$ | 488,558      | 9,746,480           | <u> </u>      | \$ | \$              | (7,714,794)    |
| General   | rev  | enues:               |              |                     |               |    |                 |                |
| Genera  | l pr | operty taxes         |              |                     |               | \$ | 11,966,643 \$   | -              |
| Local sa  | ales | s and use tax        |              |                     |               |    | 776,952         | -              |
|   |      | ation taxes          |              |                     |               |    | 608,119         |                |
|   |      | s' utility taxes     |              |                     |               |    | 304,321         | -              |
|   |      | cle licenses         |              |                     |               |    | 1,410           | -              |
|   |      | t food taxes         |              |                     |               |    | 320,479         | -              |
| Other Id  |      |                      |              |                     |               |    | 265,345         | -              |
|   |      |                      | om use of mo | oney and property   | 1             |    | 174,695         | 39,023         |
| Miscella  |      |                      |              |                     |               |    | 133,961         | 80,404         |
|   |      |                      |              | ed to specific prog | grams         |    | 1,082,024       | -<br>0 157 571 |
| •   |      | ntribution to So     | CHOOL BOSEQ  |                     |               | _  |                 | 8,157,571      |
| Change i  |      |                      |              |                     |               | \$ | 165,929 \$      | 562,204        |
| Net asset   | ıs - | beginning            |              |                     |               | =  | 16,918,979      | 4,454,715      |
| Net asset   | ts - | ending               |              |                     |               | \$ | 17,084,908 \$   | 5,016,919      |





Balance Sheet - Governmental Funds At June 30, 2010

| ASSETS   | _           | General<br>Fund |     | Capital<br>Improvement<br>Fund |     | Total      |
|--|-------------|-----------------|-----|--------------------------------|-----|------------|
| Cash and cash equivalents                          | \$          | 4,393,498       | \$  | 1,000,000                      | \$  | 5,393,498  |
| Receivables (Net of allowance for uncollectibles): |             |                 |     |                                |     |            |
| Taxes, including penalties                         |             | 5,318,485       |     | -                              |     | 5,318,485  |
| Accounts receivable                                |             | 105,215         |     | -                              |     | 105,215    |
| Note receivable                                    |             | 15,562          |     | -                              |     | 15,562     |
| Due from component unit                            |             | 485,981         |     | -                              |     | 485,981    |
| Due from other governmental units                  | _           | 571,583         | _   | -                              | _   | 571,583    |
| Total assets                                       | \$ <u>_</u> | 10,890,324      | \$_ | 1,000,000                      | \$_ | 11,890,324 |
| LIABILITIES  |             |                 |     |                                |     |            |
| Accounts payable                                   | \$          | 169,681         | \$  | 370,247                        | \$  | 539,928    |
| Deferred revenue                                   |             | 5,275,599       |     | -                              |     | 5,275,599  |
| Total liabilities                                  | \$          | 5,445,280       | \$  | 370,247                        | \$  | 5,815,527  |
| FUND BALANCES                                      |             |                 |     |                                |     |            |
| Unreserved, undesignated                           | \$_         | 5,445,044       | \$_ | 629,753                        | \$_ | 6,074,797  |
| Total fund balances                                | \$_         | 5,445,044       | \$_ | 629,753                        | \$  | 6,074,797  |
| Total liabilities and fund balances                | \$          | 10,890,324      | \$  | 1,000,000                      |     |            |

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 County as a whole.

19,279,945

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(80,957)

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 (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.

857,790

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.

(9,046,667)

Net assets of general government activities

17,084,908

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

|  |     |                | Capital        |                          |
|--|-----|----------------|----------------|--------------------------|
|  | _   | General        | Improvement    | Total                    |
| Revenues:  |     |                |                |                          |
| General property taxes                           | \$  | 11,881,329 \$  | - \$           | , ,                      |
| Other local taxes                                |     | 2,276,626      | -              | 2,276,626                |
| Permits, privilege fees and regulatory licenses  |     | 193,601        | -              | 193,601                  |
| Fines and forfeitures                            |     | 160,201        | -              | 160,201                  |
| Revenue from use of money and property           |     | 174,695        | -              | 174,695                  |
| Charges for services                             |     | 329,969        | -              | 329,969                  |
| Miscellaneous                                    |     | 133,961        | -              | 133,961                  |
| Intergovernmental:                               |     | 2 5 44 700     |                | 2 5 44 700               |
| Commonwealth                                     |     | 3,546,729      | -              | 3,546,729                |
| Federal  | _   | 727,586        |                | 727,586                  |
| Total revenues                                   | \$_ | 19,424,697     | - \$           | 19,424,697               |
| Expenditures:                                    |     |                |                |                          |
| Current: General government administration       | \$  | 1,032,617 \$   | ; - \$         | 1,032,617                |
| Judicial administration                          | Ş   | 751,801        | - ,            | 751,801                  |
| Public safety                                    |     | 4,285,339      | -              | 4,285,339                |
| Public works                                     |     | 1,213,242      | -              | 1,213,242                |
| Health and welfare                               |     | 2,549,199      | -              | 2,549,199                |
| Education  |     | 7,746,487      | _              | 7,746,487                |
| Parks, recreation, and cultural                  |     | 302,702        | _              | 302,702                  |
| Community development                            |     | 382,894        | _              | 382,894                  |
| Nondepartmental                                  |     | 84,874         | _              | 84,874                   |
| Capital projects                                 |     | -              | 4,634,042      | 4,634,042                |
| Debt service:                                    |     |                | .,00 .,0       | .,00 .,0                 |
| Principal retirement                             |     | 1,451,006      | _              | 1,451,006                |
| Interest and other fiscal charges                |     | 197,157        | -              | 197,157                  |
| Total expenditures                               | \$  | 19,997,318 \$  | 4,634,042 \$   |                          |
| Excess (deficiency) of revenues over expendiures | \$  | (572,621) \$   | (4,634,042) \$ | (5,206,663)              |
| Other Financias Courses (uses)                   |     |                |                |                          |
| Other Financing Sources (uses):                  | ċ   | 1 E10 000 Å    |                | 1 510 000                |
| Issuance of long-term debt                       | \$  | 1,510,000 \$   | - \$           | ,,                       |
| Issuance of capital lease<br>Transfers in        |     | 239,858        | -<br>E 2/2 70E | 239,858                  |
| Transfers in Transfers (out)                     |     | (5,263,795)    | 5,263,795<br>- | 5,263,795<br>(5,263,795) |
| Total other financing sources (uses)             | \$  | (3,513,937)    | 5,263,795 \$   |                          |
| Net change in fund balances                      | \$  | (4,086,558) \$ | 629,753 \$     | (3,456,805)              |
| Fund balances at beginning of year               | _   | 9,531,602      | - \$           | 9,531,602                |
| Fund balances at end of year                     | \$  | 5,445,044      | 629,753 \$     | 6,074,797                |

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

|   |    |                        | Primary<br>Government<br>Governmental<br>Funds |
|---|----|------------------------|--|
| Amounts reported for governmental activities in the statement of activities are different because:  |    |                        |  |
| Net change in fund balances - total governmental funds  |    | \$                     | (3,456,805)                                    |
| 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. The following details support this adjustment:    |    |                        |  |
| Capital outlay Depreciation expense   | \$ | 4,879,354<br>(580,420) | 4,298,934                                      |
| Transfer of joint tenancy assets from Primary Government to the Component Unit  |    |                        | (412,744)                                      |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of deferred taxes.  |    |                        | 85,314   |
| 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. A summary of items supporting this adjustment is as follows: |    |                        |  |
| Principal retired on general obligation bonds   | \$ | 281,930                |  |
| Principal retired on VML/VACO loan  |    | 775,000                |  |
| Principal retired on capital leases   |    | 84,076                 |  |
| Issuance of long-term debt  |    | (1,749,858)            |  |
| Principal retired on state literary fund loans  | _  | 310,000                | (298,852)                                      |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:  |    |                        |  |
| Change in accrued leave   | \$ | (27,299)               |  |
| Change in OPEB liability  |    | (20,000)               | (10.015)                                       |
| Change in interest payable  | -  | (2,619)                | (49,918)                                       |
| Change in net assets of governmental activities   |    | \$                     | 165,929  |

Statement of Fiduciary Net Assets At June 30, 2010

|                           | _  | Agency<br>Funds |
|---------------------------|----|-----------------|
| ASSETS                    |    |                 |
| Cash and cash equivalents | \$ | 39,156          |
| Total assets              | \$ | 39,156          |
| LIABILITIES               |    |                 |
| Amounts held for others   | \$ | 39,156          |
| Total liabilities         | \$ | 39,156          |

Notes to Financial Statements At June 30, 2010

# Note 1 - Summary of Significant Accounting Policies:

The County of Madison, Virginia was formed in 1792 and is governed by an elected five 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 Madison, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

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

#### Statement of Net Assets:

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

#### Statement of Activities:

The 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).

Notes to Financial Statements At June 30, 2010 (Continued)

#### Note 1 - Summary of Significant Accounting Policies: (Continued)

# Statement of Activities: (Continued)

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

#### Fund Financial Statements:

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

# **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 government over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, 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 its 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 Madison, Virginia (the primary government) and its component unit. 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

<u>Blended Component Units:</u> The County has no blended component units to be included for the fiscal year ended June 30, 2010.

Notes to Financial Statements At June 30, 2010 (Continued)

## Note 1 - Summary of Significant Accounting Policies: (Continued)

# B. Individual Component Unit Disclosures: (Continued)

<u>Discretely Presented Component Unit:</u> The School Board operates the County Public School System. Members are currently elected by popular vote. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a 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.

# C. Other Related Organizations

Included in the County's Financial Statements: None

## D. Other Related Organizations

#### Excluded from the County's Financial Statements:

<u>Madison County Industrial Development Authority:</u> The County's officials are responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Madison County Industrial Development Authority.

Rappahannock-Rapidan Community Services Board, Central Virginia Regional Jail, Rappahannock Juvenile Detention Center, and the Rapidan Service Authority: The County, in conjunction with other localities, has created the Rappahannock-Rapidan Community Services Board, Central Virginia Regional Jail, Rappahannock Juvenile Detention Center, and the Rapidan Service Authority. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions.

## D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Notes to Financial Statements At June 30, 2010 (Continued)

#### Note 1 - Summary of Significant Accounting Policies: (Continued)

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

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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

#### 1. Governmental Funds:

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

#### a. 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 revenues is used principally to finance the operations of the Component Unit School Board.

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 1 - Summary of Significant Accounting Policies: (Continued)

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

#### 1. Governmental Funds: (Continued)

#### b. Capital Improvement Fund

The Capital Improvement Fund accounts for all financial resources used for the acquisition or construction of major capital facilities.

# 2. Fiduciary Funds (Trust and Agency Funds):

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County 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 accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County's only Agency Fund is the Special Welfare Fund.

#### E. Budgets and Budgetary Accounting

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

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

Notes to Financial Statements At June 30, 2010 (Continued)

## Note 1 - Summary of Significant Accounting Policies: (Continued)

#### F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments for the government, as well as for its component unit, are reported at fair value.

#### G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$112,339 at June 30, 2010 and is comprised 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. Real Estate taxes are payable and collectible on June 5th and December 5th. Personal property taxes are payable and collectible on December 5th. 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 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 \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The 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 attributable to capitalized assets as of June 30, 2010 was immaterial.

Notes to Financial Statements At June 30, 2010 (Continued)

## Note 1 - Summary of Significant Accounting Policies: (Continued)

#### H. Capital Assets: (Continued)

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

| Assets                        | Years    |
|-------------------------------|----------|
| Buildings                     | 40       |
| Building improvements         | 20 to 40 |
| Vehicles                      | 3 to 5   |
| Office and computer equipment | 5        |
| Buses                         | 12       |

# I. <u>Compensated Absences</u>

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

## 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. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources 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. 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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements At June 30, 2010 (Continued)

## Note 1 - Summary of Significant Accounting Policies: (Continued)

#### L. 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.

#### M. Net Assets

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

#### Note 2 - Deposits and Investments:

# **Deposits**

All cash of the County and Component Unit School Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the <u>Code of Virginia</u> or covered by federal depository insurance.

## <u>Investments</u>

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

#### **Credit Risk of Debt Securities**

The County does not have a policy related to credit risk of debt securities.

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

Locality's Rated Debt Investments' Values

|                                  | Fair Quality<br>Ratings |         |
|----------------------------------|-------------------------|---------|
| Rated Debt Investments           |                         | AAA     |
| U.S. Government Securities       | \$                      | 60,798  |
| Local Government Investment Pool | _                       | 505,800 |
| Total                            | \$ <u>_</u>             | 566,598 |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 2 - Deposits and Investments: (Continued)

## **External Investment Pool:**

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

# **Interest Rate Risk:**

The County does not have a policy related to interest rate risk.

# Investment Maturities (in years)

| Investment Type            |    | Fair<br>Value | Greater than<br>10 years |
|----------------------------|----|---------------|--------------------------|
| U.S. Government Securities | \$ | 60,798 \$     | 60,798                   |

## Note 3 - Due From Other Governmental Units:

|  |    | Primary<br>Government |    | Component Unit<br>School Board |
|--|----|-----------------------|----|--------------------------------|
| Commonwealth of Virginia:                    | _  |                       | •  |                                |
| Local sales tax                              | \$ | 140,882               | \$ | -                              |
| Public assistance and welfare administration |    | 12,670                |    | -                              |
| State sales tax                              |    |                       |    | 307,308                        |
| Comprehensive services                       |    | 98,363                |    | -                              |
| Recordation tax                              |    | 8,169                 |    | -                              |
| Communications tax                           |    | 102,646               |    | -                              |
| Shared expenses                              |    | 129,692               |    | -                              |
| Criminal justice                             |    | 16,989                |    | -                              |
| Other state funds                            |    | 21,733                |    | -                              |
| Federal Government:                          |    |                       |    |                                |
| School funds                                 |    | -                     |    | 230,921                        |
| Transportation enhancement program           |    |                       |    | -                              |
| Forestry grant                               |    | 4,956                 |    | -                              |
| Public assistance and welfare administration | _  | 35,483                |    |                                |
| Totals                                       | \$ | 571,583               | \$ | 538,229                        |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 4 - Capital Assets:

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

|   |                          | Balance<br>July 1, 2009   | Additions  | Deletions                     | Balance<br>June 30, 2010   |
|---|--------------------------|---|--|-------------------------------|--|
| Primary Government:   |                          |   |  | -                             |  |
| Capital assets not being depreciated:  Land   | \$                       | 1,419,418 \$  | - \$   | - \$                          | 1,419,418  |
| Construction in progress  | Ţ                        | 5,413,749   | 4,604,994  | 1,819                         | 10,016,924   |
| Total capital assets not being depreciated  | \$                       | 6,833,167 \$  | 4,604,994 \$   | 1,819 \$                      | 11,436,342   |
| Capital assets being depreciated:   |                          |   |  |                               |  |
| Buildings   | \$                       | 6,492,563 \$  | \$   | - \$                          | 6,492,563  |
| Equipment (including vehicles)  |                          | 2,098,227   | 278,179  | 82,060                        | 2,294,346  |
| Jointly owned assets  | . –                      | 4,589,998   |  | 591,930                       | 3,998,068  |
| Total capital assets being depreciated  | \$                       | 13,180,788 \$   | 278,179 \$   | 673,990 \$                    | 12,784,977   |
| Less accumulated depreciation:  |                          |   |  |                               |  |
| Buildings   | \$                       | (1,901,030) \$  | (212,926) \$   | - \$                          | (2,113,956)  |
| Equipment (including vehicles)  |                          | (1,559,834)   | (267,542)  | (80,060)                      | (1,747,316)  |
| Jointly owned assets  | _                        | (1,159,336)   | (99,952)   | (179,186)                     | (1,080,102)  |
| Total accumulated depreciation  | \$_                      | (4,620,200) \$  | (580,420) \$   | (259,246) \$                  | (4,941,374)  |
| Net capital assets being depreciated  | \$_                      | 8,560,588 \$  | (302,241) \$   | 414,744 \$                    | 7,843,603  |
| Net capital assets  | \$_                      | 15,393,755 \$   | 4,302,753 \$   | 416,563 \$                    | 19,279,945   |
|   | _                        |   |  |                               |  |
|   | _                        | Ralance   |  |                               | Ralance  |
|   | _                        | Balance<br>July 1, 2009   | Additions  | Deletions                     | Balance<br>June 30, 2010   |
| Component Unit - School Board:  | _                        | Balance<br>July 1, 2009   | Additions  | Deletions                     | Balance<br>June 30, 2010   |
| Component Unit - School Board:<br>Capital assets not being depreciated:   | _                        |   | Additions  | Deletions                     |  |
| •   | -<br>\$_                 |   | Additions - \$   | Deletions<br>- \$             |  |
| Capital assets not being depreciated:   | _                        | July 1, 2009  |  |                               | June 30, 2010<br>109,803   |
| Capital assets not being depreciated:  Land  Total capital assets not being depreciated   | \$_                      | July 1, 2009<br>109,803 \$  | \$   | - \$                          | June 30, 2010<br>109,803   |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated:  | \$_                      | July 1, 2009  109,803 \$ 109,803 \$   | - \$<br>- \$   | <u>-</u> \$                   | June 30, 2010<br>109,803<br>109,803  |
| Capital assets not being depreciated:  Land  Total capital assets not being depreciated   | \$_<br>\$_<br>\$_        | July 1, 2009<br>109,803 \$  | \$   | - \$                          | June 30, 2010<br>109,803   |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings  | \$_<br>\$_<br>\$_        | 109,803 \$ 109,803 \$ 4,690,740 \$  | - \$<br>- \$   | <u>-</u> \$                   | 109,803<br>109,803<br>4,690,740  |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings Equipment (including vehicles)   | \$_<br>\$_<br>\$_        | 109,803 \$ 109,803 \$ 4,690,740 \$ 2,682,536  | - \$<br>- \$<br>- \$<br>189,540                              | <u>-</u> \$                   | 109,803<br>109,803<br>4,690,740<br>2,872,076   |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings Equipment (including vehicles) Jointly owned assets  Total capital assets being depreciated  | \$_<br>\$_<br>\$_        | 109,803 \$ 109,803 \$ 4,690,740 \$ 2,682,536 3,950,891  | - \$<br>- \$<br>189,540<br>591,930                           | - \$<br>- \$<br>- \$          | 109,803<br>109,803<br>4,690,740<br>2,872,076<br>4,542,821  |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings Equipment (including vehicles) Jointly owned assets  Total capital assets being depreciated  Less accumulated depreciation:  | \$_<br>\$_<br>\$_<br>\$  | 109,803 \$ 109,803 \$ 109,803 \$ 4,690,740 \$ 2,682,536 3,950,891  11,324,167 \$                            | - \$<br>- \$<br>189,540<br>591,930<br>781,470 \$             | - \$<br>- \$<br>- \$<br>\$    | June 30, 2010  109,803  109,803  4,690,740 2,872,076 4,542,821  12,105,637                                       |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings Equipment (including vehicles) Jointly owned assets  Total capital assets being depreciated  | \$_<br>\$_<br>\$_        | 109,803 \$ 109,803 \$ 4,690,740 \$ 2,682,536 3,950,891  | - \$<br>- \$<br>189,540<br>591,930                           | - \$<br>- \$<br>- \$          | 109,803<br>109,803<br>4,690,740<br>2,872,076<br>4,542,821  |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings Equipment (including vehicles) Jointly owned assets  Total capital assets being depreciated  Less accumulated depreciation: Buildings                                | \$_<br>\$_<br>\$_<br>\$  | 109,803 \$ 109,803 \$ 109,803 \$ 4,690,740 \$ 2,682,536 3,950,891  11,324,167 \$ (4,654,670) \$             | - \$ - \$ 189,540 591,930 781,470 \$ (381,851) \$            | - \$<br>- \$<br>- \$<br>\$    | June 30, 2010  109,803  109,803  4,690,740 2,872,076 4,542,821  12,105,637  (5,036,521)                          |
| Capital assets not being depreciated: Land Total capital assets not being depreciated  Capital assets being depreciated: Buildings Equipment (including vehicles) Jointly owned assets  Total capital assets being depreciated  Less accumulated depreciation: Buildings Equipment (including vehicles) | \$_<br>\$_<br>\$_<br>\$_ | 109,803 \$ 109,803 \$ 109,803 \$ 4,690,740 \$ 2,682,536 3,950,891  11,324,167 \$ (4,654,670) \$ (2,143,198) | - \$ - \$ 189,540 591,930  781,470 \$ (381,851) \$ (219,954) | - \$ - \$ - \$ - \$ - \$ - \$ | 109,803<br>109,803<br>109,803<br>4,690,740<br>2,872,076<br>4,542,821<br>12,105,637<br>(5,036,521)<br>(2,363,152) |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 4 - Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and Component Unit School Board as follows:

| Governmental activities:                           |                |         |
|--|----------------|---------|
| General government administration                  | \$             | 59,258  |
| Judicial administration                            |                | 26,916  |
| Public safety                                      |                | 257,421 |
| Public works                                       |                | 45,148  |
| Health and welfare                                 |                | 23,394  |
| Education  |                | 99,952  |
| Parks, recreation and cultural                     |                | 68,331  |
| Total  | \$             | 580,420 |
|  | -              | _       |
| Component Unit School Board                        | \$<br><u>=</u> | 403,494 |
|  |                |         |
| Depreciation Expense                               | \$             | 403,494 |
| Transfer of asset from primary government          |                | 19,125  |
| Joint tenancy transfer of accumulated depreciation | _              | 179,186 |
|  |                |         |
| Total accumulated depreciation, previous page      | \$_            | 601,805 |

## Note 5 - Compensated Absences:

In accordance with GASB Statement No. 16, Accounting and Financial Reporting Principal for Claims, Judgments and Compensated Absences, the County has accrued the liability arising from outstanding claims, judgments and compensated absences.

County employees earn vacation and sick leave at various rates. No benefits or pay is received for unused sick leave upon termination. The County had outstanding accrued vacation pay as follows:

| Primary Government          | \$<br>335,667 |
|-----------------------------|---------------|
| Component Unit School Board | \$<br>365,014 |

Notes to Financial Statements At June 30, 2010 (Continued)

Note 6 - Interfund Transfers Due From/To Other Funds/Primary Government/Component Units:

| Fund                |      | Due from<br>Component<br>Unit | <br>Due to<br>Primary<br>Government |
|---------------------|------|-------------------------------|-------------------------------------|
| General             | \$   | 485,981                       | \$<br>-                             |
| School              |      | -                             | 485,981                             |
| Total               | \$ _ | 485,981                       | \$<br>485,981                       |
| Fund                |      | Transfers In                  | Transfers Out                       |
| General             | \$   | -                             | \$<br>5,263,795                     |
| Capital Improvement |      | 5,263,795                     | -                                   |
| Total               | \$ _ | 5,263,795                     | \$<br>5,263,795                     |

#### Note 7 - Defined Benefit Pension Plan:

#### A. <u>Plan Description:</u>

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

Notes to Financial Statements At June 30, 2010 (Continued)

## Note 7 - Defined Benefit Pension Plan: (Continued)

#### B. Funding Policy:

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2010 were 8.05% and 3.70% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$617,820, \$829,394, and \$947,515 to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008 and 2007 respectively and these contributions represented 8.81% for July 2009 through March 2010 and 0% for April through June 2010, 8.81%, and 10.30% respectively, of current covered payroll.

#### C. Annual Pension Cost:

For fiscal year 2010, the County's annual pension cost of \$295,687 was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$25,745 which was equal to the Board's required and actual contributions.

| Fiscal Year       | <b>Annual Pension</b> | Percentage of          | <b>Net Pension</b> |
|-------------------|-----------------------|------------------------|--------------------|
| Ending            | Cost (APC) (1)        | <b>APC Contributed</b> | Obligation         |
| County:           |                       |                        |                    |
| June 30, 2010     | \$<br>295,687         | 100%                   | \$<br>-            |
| June 30, 2009     | 294,642               | 100%                   | -                  |
| June 30, 2008     | 241,146               | 100%                   | -                  |
| School Board      |                       |                        |                    |
| Non-Professional: |                       |                        |                    |
| June 30, 2010     | \$<br>25,745          | 100%                   | -                  |
| June 30, 2009     | 27,164                | 100%                   | -                  |
| June 30, 2008     | 22,068                | 100%                   | -                  |

# (1) Employer portion only

Notes to Financial Statements At June 30, 2010 (Continued)

## Note 7 - Defined Benefit Pension Plan: (Continued)

#### C. Annual Pension Cost: (Continued)

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

# D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 91.19% funded. The actuarial accrued liability for benefits was \$11,464,989, and the actuarial value of assets was \$10,454,709, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,010,280. The covered payroll (annual payroll of active employees covered by the plan) was \$3,666,853, and ratio of the UAAL to the covered payroll was 27.55%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's plan was 110.83% funded. The actuarial accrued liability for benefits was \$2,745,930, and the actuarial value of assets was \$3,043,334, resulting in an unfunded actuarial accrued liability (UAAL) of (\$297,404). The covered payroll (annual payroll of active employees covered by the plan) was \$699,131, and ratio of UAAL to the covered payroll was (42.54%).

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

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 8 - Long-Term Obligations:

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

| Year     | Gene          | eral      |              |            |              |            |            |          |
|----------|---------------|-----------|--------------|------------|--------------|------------|------------|----------|
| Ending   | Obligatio     | n Bonds   | Literary Fun | nd Loans   | VACO/VMI     | Loan       | Capital    | Leases   |
| June 30, | Principal     | Interest  | Principal    | Interest   | Principal    | Interest   | Principal  | Interest |
|          |               |           |              |            |              |            |            |          |
| 2011     | \$ 289,820 \$ | 29,248 \$ | 310,000 \$   | 102,300 \$ | 1,010,000 \$ | 63,665 \$  | 75,898 \$  | 8,178    |
| 2012     | 298,248       | 9,842     | 310,000      | 93,000     | 1,010,000    | 46,495     | 79,884     | 4,193    |
| 2013     | -             | -         | 310,000      | 83,700     | 1,010,000    | 29,325     | -          | -        |
| 2014     | -             | -         | 310,000      | 74,400     | 715,000      | 12,155     | -          | -        |
| 2015     | -             | -         | 310,000      | 65,100     | -            | -          | -          | -        |
| 2016     | -             | -         | 310,000      | 55,800     | -            | -          | -          | -        |
| 2017     | -             | -         | 310,000      | 46,500     | -            | -          | -          | -        |
| 2018     | -             | -         | 310,000      | 37,200     | -            | -          | -          | -        |
| 2019     | -             | -         | 310,000      | 27,900     | -            | -          | -          | -        |
| 2020     | -             | -         | 310,000      | 18,600     | -            | -          | -          | -        |
| 2021     | -             | -         | 310,000      | 9,300      | -            | -          | -          | -        |
|          |               |           |              |            |              |            |            |          |
| Total    | \$ 588,068 \$ | 39,090 \$ | 3,410,000 \$ | 613,800 \$ | 3,745,000 \$ | 151,640 \$ | 155,782 \$ | 12,371   |

# Changes in Long-Term Obligations:

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

|                                 | _   | Amounts<br>Payable at<br>July 1,<br>2009 | Increases |            | Decreases    | Amounts Payable at June 30, 2010 | Amounts Due Within One Year |
|---------------------------------|-----|--|-----------|------------|--------------|----------------------------------|-----------------------------|
| Governmental Funds:             |     |  |           |            |              |                                  |                             |
| School general obligation bonds | \$  | 869,998 \$                               | -         | \$         | 281,930 \$   | 588,068 \$                       | 289,820                     |
| Landfill closure liability      |     | 792,150                                  | -         |            | -            | 792,150                          | -                           |
| Literary fund loans             |     | 3,720,000                                | -         |            | 310,000      | 3,410,000                        | 310,000                     |
| VACO/VML loan                   |     | 3,010,000                                | 1,510,000 |            | 775,000      | 3,745,000                        | 1,010,000                   |
| Capital leases                  |     | -  | 239,858   |            | 84,076       | 155,782                          | 75,898                      |
| Other post employment benefits  |     | -  | 44,000    |            | 24,000       | 20,000                           | -                           |
| Compensated absences            | _   | 308,368                                  | 58,136    | . <u>-</u> | 30,837       | 335,667                          | 33,567                      |
| Total governmental funds        | \$_ | 8,700,516 \$                             | 1,851,994 | \$         | 1,505,843 \$ | 9,046,667 \$                     | 1,719,285                   |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 8 - Long-Term Obligations: (Continued)

|  |     | Amount<br>Outstanding | Amounts<br>Due Within<br>One Year |
|--|-----|-----------------------|-----------------------------------|
| School General Obligation Bonds:   | _   |                       |                                   |
| \$4,809,082 School Bonds, 1991B, issued July 15, 1991, maturing annually through July 15, 2011, interest at 4.85% to 6.60% payable semiannually  | \$  | 588,068               | \$<br>289,820                     |
| State Literary Fund Loans:<br>\$6,200,000, issued December 1, 2000 due in varying installments<br>through December 1, 2020, interest at 3%   | \$  | 3,410,000             | \$<br>310,000                     |
| VACO/VML Loans:  | •   |                       |                                   |
| \$5,040,000 loan issued November 19, 2008 due in varying installments through November 2013. Interest is payable monthly at the bank's prime rate plus 1.5%. The amount drawn on the loan at June 30, 2010 was \$4,520,000 | \$  | 3,745,000             | \$<br>1,010,000                   |
| Capital Leases:  | -   |                       |                                   |
| \$192,987 lease issued February 5, 2010 due in annual installments of principal and interest of \$67,647 through February 2012. Interest is payable at 5.25%   | \$  | 125,340               | \$<br>61,067                      |
| \$46,871 lease issued December 21, 2009 due in annual installments of principal and interest of \$16,429 through December 2011. Interest is payable at 5.25%   | -   | 30,442                | <br>14,831                        |
| Total Capital Leases   | \$  | 155,782               | \$<br>75,898                      |
| Landfill closure liability   | \$  | 792,150               | \$<br>                            |
| Other post employment benefits   | \$_ | 20,000                | \$<br><u>-</u>                    |
| Compensated absences   | \$_ | 335,667               | \$<br>33,567                      |
| Total  | \$  | 9,046,667             | \$<br>1,719,285                   |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 8 - Long-Term Obligations: (Continued)

#### Component Unit School Board:

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

|   |     | Amounts Payable at July 1, |                  |    |                     | Amounts payable at June 30, | Amounts Due Within |
|---|-----|----------------------------|------------------|----|---------------------|-----------------------------|--------------------|
|   |     | 2009                       | Increases        | _  | Decreases           | 2010                        | One Year           |
| Compensated absences payable Other post employment benefits | \$  | 309,377 \$                 | 86,575<br>74,000 | \$ | 30,938 \$<br>31,000 | 365,014<br>43,000           | \$ 36,501          |
| Total   | \$_ | 309,377 \$                 | 160,575          | \$ | 61,938 \$           | 408,014                     | \$ 36,501          |

#### 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. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$5,275,599 for the primary government is comprised of the following:

- A. <u>Deferred Property Tax Revenue</u>: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$5,184,647 at June 30, 2010.
- B. <u>Prepaid Property Taxes</u>: Property tax due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$90,952 at June 30, 2010.

#### Note 10 - Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and 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.

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 11 - Surety Bonds:

|  | Amount        |
|--|---------------|
| Virginia Department of Risk Management - Surety                    | _             |
| Stephanie Murray, Treasurer  | \$<br>400,000 |
| Linda Parrish, Clerk of the Circuit Court                          | 25,000        |
| Gale L. Harris, Commissioner of the Revenue                        | 3,000         |
| Erik Weaver, Sheriff   | 30,000        |
| Above constitutional officers' employees - blanket bond            | 50,000        |
| Madison County Department of Social Services employee blanket bond | 100,000       |
| Virginia Local Government Risk Management Plan                     |               |
| Madison County School Board Public Officials Liability             | 1,000,000     |
| Madison County Public Officials Liability                          | 250,000       |

#### Note 12 - Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is insured by the Virginia Association of Counties (VACO) for all risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years. Worker's Compensation is also carried through VACO.

#### 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 which occurred in fiscal year 2005 and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$792,150 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from any funds accumulated for this purpose in the General Fund.

The County has demonstrated financial assurance requirements for closure and postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

The County plans to meet all federal laws, regulations and tests of financial assurance related to the financing of closure and postclosure care when they become effective.

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 14 - Other Post Employment Benefits Program:

# County:

# A. Plan Description:

The County post-retirement health care plan is a single employer defined benefit healthcare plan that offers insurance benefits for employees who are eligible for retirement benefits. All full-time employees who retire with 30 years of service, or at age 62 with 5 years of service are eligible. Once the participant is Medicare eligible they are no longer eligible to remain in the plan. The County's post-retirement health care Plan does not issue a separate, audited GAAP basis report.

### B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees, the retirees pay 100% of the published rates for individual and dependant coverage until age 65. Surviving spouses are not allowed access to the plan.

# C. Annual OPEB Cost and Net OPEB Obligation:

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

| Annual required contribution               | \$<br>44,000 |
|--|--------------|
| Interest on net OPEB obligation            | -            |
| Adjustment to annual required contribution | <br>-        |
| Annual OPEB cost (expense)                 | \$<br>44,000 |
| Contribution made                          | 24,000       |
| Increase in net OPEB obligation            | \$<br>20,000 |
| Net OPEB obligation-beginning of year      | -            |
| Net OPEB obligation-end of year            | \$<br>20,000 |
|  | <br>         |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 14 - Other Post Employment Benefits Program: (Continued)

# County: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

|               |                  | Percentage       |            |
|---------------|------------------|------------------|------------|
|               | Annual           | of Annual        | Net        |
| Fiscal        | OPEB             | <b>OPEB Cost</b> | OPEB       |
| Year Ended    | Cost             | Contributed      | Obligation |
| June 30, 2010 | <br>\$<br>44,000 | 54% \$           | 20,000     |

### D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 is as follows:

| Actuarial accrued liability (AAL)                   | Ş | 461,000   |
|---|---|-----------|
| Actuarial value of plan assets                      |   | -         |
| Unfunded actuarial accrued liability                |   | 461,000   |
| Funded ratio (actuarial value of plan assets / AAL) |   | 0%        |
| Covered payroll (active plan members)               | 3 | 3,836,000 |
| UAAL as a percentage of covered payroll             |   | 12.02%    |

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

#### E. Actuarial Methods and Assumptions

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

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 14 - Other Post Employment Benefits Program: (Continued)

#### County: (Continued)

#### E. Actuarial Methods and Assumptions: (Continued)

#### Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

#### **Interest Assumptions**

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010, was thirty years.

|                | Unfunded |
|----------------|----------|
|                |          |
| Discount rate  | 4.0%     |
| Payroll growth | 3.75%    |

# School Board:

#### A. Plan Description:

The School Board Retiree Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has at least seven consecutive years of service immediately preceding retirement, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

#### B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process. The school board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees the School Board pays an amount per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Coverage ceases after seven years and there is no benefit provided after age 65. Surviving spouses are not allowed access to the plan.

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 14 - Other Post Employment Benefits Program: (Continued)

#### School Board: (Continued)

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

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

| Annual required contribution               | \$<br>74,000 |
|--|--------------|
| Interest on net OPEB obligation            | -            |
| Adjustment to annual required contribution | -            |
| Annual OPEB cost (expense)                 | \$<br>74,000 |
| Contribution made                          | 31,000       |
| Increase in net OPEB obligation            | \$<br>43,000 |
| Net OPEB obligation-beginning of year      | <br>         |
| Net OPEB obligation-end of year            | \$<br>43,000 |

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

|               |              | Percentage       |            |
|---------------|--------------|------------------|------------|
|               | Annual       | of Annual        | Net        |
| Fiscal        | OPEB         | <b>OPEB Cost</b> | OPEB       |
| Year Ended    | Cost         | Contributed      | Obligation |
|               |              |                  |            |
| June 30, 2010 | \$<br>74,000 | 41% \$           | 43,000     |

# D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2010 is as follows:

| Actuarial accrued liability (AAL)                   | \$<br>794,000 |
|---|---------------|
| Actuarial value of plan assets                      | -             |
| Unfunded actuarial accrued liability                | 794,000       |
| Funded ratio (actuarial value of plan assets / AAL) | 0%            |
| Covered payroll (active plan members)               | 7,176,000     |
| UAAL as a percentage of covered payroll             | 11.06%        |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 14 - Other Post Employment Benefits Program: (Continued)

# School Board: (Continued)

# D. Funded Status and Funding Progress: (Continued)

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

# E. Actuarial Methods and Assumptions

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

#### Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

### **Interest Assumptions**

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010, was thirty years.

|                | Unfunded |
|----------------|----------|
| Discount rate  | 4.0%     |
| Payroll growth | 3.75%    |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 15 - Other Post-Employment Benefits-VRS Health Insurance Credit (OPEB):

#### A. Plan Description

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

An employee of the County who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the <u>Code of Virginia</u>. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 7.

# B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the <u>Code of Virginia</u> and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was .13% of annual covered payroll.

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

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

For 2010, the County's contribution of \$4,775 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

|   | Fiscal Year<br>Ending | Annual OPEB<br>Cost (ARC) | Percentage of ARC Contributed | Net OPEB Obligation |   | _ |
|---|-----------------------|---------------------------|-------------------------------|---------------------|---|---|
| _ | June 30, 2009         | \$<br>4,758               | 100%                          | \$                  | - | • |
|   | June 30, 2010         | 4,775                     | 100%                          |                     | - |   |

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 15 - Other Post-Employment Benefits-VRS Health Insurance Credit (OPEB): (Continued)

#### D. Funded Status and Funding Progress

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

| Actuarial accrued liability (AAL)                   | \$<br>34,473 |
|---|--------------|
| Actuarial value of plan assets                      | 32,323       |
| Unfunded actuarial accrued liability                | 2,150        |
| Funded ratio (actuarial value of plan assets / AAL) | 93.76%       |
| Covered payroll (active plan members)               | 3,666,853    |
| UAAL as a percentage of covered payroll             | 0.06%        |

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

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

# E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 3009 was 27 years.

Notes to Financial Statements At June 30, 2010 (Continued)

# Note 15 - Other Post-Employment Benefits-VRS Health Insurance Credit (OPEB): (Continued)

#### F. Professional Employees - Discretely Presented Component Unit School Board

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

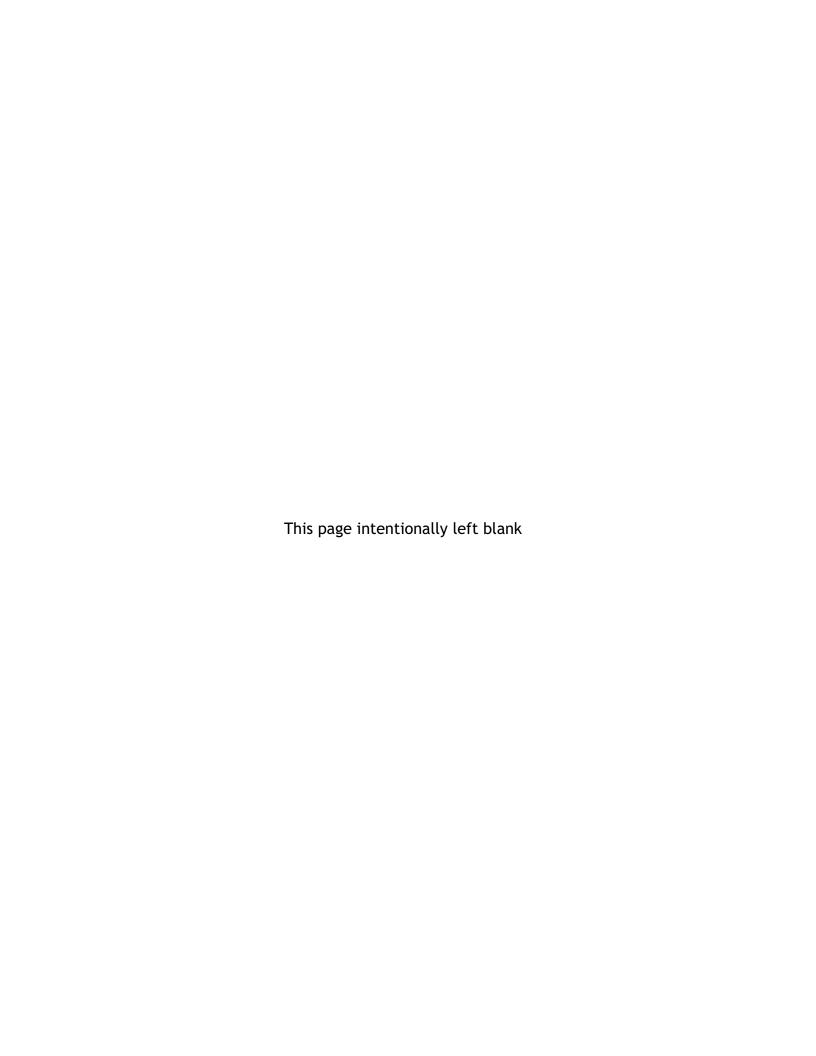
A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$73,893, \$101,663, and \$106,709, respectively and equaled the required contributions for each year.

# **Required Supplementary Information**

Note to Required Supplementary Information:

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

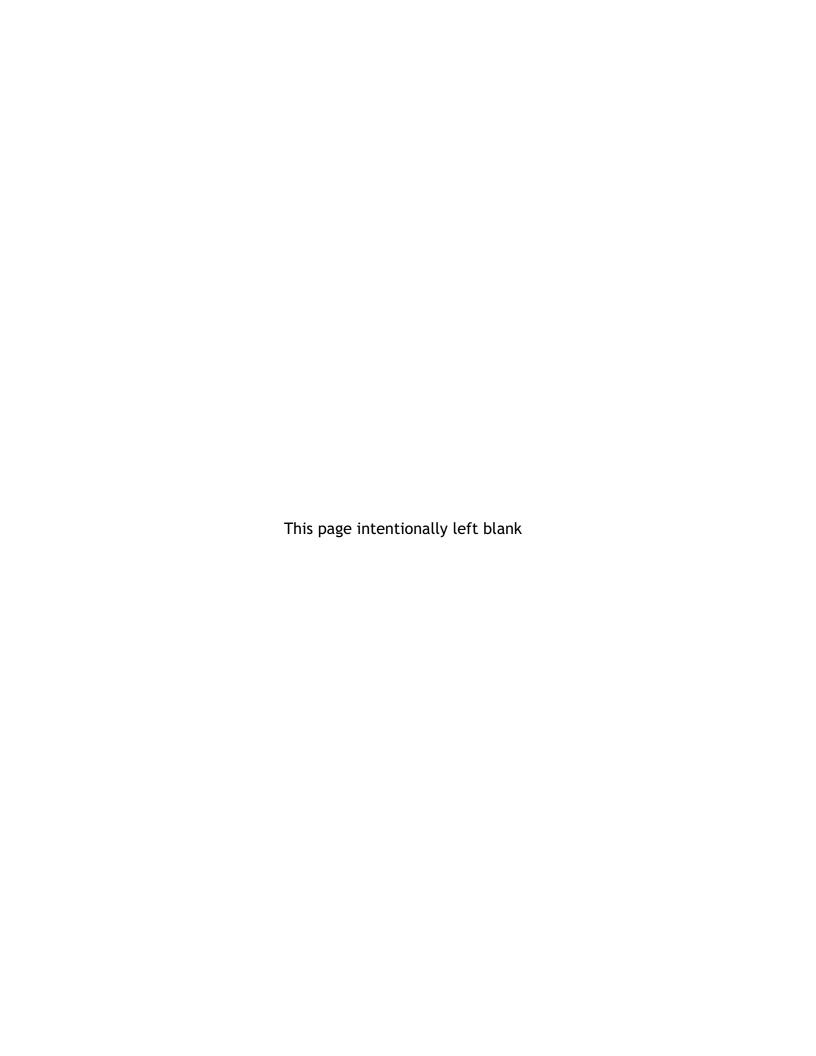


Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -- General Fund Year Ended June 30, 2010

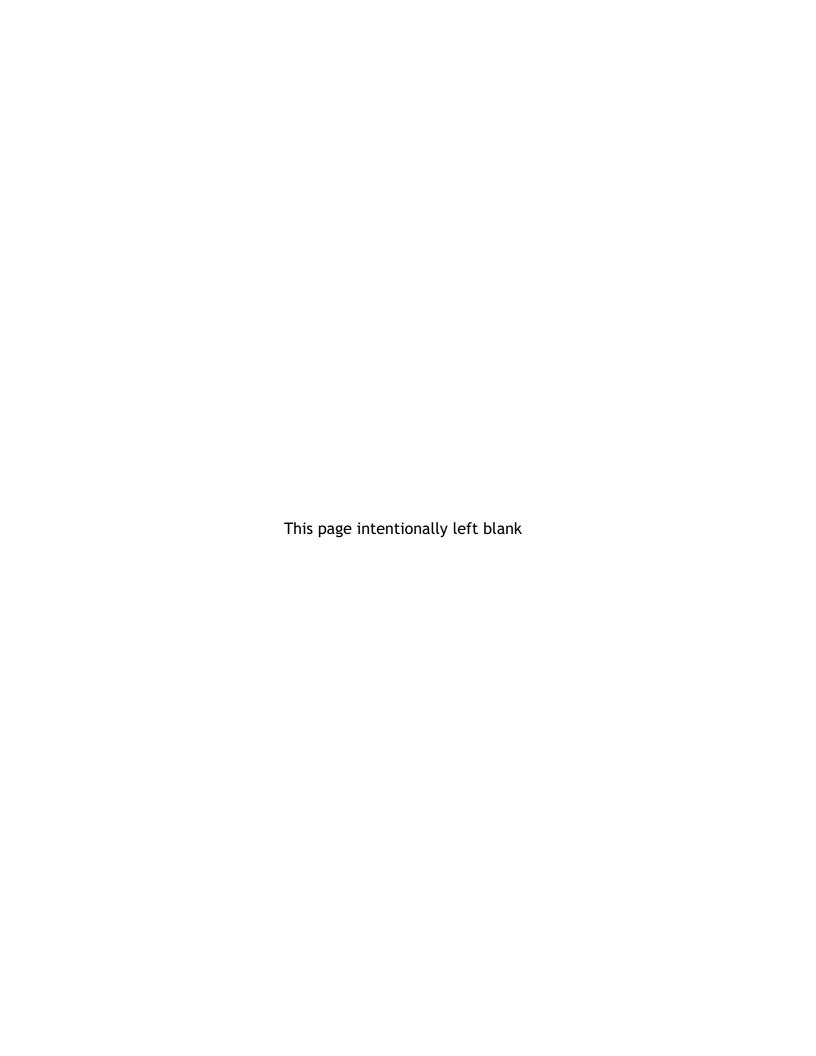
|  | _       | Original<br>Budget | _        | Budget<br>As<br>Amended | Actual         | Variance With Amended Budget Positive (Negative) |
|--|---------|--------------------|----------|-------------------------|----------------|--|
| Revenues:  |         | 10 111 000         | _        | 10 111 000 6            | 44 004 000 0   | (250.074)  |
| General property taxes                           | \$      | 12,141,200         | \$       | 12,141,200 \$           | 11,881,329 \$  | (259,871)  |
| Other local taxes                                |         | 2,329,500          |          | 2,329,500               | 2,276,626      | (52,874)   |
| Permits, privilege fees and regulatory licenses  |         | 234,300            |          | 234,300                 | 193,601        | (40,699)   |
| Fines and forfeitures                            |         | 60,000             |          | 60,000                  | 160,201        | 100,201  |
| Revenue from use of money and property           |         | 124,702            |          | 124,702                 | 174,695        | 49,993   |
| Charges for services                             |         | 391,410            |          | 391,410                 | 329,969        | (61,441)   |
| Miscellaneous                                    |         | 29,022             |          | 29,022                  | 133,961        | 104,939  |
| Intergovernmental:                               |         | 2 5 45 000         |          | 3 5 45 000              | 2 5 44 720     | 004  |
| Commonwealth                                     |         | 3,545,908          |          | 3,545,908               | 3,546,729      | 821  |
| Federal  | _       | 1,118,986          | _        | 1,118,986               | 727,586        | (391,400)  |
| Total revenues                                   | \$_     | 19,975,028         | \$_      | 19,975,028 \$           | 19,424,697 \$  | (550,331)  |
| Expenditures:                                    |         |                    |          |                         |                |  |
| Current:   |         |                    |          |                         |                |  |
| General government administration                | \$      | 1,152,889          | \$       | 1,154,323 \$            | 1,032,617 \$   | 121,706  |
| Judicial administration                          |         | 775,537            |          | 821,545                 | 751,801        | 69,744   |
| Public safety                                    |         | 4,173,109          |          | 4,580,823               | 4,285,339      | 295,484  |
| Public works                                     |         | 1,586,935          |          | 1,585,865               | 1,213,242      | 372,623  |
| Health and welfare                               |         | 2,818,694          |          | 2,818,694               | 2,549,199      | 269,495  |
| Education  |         | 7,475,954          |          | 7,810,854               | 7,746,487      | 64,367   |
| Parks, recreation, and cultural                  |         | 180,698            |          | 405,703                 | 302,702        | 103,001  |
| Community development                            |         | 815,869            |          | 832,948                 | 382,894        | 450,054  |
| Nondepartmental Debt service:                    |         | 1,261,988          |          | 144,638                 | 84,874         | 59,764   |
| Principal retirement                             |         | 1,591,930          |          | 1,638,565               | 1,451,006      | 187,559  |
| Interest and other fiscal charges                |         | 159,716            |          | 197,157                 | 197,157        | 107,337  |
| Total expenditures                               | _<br>\$ |                    | <u>,</u> |                         |                | 1 002 707  |
| •  | · –     | 21,993,319         | _        | 21,991,115 \$           | 19,997,318 \$  | 1,993,797  |
| Excess (deficiency) of revenues over expendiures | \$_     | (2,018,291)        | \$_      | (2,016,087) \$          | (572,621) \$   | 1,443,466  |
| Other Financing Sources (uses):                  |         |                    |          |                         |                |  |
| Issuance of long-term debt                       | \$      | 2,030,000          | \$       | 2,030,000 \$            | 1,510,000 \$   | (520,000)  |
| Issuance of capital lease                        | •       | 239,858            |          | 239,858                 | 239,858        | -  |
| Transfers (out)                                  |         | (2,730,000)        |          | (5,604,855)             | (5,263,795)    | 341,060  |
| Total other financing sources (uses)             | \$      | (460,142)          | \$       | (3,334,997) \$          | (3,513,937) \$ | (178,940)  |
| Not change in fund balances                      | \$      | (2 479 422)        | Ċ        | (5 351 09 <i>4</i> ) ¢  | (4,086,558) \$ | 1 264 526  |
| Net change in fund balances                      | Ş       | (2,478,433)        | ۲        | (5,351,084) \$          |                | 1,264,526  |
| Fund balances at beginning of year               | _       | 2,478,433          | _        | 5,351,084               | 9,531,602      | 4,180,518  |
| Fund balances at end of year                     | \$_     | -                  | \$_      | <u> </u>                | 5,445,044 \$   | 5,445,044  |

|                                     |      |  | Vii  | rginia Retirement Syst   | em   |                                     |   |
|-------------------------------------|------|--|--|--|--|-------------------------------------|---|
| County:                             |      |  |  |  |  |                                     |   |
| Valuation<br>as of                  |      | Actuarial<br>Value of<br>Assets<br>(AVA) | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>AAL<br>(UAAL)<br>(3)-(2)                                 | Funded Ratio<br>Assets at %<br>of AAL<br>(2) (3) | Annual<br>Covered<br>Payroll        | UAAL as %<br>of Covered<br>Payroll<br>(4)/(6) |
| (1)                                 | _    | (2)                                      | (3)  | (4)  | (5)  | (6)                                 | (7)   |
| 6/30/2009<br>6/30/2008<br>6/30/2007 | \$   | 10,454,709 \$<br>10,106,992<br>9,115,303 | 11,464,989 \$<br>10,511,099<br>9,459,860   | 1,010,280<br>404,107<br>344,557                                      | 91.19% \$<br>96.16%<br>96.36%                    | 3,666,853<br>3,608,233<br>3,427,981 | 27.55%<br>11.20%<br>10.05%                    |
| School Board                        | l No | n-Professional:                          |  |  |  |                                     |   |
| Valuation<br>as of<br>(1)           | _    | Actuarial Value of Assets (AVA) (2)      | Actuarial Accrued Liability (AAL) (3)      | Unfunded<br>AAL<br>(UAAL)<br>(3)-(2)<br>(4)                          | Funded Ratio Assets at % of AAL (2) (3) (5)      | Annual<br>Covered<br>Payroll<br>(6) | UAAL as % of Covered Payroll (4)/(6)          |
|                                     | Φ.   |  |  | (207, 404)   |  | (00.101                             |   |
| 6/30/2009<br>6/30/2008<br>6/30/2007 | \$   | 3,043,334 \$<br>3,060,786<br>2,808,756   | 2,745,930 \$<br>2,893,283<br>2,693,123     | (297,404)<br>(167,503)<br>(115,633)                                  | 110.83% \$<br>105.79%<br>104.29%                 | 699,131<br>750,046<br>672,637       | -42.54%<br>-22.33%<br>-17.19%                 |
|                                     |      |  | County                                     | VRS Health Insurance   | Credit:  |                                     |   |
| Valuation<br>as of<br>(1)           | _    | Actuarial<br>Value of<br>Assets<br>(AVA) | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>AAL<br>(UAAL)<br>(3)-(2)<br>(4)                          | Funded Ratio Assets at % of AAL (2) (3) (5)      | Annual<br>Covered<br>Payroll<br>(6) | UAAL as % of Covered Payroll (4)/(6)          |
|                                     | \$   | 32,323 \$<br>37,826<br>23,304            | 34,473 \$<br>50,335<br>61,779              | 2,150<br>12,509<br>38,475  | 93.76% \$<br>75.15%<br>37.72%                    | 3,666,853<br>3,608,233<br>3,427,981 | 0.06%<br>0.35%<br>1.12%                       |
|                                     |      |  | Othe                                       | r Post Employment Be   | nefits   |                                     |   |
| Valuation Date                      | _    | Actuarial<br>Value of<br>Assets<br>(AVA) | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>(Excess Funded)<br>Actuarial Accrued<br>Liability (UAAL) | Funded<br>Ratio<br>(2) / (3)                     | Annual<br>Covered<br>Payroll        | UAAL<br>as % of<br>Payroll<br>(4) / (6)       |
| (1)                                 |      | (2)                                      | (3)  | (4)  | (5)  | (6)                                 | (7)   |
| 7/1/10                              | \$   | - \$                                     | 461,000 \$                                 | 461,000  | 0.00% \$   | 3,836,000                           | 12.02%  |
| Discretely Pr                       | ese  | nted Componer                            | it Unit - School Bo                        | oard   |  |                                     |   |
| Valuation<br>Date                   | _    | Actuarial<br>Value of<br>Assets<br>(AVA) | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>(Excess Funded)<br>Actuarial Accrued<br>Liability (UAAL) | Funded<br>Ratio<br>(2) / (3)                     | Annual<br>Covered<br>Payroll        | UAAL<br>as % of<br>Payroll<br>(4) / (6)       |
| (1)                                 |      | (2)                                      | (3)  | (4)  | (5)  | (6)                                 | (7)   |
| 7/1/2010                            | \$   | - \$                                     | 794,000 \$                                 | 794,000  | 0.00% \$   | 7,176,000                           | 11.06%  |









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

|  | _   | Budgeted A     | mounts         |                   | Variance with Final Budget - |
|--|-----|----------------|----------------|-------------------|------------------------------|
|  |     | Original       | Final          | Actual<br>Amounts | Positive<br>(Negative)       |
| EXPENDITURES                             |     |                |                |                   |                              |
| Capital projects                         | \$  | 2,730,000 \$   | 5,604,855 \$   | 4,634,042         | \$ 970,813                   |
| Total expenditures                       | \$  | 2,730,000 \$   | 5,604,855 \$   | 4,634,042         | \$ 970,813                   |
| Excess (deficiency) of revenues over     |     |                |                |                   |                              |
| (under) expenditures                     | \$_ | (2,730,000) \$ | (5,604,855) \$ | (4,634,042)       | \$ (970,813)                 |
| OTHER FINANCING SOURCES (USES)           |     |                |                |                   |                              |
| Transfers in                             | \$  | 2,730,000 \$   | 5,604,855 \$   | 5,263,795         | \$ (341,060)                 |
| Total other financing sources and (uses) | \$  | 2,730,000 \$   | 5,604,855 \$   | 5,263,795         | \$ (341,060)                 |
| Net change in fund balances              | \$  | - \$           | - \$           | 629,753           | \$ 629,753                   |
| Fund balances at beginning of year       | _   | <u> </u>       | <u> </u>       |                   |                              |
| Fund balances at end of year             | \$  | <u>-</u> \$    | \$             | 629,753           | \$ 629,753                   |

Agency Funds Schedule of Changes in Assets and Liabilities Year Ended June 30, 2010

| Special Welfare Fund:                            | -   | Balance<br>Beginning<br>of Year | <br>Additions | <br>Deletions       | _       | Balance<br>End of<br>Year |
|--|-----|---------------------------------|---------------|---------------------|---------|---------------------------|
| Assets:  |     |                                 |               |                     |         |                           |
| Cash and cash equivalents<br>Accounts receivable | \$_ | 39,266<br>778                   | \$<br>42,774  | \$<br>42,884<br>778 | \$<br>_ | 39,156                    |
| Total assets                                     | \$_ | 40,044                          | \$<br>42,774  | \$<br>43,662        | \$_     | 39,156                    |
| Liabilities:                                     |     |                                 |               |                     |         |                           |
| Amounts held for others                          | \$_ | 40,044                          | \$<br>42,774  | \$<br>43,662        | \$_     | 39,156                    |
| Total liabilities                                | \$  | 40,044                          | \$<br>42,774  | \$<br>43,662        | \$      | 39,156                    |

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

|   |                               | School<br>Operating<br>Fund     |      | School<br>Cafeteria<br>Fund      |            | Nonmajor<br>Funds |    | Total                                   |
|---|-------------------------------|---------------------------------|------|----------------------------------|------------|-------------------|----|---|
| ASSETS  | _                             |                                 |      |                                  | _          |                   |    |   |
| Cash and cash equivalents Accounts receivable Due from other governmental units Inventory   | \$                            | 1,615,103<br>3,449<br>538,229   | \$   | 288,936<br>-<br>-<br>-<br>20,595 | \$         | 342,863           | \$ | 2,246,902<br>3,449<br>538,229<br>20,595 |
| Total assets  | \$                            | 2,156,781                       | \$   | 309,531                          | \$ <u></u> | 342,863           | \$ | 2,809,175                               |
| LIABILITIES   |                               |                                 |      |                                  |            |                   |    |   |
| Accounts payable Accrued liabilities Due to Primary Government  | \$                            | 55,697<br>1,614,103<br>485,981  | \$   | -<br>44,228<br>-                 | \$         | -<br>-<br>-       | \$ | 55,697<br>1,658,331<br>485,981          |
| Total liabilities   | \$                            | 2,155,781                       | \$_  | 44,228                           | \$_        | -                 | \$ | 2,200,009                               |
| FUND BALANCES Unreserved  | \$                            | 1,000                           | \$   | 265,303                          | \$         | 342,863           | \$ | 609,166                                 |
| Total fund balances   | \$                            | 1,000                           | \$_  | 265,303                          | \$         | 342,863           | \$ | 609,166                                 |
| Total liabilities and fund balances   | \$                            | 2,156,781                       | \$   | 309,531                          | \$_        | 342,863           | =  |   |
| Detailed explanation of adjustments from fund net assets:   | statements to                 | government-w                    | ride | statement of                     |            |                   |    |   |
| When capital assets (land, buildings, equipm activities are purchased or constructed, the expenditures in governmental funds. However,            | e costs of th<br>the statemen | nose assets a<br>t of net asset | are  | reported as                      |            |                   |    |   |
| capital assets among the assets of the School Bo  | ard as a whole.               | •                               |      |                                  |            |                   |    | 4,815,767                               |
| Long-term liabilities applicable to the School Bo<br>payable in the current period and according<br>liabilitiesboth current and long-termare repo | y are not rep                 | orted as fun                    | d li | abilities. All                   |            |                   |    |   |
| •   |                               |                                 |      |                                  |            |                   | _  | (408,014                                |
| Net assets of General Government Activities   |                               |                                 |      |                                  |            |                   | \$ | 5,016,919                               |

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

|   |     | School<br>Operating<br>Fund |     | School<br>Cafeteria<br>Fund | Nonmajor<br>Funds |     | Total      |
|---|-----|-----------------------------|-----|-----------------------------|-------------------|-----|------------|
| Revenues:   | _   |                             |     |                             |                   |     |            |
| Revenue from use of money and property            | \$  | 39,023                      | \$  | -                           | \$<br>-           | \$  | 39,023     |
| Charges for services                              |     | 32,003                      |     | 456,555                     | -                 |     | 488,558    |
| Miscellaneous                                     |     | 80,334                      |     | 70                          | -                 |     | 80,404     |
| Intergovernmental:                                |     |                             |     |                             |                   |     |            |
| County contribution to School Board               |     | 7,416,069                   |     | -                           | 328,758           |     | 7,744,827  |
| Commonwealth                                      |     | 7,949,177                   |     | 16,978                      | -                 |     | 7,966,155  |
| Federal   | _   | 1,436,176                   |     | 344,149                     | <br>-             |     | 1,780,325  |
| Total revenues                                    | \$_ | 16,952,782                  | \$_ | 817,752                     | \$<br>328,758     | \$  | 18,099,292 |
| Expenditures:                                     |     |                             |     |                             |                   |     |            |
| Current:  |     |                             |     |                             |                   |     |            |
| Education   | \$_ | 16,938,677                  | \$_ | 679,439                     | \$<br>-           | \$  | 17,618,116 |
| Total expenditures                                | \$_ | 16,938,677                  | \$_ | 679,439                     | \$<br>-           | \$  | 17,618,116 |
| Excess (deficiency) of revenues over expenditures | \$_ | 14,105                      | \$_ | 138,313                     | \$<br>328,758     | \$  | 481,176    |
| Other financing sources (uses):                   |     |                             |     |                             |                   |     |            |
| Operating transfers in                            | \$  | -                           | \$  | -                           | \$<br>14,105      | \$  | 14,105     |
| Operating transfers (out)                         | _   | (14,105)                    |     | -                           | <br>-             |     | (14,105)   |
| Total other financing sources (uses)              | \$_ | (14,105)                    | \$_ | -                           | \$<br>14,105      | \$  | -          |
| Changes in fund balances                          | \$  | -                           | \$  | 138,313                     | \$<br>342,863     | \$  | 481,176    |
| Fund balances at beginning of year                | _   | 1,000                       |     | 126,990                     | <br>-             |     | 127,990    |
| Fund balances at end of year                      | \$_ | 1,000                       | \$  | 265,303                     | \$<br>342,863     | \$_ | 609,166    |

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Discretely Presented Component Unit - School Board Year Ended June 30, 2010

|   | -                    | Component<br>Unit<br>School<br>Board |
|---|----------------------|--------------------------------------|
| Amounts reported for governmental activities in the statement of activities are different because:  |                      |                                      |
| Net change in fund balances - total governmental funds  | \$                   | 481,176                              |
| 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 computed as follows: |                      |                                      |
| Capital additions Depreciation expense  | 170,415<br>(403,494) | (233,079)                            |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:  Change in accrued leave   | (EE (27)             |                                      |
| Change in OPEB liability  | (55,637) (43,000)    | (98,637)                             |
| Transfer of joint tenancy assets from Primary Government to the Component Unit  | -                    | 412,744                              |
| Change in net assets of governmental activities   | \$                   | 562,204                              |

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

|  | School Operating Fund |                    |    |                         |     |                  |     |  |
|--|-----------------------|--------------------|----|-------------------------|-----|------------------|-----|--|
|  | _                     | Original<br>Budget |    | Budget<br>As<br>Amended |     | Actual           | _   | Variance From Amended Budget Positive (Negative) |
| Revenues:                              |                       |                    |    |                         |     |                  |     |  |
| Revenue from use of money and property | \$                    | -                  | \$ | -                       | \$  | 39,023           | \$  | 39,023   |
| Charges for services Miscellaneous     |                       | 15,000             |    | 15,000                  |     | 32,003<br>80,334 |     | 17,003   |
| Intergovernmental:                     |                       | 47,858             |    | 56,723                  |     | 80,334           |     | 23,611   |
| County contribution to School Board    |                       | 7,480,436          |    | 7,480,436               |     | 7,416,069        |     | (64,367)   |
| Commonwealth                           |                       | 8,492,895          |    | 8,542,014               |     | 7,949,177        |     | (592,837)  |
| Federal                                |                       | 834,321            |    | 2,004,117               | _   | 1,436,176        |     | (567,941)  |
| Total revenues                         | \$                    | 16,870,510         | \$ | 18,098,290              | \$_ | 16,952,782       | \$  | (1,145,508)                                      |
| Expenditures:                          |                       |                    |    |                         |     |                  |     |  |
| Current:                               |                       |                    |    |                         |     |                  |     |  |
| Education                              | \$                    | 16,870,510         | \$ | 18,098,290              | \$_ | 16,938,677       | \$  | 1,159,613  |
| Total expenditures                     | \$                    | 16,870,510         | \$ | 18,098,290              | \$_ | 16,938,677       | \$_ | 1,159,613  |
| Excess (deficiency) of revenues        |                       |                    |    |                         |     |                  |     |  |
| over expenditures                      | \$                    | -                  | \$ | -                       | \$_ | 14,105           | \$_ | 14,105   |
| Other Financing Sources (Uses):        |                       |                    | •  |                         | •   | (4.4.405)        | •   | (4.4.405)  |
| Transfers (out)                        | \$                    | -                  | \$ | -                       | \$_ | (14,105)         | \$_ | (14,105)   |
| Changes in fund balances               | \$                    | -                  | \$ | -                       | \$  | -                | \$  | -  |
| Fund balances at beginning of year     | _                     | -                  | _  | -                       | _   | 1,000            | _   | 1,000  |
| Fund balances at end of year           | \$                    | -                  | \$ | -                       | \$  | 1,000            | \$  | 1,000  |

|          |                             | School Ca                         | fet | eria Fund                    |               |   |
|----------|-----------------------------|-----------------------------------|-----|------------------------------|---------------|---|
| _        | Original<br>Budget          | <br>Budget<br>As<br>Amended       |     | Actual                       |               | Variance<br>From<br>Amended<br>Budget<br>Positive<br>(Negative) |
| \$       | 433,250<br>10,000           | \$<br>-<br>433,250<br>10,000      | \$  | -<br>456,555<br>70           | \$            | 23,305<br>(9,930)   |
| -<br>\$_ | 9,500<br>202,500<br>655,250 | \$<br>9,500<br>202,500<br>655,250 | \$  | 16,978<br>344,149<br>817,752 | -<br>-<br>\$_ | 7,478<br>141,649<br>162,502                                     |
| \$_      | 655,250                     | \$<br>655,250                     | \$  | 679,439                      | \$_           | (24,189)  |
| \$_      | 655,250                     | \$<br>655,250                     | \$  | 679,439                      | \$_           | (24,189)  |
| \$_      | -                           | \$<br>-                           | \$  | 138,313                      | \$_           | 138,313   |
| \$_      | -                           | \$<br>-                           | \$  | -                            | \$_           |   |
| \$       | -                           | \$<br>-                           | \$  | 138,313                      | \$            | 138,313   |
| _        | -                           | <br>-                             |     | 126,990                      |               | 126,990   |
| \$_      | -                           | \$<br>-                           | \$  | 265,303                      | \$            | 265,303   |

Combining Balance Sheet Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board As of June 30, 2010

|                                     | _  | School<br>Lottery<br>Fund | School<br>State<br>Construction<br>Fund | <br>School<br>Textbook<br>Fund | -   | Employee<br>Suspension<br>Fund |     | Total   |
|-------------------------------------|----|---------------------------|---|--------------------------------|-----|--------------------------------|-----|---------|
| ASSETS                              |    |                           |   |                                |     |                                |     |         |
| Cash and cash equivalents           | \$ | 153,451                   | 110,916                                 | \$<br>64,391                   | \$  | 14,105                         | \$  | 342,863 |
| Total assets                        | \$ | 153,451                   | 110,916                                 | \$<br>64,391                   | \$  | 14,105                         | \$  | 342,863 |
| LIABILITIES AND FUND BALANCES       |    |                           |   |                                |     |                                |     |         |
| Liabilities:                        |    |                           |   |                                |     |                                |     |         |
| Accounts payable                    | \$ | - 9                       | -                                       | \$<br>-                        | \$  | - !                            | \$  | -       |
| Accrued liabilities                 |    | -                         | -                                       | -                              |     | -                              |     | -       |
| Total liabilities                   | \$ | - 9                       | -                                       | \$<br>-                        | \$_ | - !                            | \$_ | -       |
| Fund balances:                      |    |                           |   |                                |     |                                |     |         |
| Unreserved:                         |    |                           |   |                                |     |                                |     |         |
| Undesignated                        | \$ | 153,451                   | 110,916                                 | \$<br>64,391                   | \$  | 14,105                         | \$  | 342,863 |
| Total fund balances                 | \$ | 153,451                   | 110,916                                 | \$<br>64,391                   | \$  | 14,105                         | \$  | 342,863 |
| Total liabilities and fund balances | \$ | 153,451                   | 110,916                                 | \$<br>64,391                   | \$  | 14,105                         | \$_ | 342,863 |

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

|  |         | School<br>Lottery<br>Fund | School<br>State<br>Construction<br>Fund |            | School<br>Textbook<br>Fund |              | Employee<br>Suspension<br>Fund |             | Total   |
|--|---------|---------------------------|---|------------|----------------------------|--------------|--------------------------------|-------------|---------|
| REVENUES                                     | -       |                           |   |            |                            |              |                                |             |         |
| Intergovernmental revenues:                  |         |                           |   |            |                            |              |                                |             |         |
| Local government                             | \$      | 153,451                   | 110,916                                 | \$         | 64,391                     | \$           | -                              | \$          | 328,758 |
| Total revenues                               | \$      | 153,451                   | 110,916                                 | \$         | 64,391                     | \$           | -                              | \$          | 328,758 |
| EXPENDITURES                                 |         |                           |   |            |                            |              |                                |             |         |
| Current:                                     |         |                           |   |            |                            |              |                                |             |         |
| Education                                    | \$      | - 5                       | 5                                       | \$         | -                          | \$           | -                              | \$          | -       |
| Total expenditures                           | \$      |                           | -                                       | \$         | -                          | \$           | -                              | \$          | -       |
| Excess (deficiency) of revenues over (under) |         |                           |   |            |                            |              |                                |             |         |
| expenditures                                 | \$_     | 153,451                   | 110,916                                 | \$         | 64,391                     | \$           |                                | \$_         | 328,758 |
| OTHER FINANCING SOURCES (USES)               |         |                           |   |            |                            |              |                                |             |         |
| Transfers in                                 | \$      | - 9                       | -                                       | \$         | -                          | \$           | 14,105                         | \$          | 14,105  |
| Total other financing sources and uses       | \$      | - (                       | -                                       | \$         | -                          | \$           | 14,105                         | \$          | 14,105  |
| Net change in fund balances                  | \$      | 153,451                   | 110,916                                 | \$         | 64,391                     | \$           | 14,105                         | \$          | 342,863 |
| Fund balances - beginning                    |         |                           | -                                       | <b>.</b> . |                            | <b>-</b> ຼ . | -                              | <u>,  —</u> |         |
| Fund balances - ending                       | \$<br>= | 153,451                   | 110,916                                 | \$         | 64,391                     | \$<br>= `:   | 14,105                         | \$=         | 342,863 |

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

|                                 | School Lottery Fund |            |         |      |            |               |            | School State Construction Fund |            |            |               |  |  |  |  |  |
|---------------------------------|---------------------|------------|---------|------|------------|---------------|------------|--------------------------------|------------|------------|---------------|--|--|--|--|--|
|                                 | -                   |            |         |      | 1          | Variance with |            |                                |            |            | Variance with |  |  |  |  |  |
|                                 |                     | Budge      | eted    |      |            | Final Budget  |            | Budget                         | ted        |            | Final Budget  |  |  |  |  |  |
|                                 | _                   | Amou       | unts    |      |            | Positive      |            | Amou                           | nts        |            | Positive      |  |  |  |  |  |
|                                 | _                   | Original   | Final   |      | Actual     | (Negative)    |            | Original                       | Final      | Actual     | (Negative)    |  |  |  |  |  |
| REVENUES                        |                     |            |         |      |            |               |            |                                |            |            |               |  |  |  |  |  |
| Intergovernmental revenues:     |                     |            |         |      |            |               |            |                                |            |            |               |  |  |  |  |  |
| Local government                | \$                  | 153,451 \$ | 153,451 | \$1  | 153,451 \$ | \$            | \$_        | 110,916 \$                     | 110,916 \$ | 110,916 \$ | <u>-</u>      |  |  |  |  |  |
| Total revenues                  | \$                  | 153,451 \$ | 153,451 | \$1  | 153,451 \$ | - \$          | \$         | 110,916 \$                     | 110,916 \$ | 110,916 \$ | -             |  |  |  |  |  |
| EXPENDITURES                    |                     |            |         |      |            |               |            |                                |            |            |               |  |  |  |  |  |
| Current:                        |                     |            |         |      |            |               |            |                                |            |            |               |  |  |  |  |  |
| Education                       | \$                  | 153,451 \$ | 153,451 | \$   | - \$       | 153,451 \$    | 5          | 110,916 \$                     | 110,916 \$ | - \$       | 110,916       |  |  |  |  |  |
| Total expenditures              | \$                  | 153,451 \$ | 153,451 | \$   | - \$       | 153,451 \$    | }<br>_     | 110,916 \$                     | 110,916 \$ | - \$       | 110,916       |  |  |  |  |  |
| Excess (deficiency) of revenues |                     |            |         |      |            |               |            |                                |            |            |               |  |  |  |  |  |
| over (under) expenditures       | \$                  | \$         |         | \$   | 153,451 \$ | 153,451 \$    | <b>S</b> _ | \$                             | - \$       | 110,916 \$ | 110,916       |  |  |  |  |  |
| OTHER FINANCING SOURCES (USES)  |                     |            |         |      |            |               |            |                                |            |            |               |  |  |  |  |  |
| Transfers in                    | \$                  | - \$       | - 9     | \$   | - \$       | - \$          | 5          | - \$                           | - \$       | - \$       | -             |  |  |  |  |  |
| Total other financing sources   | -                   |            |         | _    |            |               | _          |                                | · ·        | · ·        |               |  |  |  |  |  |
| and uses                        | \$                  | \$         |         | \$   | \$_        | \$            | \$_        | \$                             | - \$       | \$         |               |  |  |  |  |  |
| Net change in fund balances     | \$                  | - \$       | - 5     | \$ 1 | 153,451 \$ | 153,451 \$    | 5          | - \$                           | - \$       | 110,916 \$ | 110,916       |  |  |  |  |  |
| Fund balances - beginning       | •                   | -          | _       |      | -          | -             |            | -                              | -          | -          | -             |  |  |  |  |  |
| Fund balances - ending          | \$                  | - \$       |         | \$1  | 153,451 \$ | 153,451 \$    | }<br>-     | - \$                           | - \$       | 110,916 \$ | 110,916       |  |  |  |  |  |

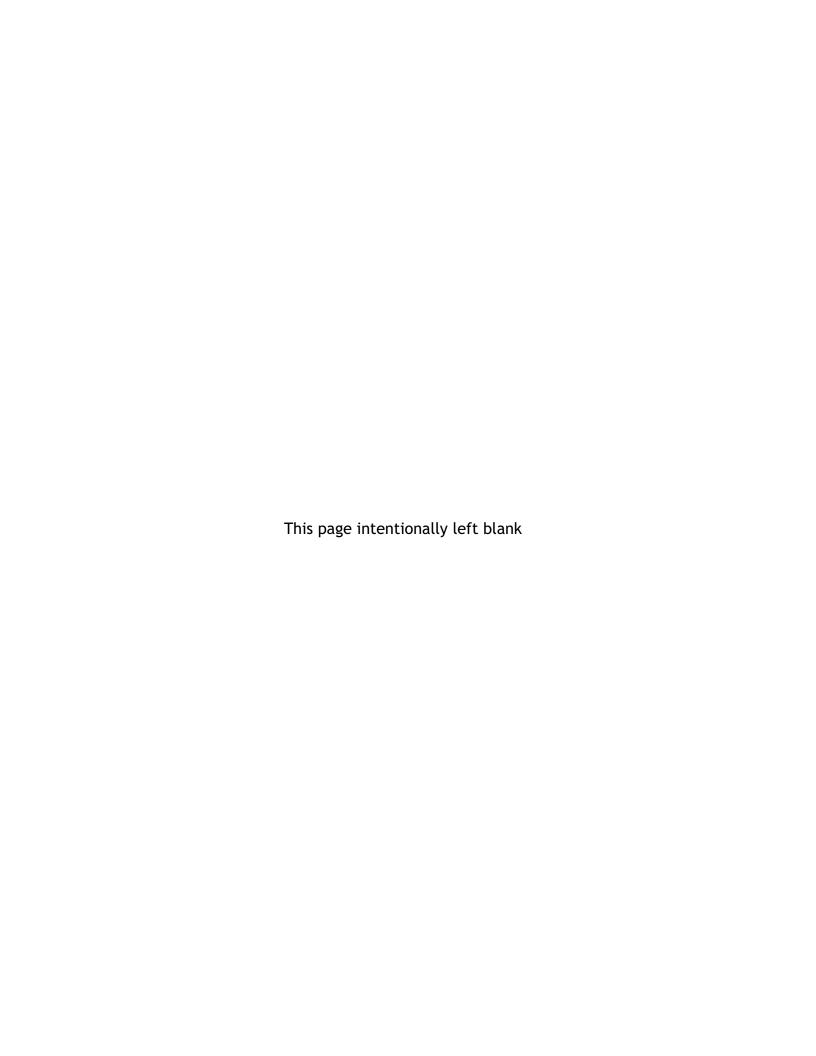
|              |      | School  | Те | xtbook F | un | d   |         | Employee Suspension Fund |     |          |           |        |     |   |  |  |  |  |
|--------------|------|---------|----|----------|----|---|---------|--------------------------|-----|----------|-----------|--------|-----|---|--|--|--|--|
| Budgete      | ed A | Amounts |    |          |    | Variance with<br>Final Budget<br>Positive | _       | Bud<br>Am                | -   |          |           |        |     | Variance with<br>Final Budget<br>Positive |  |  |  |  |
| Original     |      | Final   | -  | Actual   |    | (Negative)                                | _       | Original                 |     | Final    | _         | Actual | -   | (Negative)                                |  |  |  |  |
| \$<br>64,391 | \$   | 64,391  | \$ | 64,391   | \$ |   | \$      | _                        | ¢   | _        | <b>\$</b> | _      | ¢   |   |  |  |  |  |
| \$<br>64,391 | \$   | 64,391  | \$ | 64,391   |    |   | -<br>\$ |                          | \$  | <u> </u> | · -       |        | · - |   |  |  |  |  |
|              |      |         |    |          |    |   |         |                          |     |          |           |        |     |   |  |  |  |  |
| \$<br>64,391 | \$   | 64,391  | \$ | -        | \$ | 64,391                                    | \$      | -                        | \$  | _        | \$_       |        | \$_ |   |  |  |  |  |
| \$<br>64,391 | \$   | 64,391  | \$ | -        | \$ | 64,391                                    | \$      | -                        | \$  |          | \$        |        | \$_ | -   |  |  |  |  |
| \$<br>-      | \$   | -       | \$ | 64,391   | \$ | 64,391                                    | \$      | -                        | \$_ |          | \$_       |        | \$_ |   |  |  |  |  |
| \$<br>-      | \$   | -       | \$ | -        | \$ | -   | \$      | -                        | \$  | -        | \$_       | 14,105 | \$_ | (14,105)                                  |  |  |  |  |
| \$<br>_      | \$   |         | \$ |          | \$ | -   | \$      | -                        | \$  |          | \$_       | 14,105 | \$_ | (14,105)                                  |  |  |  |  |
| \$<br>-      | \$   | -       | \$ | 64,391   | \$ | 64,391                                    | \$      | -                        | \$  | -        | \$        | 14,105 | \$  | (14,105)                                  |  |  |  |  |
| \$<br>-      | \$   | -       | \$ | 64,391   | \$ | 64,391                                    | \$      | -                        | \$  | -        | \$        | 14,105 | \$  | (14,105)                                  |  |  |  |  |

Statement of Fiduciary Net Assets Component Unit - School Board At June 30, 2010

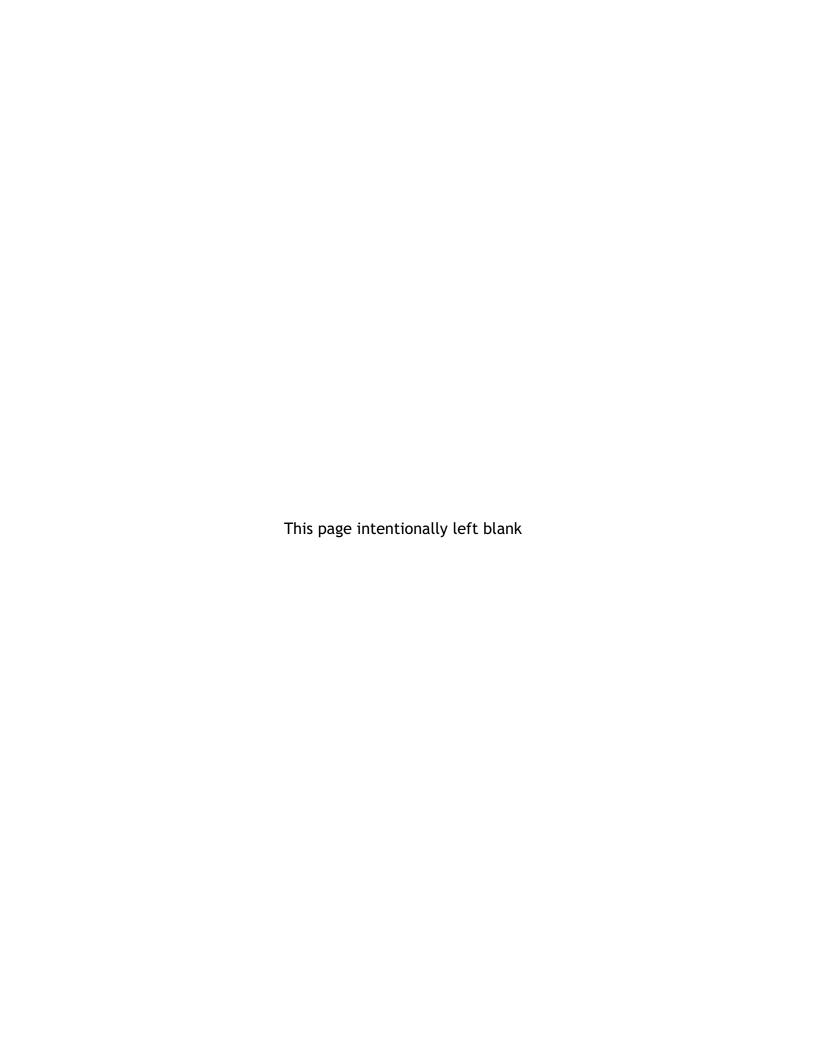
| ASSETS                           |     |        |  |  |  |  |
|----------------------------------|-----|--------|--|--|--|--|
| Cash and cash equivalents        | \$_ | 97,674 |  |  |  |  |
| Total assets                     | \$  | 97,674 |  |  |  |  |
| NET ASSETS                       |     |        |  |  |  |  |
| Reserved for scholarships        | \$  | 97,674 |  |  |  |  |
| Total net assets                 | \$  | 97,674 |  |  |  |  |
| Total liabilities and net assets | \$  | 97,674 |  |  |  |  |

Statement of Changes in Fiduciary Net Assets Component Unit - School Board Year Ended June 30, 2010

|                                |    | Scholarship<br>Private-<br>Purpose<br>Trust<br>Fund |
|--------------------------------|----|---|
| Additions:                     | -  |   |
| Interest income                | \$ | 11,475  |
| Total additions                | \$ | 11,475  |
| Deductions:                    |    |   |
| Scholarships awarded           | \$ | 5,000   |
| Total deductions               | \$ | 5,000   |
| Change in net assets           | \$ | 6,475   |
| Net assets - beginning of year | -  | 91,199  |
| Net assets - end of year       | \$ | 97,674  |







| Fund, Major and Minor Revenue Source                  |     | Original<br>Budget |     | Budget<br>As<br>Amended | Actual        | Variance From<br>Amended<br>Budget<br>Positive<br>(Negative) |
|---|-----|--------------------|-----|-------------------------|---------------|--|
| Primary Government:                                   |     |                    |     |                         |               |  |
| General Fund:   |     |                    |     |                         |               |  |
| Revenue from local sources:                           |     |                    |     |                         |               |  |
| General property taxes:                               |     |                    |     |                         |               |  |
| Real property taxes                                   | \$  | 8,618,500          | \$  | 8,618,500 \$            | 8,670,437 \$  | 51,937   |
| Real and personal public service corporation          |     |                    |     |                         |               |  |
| property taxes  |     | 150,000            |     | 150,000                 | 181,283       | 31,283   |
| Personal property taxes                               |     | 2,956,900          |     | 2,956,900               | 2,442,603     | (514,297)  |
| Mobile home taxes                                     |     | 5,800              |     | 5,800                   | 5,753         | (47)   |
| Machinery and tools taxes                             |     | 80,000             |     | 80,000                  | 71,693        | (8,307)  |
| Merchants capital taxes                               |     | 210,000            |     | 210,000                 | 225,631       | 15,631   |
| Penalties   |     | 80,000             |     | 80,000                  | 186,907       | 106,907  |
| Interest  | _   | 40,000             | -   | 40,000                  | 97,022        | 57,022   |
| Total general property taxes                          | \$_ | 12,141,200         | \$_ | 12,141,200 \$           | 11,881,329 \$ | (259,871)  |
| Other local taxes:                                    |     |                    |     |                         |               |  |
| Local sales and use taxes                             | \$  | 820,000            | \$  | 820,000 \$              | 776,952 \$    | (43,048)   |
| Communication taxes                                   |     | 600,000            |     | 600,000                 | 608,119       | 8,119  |
| Consumers' utility taxes                              |     | 320,000            |     | 320,000                 | 304,321       | (15,679)   |
| Local consumption tax                                 |     | 32,000             |     | 32,000                  | 36,549        | 4,549  |
| Restaurant food taxes                                 |     | 310,000            |     | 310,000                 | 320,479       | 10,479   |
| Gross receipts taxes                                  |     | 36,000             |     | 36,000                  | 27,069        | (8,931)  |
| Bank stock taxes                                      |     | 50,000             |     | 50,000                  | 75,649        | 25,649   |
| Motor vehicle licenses                                |     | 1,500              |     | 1,500                   | 1,410         | (90)   |
| Taxes on recordation and wills                        | _   | 160,000            | _   | 160,000                 | 126,078       | (33,922)   |
| Total other local taxes                               | \$_ | 2,329,500          | \$_ | 2,329,500 \$            | 2,276,626 \$  | (52,874)   |
| Permits, privilege fees and regulatory licenses:      |     |                    |     |                         |               |  |
| Animal licenses                                       | \$  | 12,000             | \$  | 12,000 \$               | 11,642 \$     | (358)  |
| Building and related permits                          |     | 199,000            |     | 199,000                 | 162,166       | (36,834)   |
| Land transfer fees                                    |     | 500                |     | 500                     | 393           | (107)  |
| Land use application fees                             | _   | 22,800             | -   | 22,800                  | 19,400        | (3,400)  |
| Total permits, privilege fees and regulatory licenses | \$_ | 234,300            | \$_ | 234,300 \$              | 193,601 \$    | (40,699)   |
| Fines and Forfeitures:                                |     |                    |     |                         |               |  |
| Court fines and forfeitures                           | \$  | 60,000             | \$  | 60,000 \$               | 160,201 \$    | 100,201  |
|   | _   | •                  | _   |                         |               |  |
| Total fines and forfeitures                           | \$_ | 60,000             | \$_ | 60,000 \$               | 160,201 \$    | 100,201  |
| Revenue from use of money and property:               |     |                    |     |                         |               |  |
| Revenue from use of money                             | \$  | 50,000             | \$  | 50,000 \$               | 98,373 \$     | 48,373   |
| Revenue from use of property                          | _   | 74,702             | _   | 74,702                  | 76,322        | 1,620  |
| Total revenue from use of money and property          | \$_ | 124,702            | \$_ | 124,702 \$              | 174,695 \$    | 49,993   |

| Fund, Major and Minor Revenue Source                      |     | Original<br>Budget |     | Budget<br>As<br>Amended | Actual        | Variance From<br>Amended<br>Budget<br>Positive<br>(Negative) |
|---|-----|--------------------|-----|-------------------------|---------------|--|
| Primary Covernments (Continued)                           |     |                    |     |                         |               |  |
| Primary Government: (Continued) General Fund: (Continued) |     |                    |     |                         |               |  |
| Revenue from local sources: (continued)                   |     |                    |     |                         |               |  |
| Charges for services:                                     |     |                    |     |                         |               |  |
| Sheriff's fees  | \$  | 350                | ς   | 350 \$                  | 344 \$        | (6)  |
| Commonwealth attorney fees                                | 7   | 375                | Ÿ   | 375                     | 453           | 78   |
| Courthouse maintenance fees                               |     | 10,000             |     | 10,000                  | 10,148        | 148  |
| Courtroom security fees                                   |     | 40,000             |     | 40,000                  | 49,330        | 9,330  |
| Other charges for services                                |     | 19,800             |     | 19,800                  | 16,771        | (3,029)  |
| Waste collection and disposal charges                     |     | 210,000            |     | 210,000                 | 141,247       | (68,753)   |
| Sale of maps and ordinances                               |     | 500                |     | 500                     | 531           | 31   |
| Recreation fees   | _   | 110,385            | _   | 110,385                 | 111,145       | 760  |
| Total charges for services                                | \$_ | 391,410            | \$_ | 391,410 \$              | 329,969 \$    | (61,441)   |
| Miscellaneous revenue:                                    |     |                    |     |                         |               |  |
| Expenditure refunds                                       | \$  | 14,307             | \$  | 14,307 \$               | 96,823 \$     | 82,516   |
| CSA   |     | · -                |     | -                       | 14,349        | 14,349   |
| Miscellaneous   | _   | 14,715             |     | 14,715                  | 22,789        | 8,074  |
| Total miscellaneous revenue                               | \$_ | 29,022             | \$_ | 29,022 \$               | 133,961 \$    | 104,939  |
| Total revenue from local sources                          | \$_ | 15,310,134         | \$_ | 15,310,134 \$           | 15,150,382 \$ | (159,752)  |
| Revenue from the Commonwealth:                            |     |                    |     |                         |               |  |
| Noncategorical aid:                                       |     |                    |     |                         |               |  |
| Rental tax - DMV  | \$  | 425                | \$  | 425 \$                  | 823 \$        |  |
| Mobile home titling taxes                                 |     | 5,000              |     | 5,000                   | 7,357         | 2,357  |
| PPTRA   |     | 1,048,854          |     | 1,048,854               | 1,029,053     | (19,801)   |
| Motor vehicle carrier's tax                               |     | 600                |     | 600                     | 287           | (313)  |
| Recordation tax   | _   | 40,429             |     | 40,429                  | 44,504        | 4,075  |
| Total noncategorical aid                                  | \$_ | 1,095,308          | \$_ | 1,095,308 \$            | 1,082,024 \$  | (13,284)   |
| Categorical aid:  |     |                    |     |                         |               |  |
| Shared expenses:  |     |                    |     |                         |               |  |
| Commonwealth's attorney                                   | \$  | 161,063            | \$  | 161,063 \$              | 164,650 \$    |  |
| Sheriff   |     | 679,281            |     | 679,281                 | 656,709       | (22,572)   |
| Commissioner of the Revenue                               |     | 76,112             |     | 76,112                  | 82,547        | 6,435  |
| Treasurer   |     | 84,893             |     | 84,893                  | 89,285        | 4,392  |
| Medical examiner  |     | 1,000              |     | 1,000                   | -             | (1,000)  |
| Registrar/electoral board                                 |     | 50,379             |     | 50,379                  | 42,595        | (7,784)  |
| Clerk of the Circuit Court                                | _   | 181,093            |     | 181,093                 | 176,192       | (4,901)  |
| Total shared expenses                                     | \$_ | 1,233,821          | \$_ | 1,233,821 \$            | 1,211,978 \$  | (21,843)   |

| Fund, Major and Minor Revenue Source  |     | Original<br>Budget | Budget<br>As<br>Amended | Actual           | Variance From<br>Amended<br>Budget<br>Positive<br>(Negative) |
|---|-----|--------------------|-------------------------|------------------|--|
|   |     |                    |                         |                  |  |
| Primary Government: (Continued)   |     |                    |                         |                  |  |
| General Fund: (Continued)  Revenue from the Commonwealth: (continued)   |     |                    |                         |                  |  |
| Other categorical aid:  |     |                    |                         |                  |  |
| Fire programs   | \$  | 35,000 \$          | 35,000 \$               | 33,962 \$        | (1,038)  |
| Litter Control  | *   | 7,393              | 7,393                   | 7,787            | 394  |
| Four for life   |     | 14,000             | 14,000                  | 13,190           | (810)  |
| Emergency services  |     | 14,600             | 14,600                  | 14,600           | -  |
| Domestic Violence   |     | 20,000             | 20,000                  | 39,992           | 19,992   |
| LOD Insurance   |     | 11,052             | 11,052                  | 9,900            | (1,152)  |
| Victim witness  |     | 21,520             | 21,520                  | 20,818           | (702)  |
| Department of Juvenile Justice  |     | 8,974              | 8,974                   | 10,161           | 1,187  |
| E-911   |     | 28,000             | 28,000                  | 39,074           | 11,074   |
| Comprehensive Services Act  |     | 733,770            | 733,770                 | 663,604          | (70,166)   |
| Sheriff -asset forfeiture Public assistance and welfare   |     | -<br>294,325       | -<br>294,325            | 7,003<br>352,657 | 7,003  |
| Other state grants  |     | 28,145             | 28,145                  | 39,979           | 58,332<br>11,834   |
| Other state grants  | _   | 20,143             | 20,145                  | 37,777           | 11,034   |
| Total other categorical aid   | \$  | 1,216,779 \$       | 1,216,779 \$            | 1,252,727 \$     | 35,948   |
| Total categorical aid   | \$  | 2,450,600 \$       | 2,450,600 \$            | 2,464,705 \$     | 14,105   |
| Total revenue from the Commonwealth   | \$  | 3,545,908 \$       | 3,545,908 \$            | 3,546,729 \$     | 821  |
| Revenue from the Federal Government:  |     |                    |                         |                  |  |
| Payments in lieu of taxes   | \$  | 40,000 \$          | 40,000 \$               | 79,382 \$        | 39,382   |
|   |     |                    |                         |                  |  |
| Categorical aid:  |     | 745.000 6          | 745 000 0               | 5/0 500 Å        |  |
| Public assistance and welfare   | \$  | 715,029 \$         | 715,029 \$              | 568,588 \$       | (146,441)  |
| Public assistance and welfare - ARRA  |     | -                  | 350,000                 | 31,118           | 31,118   |
| Transportation enhancement program Foestry grant  |     | 350,000            | 350,000                 | 4,956            | (350,000)<br>4,956   |
| Justice assistance grant - ARRA   |     | -                  | -                       | 29,585           | 29,585   |
| Ground Safety Transportation  |     | 13,957             | 13,957                  | 13,957           | 27,303   |
| Ground surety Transportation  | _   | 13,737             | 13,737                  | 13,737           |  |
| Total categorical aid   | \$  | 1,078,986 \$       | 1,078,986 \$            | 648,204 \$       | (430,782)  |
| Total revenue from the Federal Government   | \$  | 1,118,986 \$       | 1,118,986 \$            | 727,586 \$       | (391,400)  |
| Total General Fund  | \$  | 19,975,028 \$      | 19,975,028 \$           | 19,424,697 \$    | (550,331)  |
| Special Revenue Funds: School Operating Fund: Revenue from local sources: Revenue from use of money and property: |     |                    |                         |                  |  |
| Revenue from use of money   | \$  | \$_                | \$_                     | 39,023 \$        | 39,023   |
| Charges for services:   |     |                    |                         |                  |  |
| Charges for education   | \$  | 15,000 \$          | 15,000 \$               | 32,003 \$        | 17,003   |
|   |     |                    |                         |                  |  |
| Total charges for services  | \$_ | 15,000 \$          | 15,000 \$               | 32,003 \$        | 17,003   |

|   |     | Original    |       | Budget<br>As  |               | Variance From<br>Amended<br>Budget<br>Positive |
|---|-----|-------------|-------|---------------|---------------|--|
| Fund, Major and Minor Revenue Source  |     | Budget      |       | Amended       | Actual        | (Negative)                                     |
| Component Unit School Board: (Continued) Special Revenue Funds: (Continued) |     |             |       |               |               |  |
| School Operating Fund: (Continued)  |     |             |       |               |               |  |
| Miscellaneous revenue:  |     |             |       |               |               |  |
| Rebates and refunds   | \$  | 17,723      | Ş     | 17,723 \$     | 56,552 \$     | 38,829   |
| Sale of surplus property  |     | -           |       | -             | 3,654         | 3,654  |
| Miscellaneous   | _   | 30,135      |       | 39,000        | 20,128        | (18,872)                                       |
| Total miscellaneous revenue   | _   | 47,858      |       | 56,723        | 80,334        | 23,611   |
| Total revenue from local sources  | \$_ | 62,858      | \$_   | 71,723 \$     | 151,360 \$    | 79,637   |
| Intergovernmental revenue:  |     |             |       |               |               |  |
| County contribution to School Board   | \$  | 7,480,436   | Ś     | 7,480,436 \$  | 7,416,069 \$  | (64, 367)                                      |
| country contribution to believe board                                       | Ÿ_  | 7, 100, 150 | - ~ – | 7,100,130 \$  | 7,110,007     | (0.1,507)                                      |
| Revenue from the Commonwealth:  |     |             |       |               |               |  |
| Categorical aid:  |     |             |       |               |               |  |
| Share of state sales tax  | \$  | 1,832,086   | \$    | 1,832,086 \$  | 1,748,383 \$  | (83,703)                                       |
| Basic school aid  |     | 4,561,097   |       | 4,561,097     | 4,177,895     | (383,202)                                      |
| Special ed SOQ  |     | 665,655     |       | 665,655       | 669,311       | 3,656  |
| Vocational SOQ  |     | 164,109     |       | 164,109       | 158,172       | (5,937)  |
| Lottery   |     | -           |       | -             | 76,905        | 76,905   |
| Primary class size  |     | 104,198     |       | 104,198       | 103,669       | (529)  |
| Technology  |     | 154,000     |       | 154,000       | 154,000       | (327)  |
| Construction  |     | 83,779      |       | 83,779        | 30,120        | (53,659)                                       |
| Textbook payments   |     | 109,271     |       | 109,271       | 49,875        | (59,396)                                       |
| Fringe benefits   |     | 599,275     |       | 599,275       | 516,351       | (82,924)                                       |
| Other state funds   |     | 219,425     |       | 268,544       | 264,496       | (4,048)  |
|   |     |             |       |               |               |  |
| Total categorical aid   | \$_ | 8,492,895   | _\$_  | 8,542,014 \$  | 7,949,177 \$  | (592,837)                                      |
| Total revenue from the Commonwealth   | \$_ | 8,492,895   | \$_   | 8,542,014 \$  | 7,949,177 \$  | (592,837)                                      |
| Revenue from the federal government:<br>Categorical aid:                    |     |             |       |               |               |  |
| Title I   | \$  | 287,726     | ς     | 287,726 \$    | 298,423 \$    | 10,697   |
| Title I - ARRA  | Ţ   | 207,720     | ۲     | 186,486       | 63,133        | (123,353)                                      |
| Title III   |     | 3,711       |       | 3,711         | 3,063         | (648)  |
| Title VI - B Special Education  |     | 405,803     |       | 405,803       | 353,115       | (52,688)                                       |
| Title VI - B Special Education - ARRA                                       |     | 405,005     |       | 432,505       | 238,051       | (194,454)                                      |
| Drug free schools   |     | 5,928       |       | 5,928         | 2,622         | (3,306)  |
| Education technology  |     | 3,369       |       | 3,369         | 7,104         | 3,735  |
| Education technology - ARRA   |     | 3,309       |       | 3,307         | 6,672         | 6,672  |
| State fiscal stabilization funds - ARRA                                     |     | -           |       | 550,805       | 298,022       | (252,783)                                      |
|   |     | -           |       | 330,603       | •             | , , ,  |
| American History Grant  |     | 20 220      |       | 30,320        | 6,000         | 6,000  |
| Vocational education  |     | 30,320      |       | 30,320        | 31,575        | 1,255  |
| Preschool   |     | 07 464      |       | 07 464        | 14,535        | 14,535   |
| Title II  | _   | 97,464      |       | 97,464        | 113,861       | 16,397   |
| Total categorical aid   | \$_ | 834,321     | \$_   | 2,004,117 \$  | 1,436,176 \$  | (567,941)                                      |
| Total revenue from the federal government                                   | \$_ | 834,321     | \$_   | 2,004,117 \$  | 1,436,176 \$  | (567,941)                                      |
| Total School Operating Fund   | \$_ | 16,870,510  | \$_   | 18,098,290 \$ | 16,952,782 \$ | (1,145,508)                                    |

| Fund, Major and Minor Revenue Source   |     | Original<br>Budget   | Budget<br>As<br>Amended | Actual            | Variance From<br>Amended<br>Budget<br>Positive<br>(Negative) |
|--|-----|----------------------|-------------------------|-------------------|--|
| Component Unit School Board: (Continued) Special Revenue Funds: (Continued) School Cafeteria Fund: |     |                      |                         |                   |  |
| Revenue from local sources:  |     |                      |                         |                   |  |
| Charges for services:  |     |                      |                         |                   |  |
| Cafeteria sales  | \$_ | 433,250 \$           | 433,250 \$              | 456,555 \$        | 23,305   |
| Total charges for services   | \$_ | 433,250 \$           | 433,250 \$              | 456,555 \$        | 23,305   |
| Miscellaneous revenue:   |     |                      |                         |                   |  |
| Miscellaneous  | \$_ | 10,000 \$            | 10,000 \$               | 70 \$             | (9,930)  |
| Total revenue from local sources   | \$_ | 443,250 \$           | 443,250 \$              | 456,625 \$        | 13,375   |
| Revenue from the Commonwealth:   |     |                      |                         |                   |  |
| Categorical aid:   |     |                      |                         |                   |  |
| School food grant  | \$_ | 9,500 \$             | 9,500 \$                | 16,978 \$         | 7,478  |
| Revenue from the federal government:  Categorical aid:   |     |                      |                         |                   |  |
| School food grant  | \$  | 202,500 \$           | 202,500 \$              | 344,149 \$        | 141,649  |
| -  | _   |                      |                         |                   |  |
| Total School Cafeteria Fund  | \$_ | 655,250 <u>\$</u>    | 655,250 Ş               | 817,752 <u>\$</u> | 162,502  |
| School Lottery Fund:   |     |                      |                         |                   |  |
| Intergovernmental revenue:   |     |                      |                         |                   |  |
| County contribution to School Board  | \$_ | 153,451 \$           | 153,451 \$              | 153,451 \$        | <u> </u>   |
| Total School Lottery Fund  | \$_ | 153,451 <u>\$</u>    | 153,451 \$              | 153,451 s         | <u>-</u>   |
| School State Construction Fund:  |     |                      |                         |                   |  |
| Intergovernmental revenue:   |     |                      |                         |                   |  |
| County contribution to School Board  | \$_ | 110,916 \$           | 110,916 \$              | 110,916 \$        |  |
| Total School State Construction Fund   | \$_ | 110,916 \$           | 110,916 \$              | 110,916 \$        | -  |
| School Textbook Fund:  |     |                      |                         |                   |  |
| Intergovernmental revenue:   |     |                      |                         |                   |  |
| County contribution to School Board  | \$_ | 64,391 \$            | 64,391 \$               | 64,391 \$         | <u>-</u>   |
| Total School Textbook Fund   | \$_ | 64,391 \$            | 64,391 \$               | 64,391 <u>\$</u>  | -  |
| Grand Total Revenues Component Unit School Board   | \$_ | 17,854,518 <u>\$</u> | 19,082,298 \$           | 18,099,292 \$     | (983,006)  |

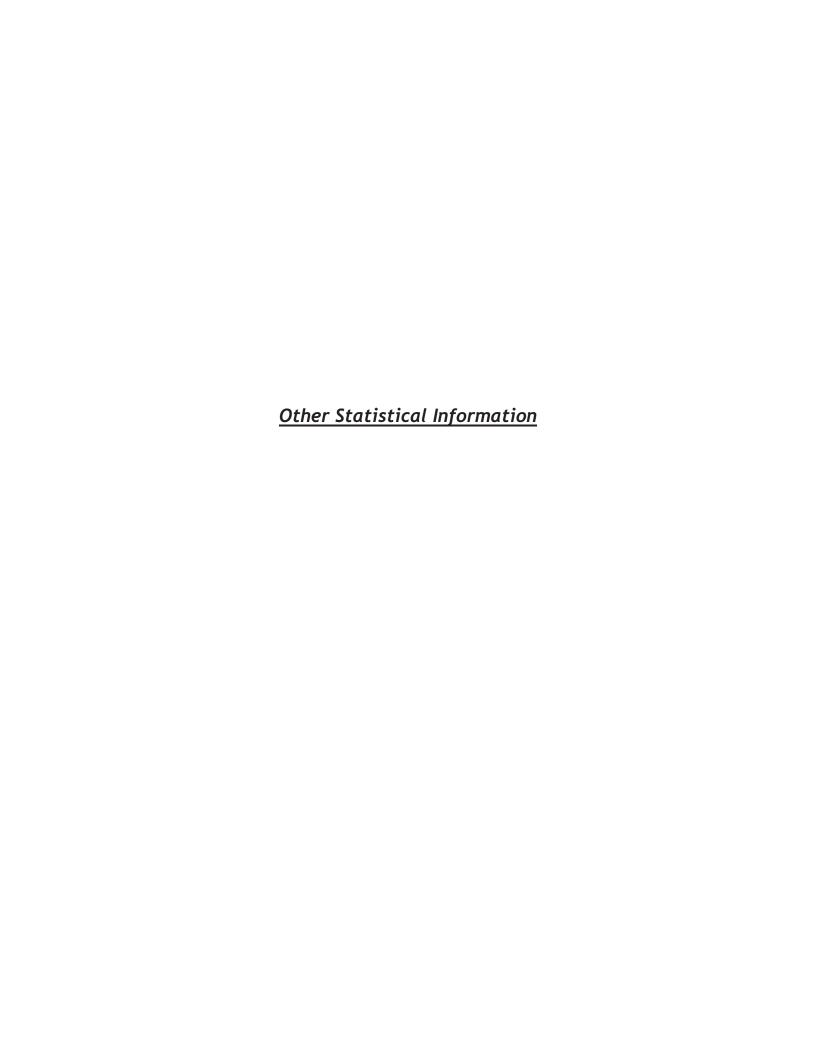
| Fund, Function, Activities and Elements    |     | Original<br>Budget |     | Budget<br>As<br>Amended |     | Actual    | Variance Fror<br>Amended<br>Budget<br>Favorable<br>(Unfavor.) |
|--|-----|--------------------|-----|-------------------------|-----|-----------|---|
| Primary Government:                        |     |                    |     |                         |     |           |   |
| General Fund:                              |     |                    |     |                         |     |           |   |
| General government administration:         |     |                    |     |                         |     |           |   |
| Legislative:                               |     |                    |     |                         |     |           |   |
| Board of supervisors                       | \$  | 56,319             | \$_ | 59,542                  | \$  | 59,542    | <u> </u>  |
| General and financial administration:      |     |                    |     |                         |     |           |   |
| County administrator                       | \$  | 217,681            | \$  | 212,226                 | \$  | 191,687   | 20,53   |
| Legal services                             |     | 58,476             |     | 58,476                  |     | 45,744    | 12,73   |
| Independent Auditor                        |     | 51,350             |     | 52,873                  |     | 52,871    |   |
| Commissioner of the revenue                |     | 194,137            |     | 194,137                 |     | 176,453   | 17,68   |
| Personal property                          |     | 4,675              |     | 4,675                   |     | 4,673     |   |
| Data Processing                            |     | 22,000             |     | 21,702                  |     | 21,702    |   |
| Land use                                   |     | 1,820              |     | 1,820                   |     | 1,505     | 31  |
| Assessor                                   |     | 7,650              |     | 7,650                   |     | 3,500     | 4,15  |
| Finance Department                         |     | 178,853            |     | 180,930                 |     | 160,483   | 20,44   |
| Treasurer                                  | _   | 231,548            |     | 231,912                 |     | 216,805   | 15,10   |
| Total general and financial administration | \$_ | 968,190            | \$_ | 966,401                 | \$_ | 875,423   | 90,97   |
| Board of Elections:                        |     |                    |     |                         |     |           |   |
| Electoral board and officials              | \$  | 46,000             | \$  | 46,000                  | \$  | 25,172    |   |
| Registrar                                  | _   | 82,380             |     | 82,380                  |     | 72,480    | 9,90  |
| Total board of elections                   | \$_ | 128,380            | \$_ | 128,380                 | \$  | 97,652    | 30,72   |
| Total general government administration    | \$_ | 1,152,889          | \$_ | 1,154,323               | \$  | 1,032,617 | 121,70  |
| Judicial administration:                   |     |                    |     |                         |     |           |   |
| Courts:                                    |     |                    |     |                         |     |           |   |
| Circuit court                              | \$  | 26,000             | \$  | 26,000                  | \$  | 20,423    | 5,57  |
| Combined court                             |     | 8,975              |     | 8,975                   |     | 6,481     | 2,49  |
| Clerk of the circuit court                 |     | 299,948            |     | 309,188                 |     | 273,876   | 35,31   |
| Sheriff - court security                   |     | 137,348            |     | 174,116                 |     | 153,088   | 21,02   |
| Magistrates                                |     | 600                |     | 600                     |     | 433       | 16  |
| Rappahannock legal services                |     | 2,576              |     | 2,576                   |     | 2,576     |   |
| Victim witness program                     |     | 22,742             |     | 22,742                  |     | 20,818    | 1,92  |
| Commissioner of accounts                   | _   | 920                |     | 920                     |     | 720       | 20  |
| Total courts                               | \$_ | 499,109            | \$_ | 545,117                 | \$  | 478,415   | 66,70   |
| Commonwealth's attorney:                   |     |                    |     |                         |     |           |   |
| Commonwealth's attorney                    | \$  | 276,428            | \$_ | 276,428                 | \$  | 273,386   | 3,04  |
| Total judicial administration              | \$  | 775,537            | \$  | 821,545                 | \$  | 751,801   | 69,74   |

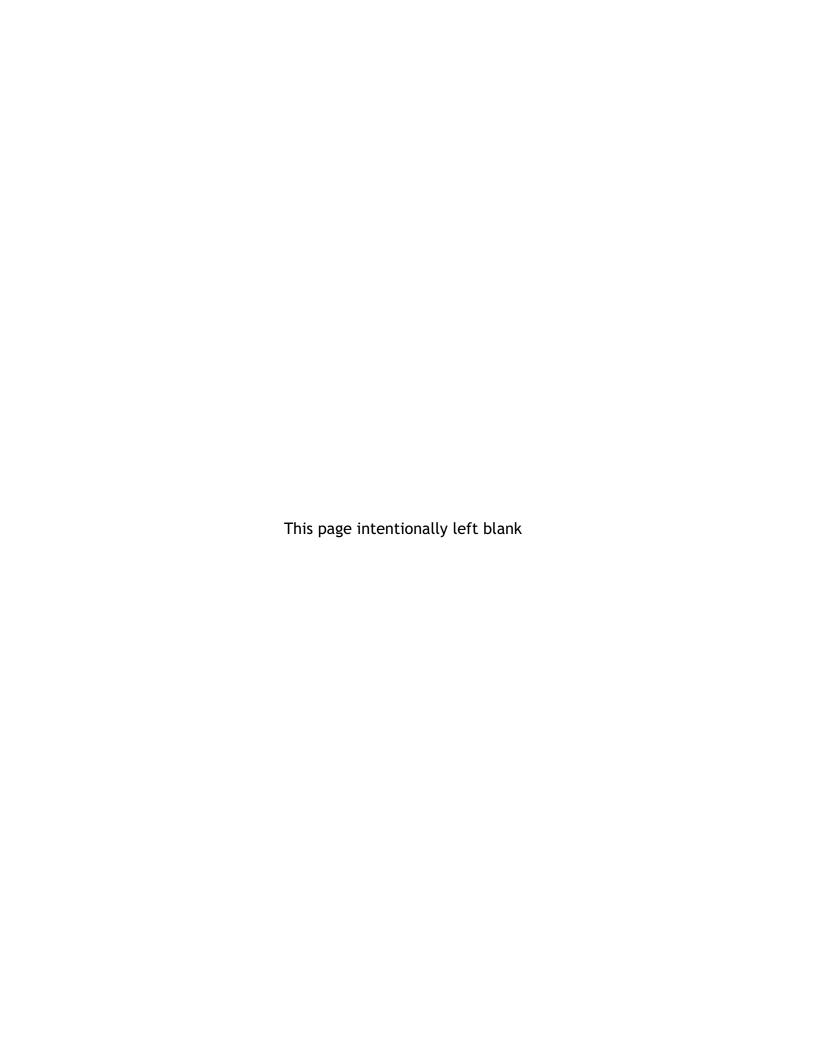
| Fund, Function, Activities and Elements            |     | Original<br>Budget |                     | Budget<br>As<br>Amended |                | Actual                                | Variance From<br>Amended<br>Budget<br>Favorable<br>(Unfavor.) |
|--|-----|--------------------|---------------------|-------------------------|----------------|---------------------------------------|---|
| Primary Government: (Continued)                    |     |                    |                     |                         |                |                                       |   |
| General Fund: (Continued)                          |     |                    |                     |                         |                |                                       |   |
| Public safety:                                     |     |                    |                     |                         |                |                                       |   |
| Law enforcement and traffic control:               |     |                    |                     |                         |                |                                       |   |
| Sheriff  | \$  | 1,670,371          | Ş                   | 1,941,447               | \$             | 1,811,953 \$                          |   |
| Public safety                                      |     | 61,917             |                     | 81,687                  |                | 72,525                                | 9,162   |
| Asset forfeiture                                   |     | -<br>E10 971       |                     | -<br>E10 971            |                | 23,017                                | (23,017)  |
| E-911 system                                       | _   | 519,871            |                     | 519,871                 |                | 461,486                               | 58,385  |
| Total law enforcement and traffic control          | \$_ | 2,252,159          | \$_                 | 2,543,005               | \$_            | 2,368,981 \$                          | 174,024   |
| Fire and rescue services:                          |     |                    |                     |                         |                |                                       |   |
| Volunteer fire department                          | \$  | 122,790            | \$                  | 122,790                 | \$             | 121,752 \$                            | 1,038   |
| Ambulance and rescue service                       |     | 102,950            |                     | 102,950                 |                | 102,140                               | 810   |
| Emergency medical services                         | _   | 902,097            |                     | 916,697                 |                | 868,305                               | 48,392  |
| Total fire and rescue services                     | \$_ | 1,127,837          | \$_                 | 1,142,437               | \$             | 1,092,197 \$                          | 50,240  |
| Correction and detention:                          |     |                    |                     |                         |                |                                       |   |
| Confinement of prisoners                           | \$  | 2,550              | \$                  | 2,550                   | \$             | 1,673 \$                              | 877   |
| Regional jail                                      | ,   | 201,292            | •                   | 301,670                 |                | 301,105                               | 565   |
| Juvenile detention                                 |     | 81,159             |                     | 81,159                  |                | 70,682                                | 10,477  |
| Probation office                                   |     | 22,363             |                     | 22,363                  |                | 20,733                                | 1,630   |
| Total correction and detention                     | \$  | 307,364            | \$                  | 407,742                 | \$             | 394,193 \$                            | 13,549  |
| Inspections:                                       |     |                    |                     |                         |                |                                       |   |
| Building   | \$  | 239,289            | Ś                   | 239,289                 | Ś              | 220,330 \$                            | 18,959  |
| •  | _   |                    |                     | ·                       |                | · · · · · · · · · · · · · · · · · · · | ·   |
| Total inspections                                  | \$_ | 239,289            | \$_                 | 239,289                 | _\$            | 220,330 \$                            | 18,959  |
| Other protection:                                  |     |                    |                     |                         |                |                                       |   |
| Animal control and shelter facility                | \$  | 242,649            | \$                  | 244,539                 | \$             | 206,307 \$                            | 38,232  |
| Services to abused families                        |     | 3,211              |                     | 3,211                   |                | 3,211                                 | -   |
| Medical examiner (coroner)                         | _   | 600                |                     | 600                     | _              | 120                                   | 480   |
| Total other protection                             | \$_ | 246,460            | \$_                 | 248,350                 | \$             | 209,638 \$                            | 38,712  |
| Total public safety                                | \$_ | 4,173,109          | \$                  | 4,580,823               | \$             | 4,285,339 \$                          | 295,484   |
| D.U.   |     |                    |                     |                         |                |                                       |   |
| Public works: Sanitation and waste removal:        |     |                    |                     |                         |                |                                       |   |
| County landfill                                    | \$  | 904 658            | Ċ                   | 904 658                 | Ċ              | 655 526 ¢                             | 249,132   |
| County tandritt                                    | ٦_  | 704,030            | - <sup>-</sup> –    | 904,038                 | - <sup>ب</sup> | ډ                                     | 247,132   |
| Total sanitation and waste removal                 | \$_ | 904,658            | \$_                 | 904,658                 | \$_            | 655,526 \$                            | 249,132   |
| Maintenance of general buildings and grounds:      |     |                    |                     |                         |                |                                       |   |
| General properties                                 | \$  | 682,277            | \$                  | 681,207                 | \$             | 557,716 \$                            | 123,491   |
| Total maintaining of a 11 3 2                      | _   |                    |                     |                         |                |                                       |   |
| Total maintenance of general buildings and grounds | ۵_  | 682,2//            | - <sup>&gt;</sup> _ | 681,207                 | ^_             | 55/,/16 \$                            | 123,491   |
| Total public works                                 | \$_ | 1,586,935          | \$_                 | 1,585,865               | \$             | 1,213,242 \$                          | 372,623   |

| Fund, Function, Activities and Elements        |     | Original<br>Budget |     | Budget<br>As<br>Amended |     | Actual       | Variance From<br>Amended<br>Budget<br>Favorable<br>(Unfavor.) |
|--|-----|--------------------|-----|-------------------------|-----|--------------|---|
| Primary Government: (Continued)                |     |                    |     |                         |     |              |   |
| General Fund: (Continued)  Health and welfare: |     |                    |     |                         |     |              |   |
| Health:  |     |                    |     |                         |     |              |   |
| Supplement of local health department          | \$_ | 166,678            | \$_ | 166,678                 | \$  | 166,678 \$   |   |
| Total health                                   | \$_ | 166,678            | \$_ | 166,678                 | \$  | 166,678 \$   |   |
| Mental health and mental retardation:          |     |                    |     |                         |     |              |   |
| Chapter X board                                | \$_ | 74,023             | \$_ | 74,023                  | \$  | 74,023 \$    |   |
| Total mental health and mental retardation     | \$  | 74,023             | \$_ | 74,023                  | \$  | 74,023 \$    |   |
| Welfare:                                       |     |                    |     |                         |     |              |   |
| Administration                                 | \$  | 1,380,189          | \$  | 1,380,189               | \$  | 1,349,809 \$ | 30,380  |
| Hospice of the Rapidan                         | •   | 2,000              | •   | 2,000                   | •   | 2,000        | -   |
| Madison free clinic                            |     | 1,500              |     | 1,500                   |     | 1,500        | -   |
| Rapp-Rapidan medical reserve corporation       |     | 500                |     | 500                     |     | 500          | -   |
| CSA - at risk youth                            | _   | 1,193,804          |     | 1,193,804               |     | 954,689      | 239,115   |
| Total welfare                                  | \$_ | 2,577,993          | \$_ | 2,577,993               | \$  | 2,308,498 \$ | 269,495   |
| Total health and welfare                       | \$  | 2,818,694          | \$_ | 2,818,694               | \$  | 2,549,199 \$ | 269,495   |
| Education:                                     |     |                    |     |                         |     |              |   |
| Contributions to community colleges            | \$  | 1,660              | \$  | 1,660                   | \$  | 1,660 \$     | -   |
| Contributions to component unit school board   | _   | 7,474,294          |     | 7,809,194               | · _ | 7,744,827    | 64,367  |
| Total education                                | \$_ | 7,475,954          | \$_ | 7,810,854               | \$  | 7,746,487 \$ | 64,367  |
| Parks, recreation and cultural:                |     |                    |     |                         |     |              |   |
| Parks and recreation:                          |     |                    |     |                         |     |              |   |
| Parks and recreation                           | \$_ | 84,270             | \$_ | 309,275                 | \$  | 206,274 \$   | 103,001   |
| Total parks and recreation                     | \$_ | 84,270             | \$_ | 309,275                 | \$  | 206,274 \$   | 103,001   |
| Cultural enrichment:                           |     |                    |     |                         |     |              |   |
| Public TV                                      | \$_ | 1,200              | \$_ | 1,200                   | \$  | 1,200 \$     |   |
| Total cultural enrichment                      | \$_ | 1,200              | \$_ | 1,200                   | \$  | 1,200 \$     | <del>-</del> _  |
| Library:                                       |     |                    |     |                         |     |              |   |
| County library                                 | \$_ | 95,228             | \$_ | 95,228                  | \$  | 95,228 \$    |   |
| Total parks, recreation and cultural           | \$  | 180,698            | \$_ | 405,703                 | \$  | 302,702 \$   | 103,001   |

| Fund, Function, Activities and Elements  |     | Original<br>Budget |                  | Budget<br>As<br>Amended |    | Actual        | Variance From<br>Amended<br>Budget<br>Favorable<br>(Unfavor.) |
|--|-----|--------------------|------------------|-------------------------|----|---------------|---|
| Primary Government: (Continued)          |     |                    |                  |                         |    |               |   |
| General Fund: (Continued)                |     |                    |                  |                         |    |               |   |
| Community development:                   |     |                    |                  |                         |    |               |   |
| Planning and community development:      |     |                    |                  |                         |    |               |   |
| Planning commission                      | \$  | 14,445             | \$               | 14,445                  | \$ | 9,551 \$      |   |
| Zoning and planning                      |     | 155,696            |                  | 155,696                 |    | 122,308       | 33,388  |
| Main street project                      |     | 390,000            |                  | 390,000                 |    | 25            | 389,975   |
| Rapidan Better Housing Corp.             |     | 7,000              |                  | 7,000                   |    | 7,000         | -   |
| Aging together                           |     | 9,250              |                  | 9,250                   |    | 9,250         | -   |
| Board of zoning appeals                  |     | 5,080              |                  | 5,080                   |    | 3,174         | 1,906   |
| Board of building code appeals           |     | 700                |                  | 700                     |    | -             | 700   |
| Planning district commission             |     | 10,755             |                  | 25,005                  |    | 24,732        | 273   |
| Chamber of commerce                      |     | 56,691             |                  | 56,691                  |    | 56,691        | -   |
| Updating tax maps                        |     | 19,860             |                  | 19,860                  |    | 13,509        | 6,351   |
| Piedmont workforce network               |     | 500                |                  | 500                     |    | 500           | -   |
| Habitat for humanity                     |     | 500                |                  | 500                     |    | 500           | -   |
| Skyline CAP                              | _   | 27,980             |                  | 27,980                  |    | 27,980        |   |
| Total planning and community development | \$_ | 698,457            | \$_              | 712,707                 | \$ | 275,220 \$    | 437,487   |
| Environmental management:                |     |                    |                  |                         |    |               |   |
| Soil and water conservation district     | \$  | 24,132             | \$               | 24,132                  | \$ | 24,132 \$     |   |
| Forestry service                         | _   | 7,000              |                  | 7,000                   |    | 5,979         | 1,021   |
| Total environmental management           | \$_ | 31,132             | \$_              | 31,132                  | \$ | 30,111 \$     | 1,021   |
| Cooperative extension program:           |     |                    |                  |                         |    |               |   |
| VPI extension                            | \$  | 85,780             | \$               | 88,609                  | \$ | 77,063 \$     | 11,546  |
| Northern VA 4-H center                   | _   | 500                |                  | 500                     | _  | 500           |   |
| Total cooperative extension program      | \$_ | 86,280             | \$_              | 89,109                  | \$ | 77,563 \$     | 11,546  |
| Total community development              | \$  | 815,869            | \$               | 832,948                 | \$ | 382,894 \$    | 450,054   |
| Nondepartmental:                         |     |                    |                  |                         |    |               |   |
| Miscellaneous                            | Ś   | 1,261,988          | ċ                | 144,638                 | ċ  | 84,874 \$     | 59,764  |
| Miscettaneous                            | - ۲ | 1,201,900          | - <sup>ې</sup> _ | 144,030                 | ۲  | 04,074 3      | 39,704  |
| Total nondepartmental                    | \$_ | 1,261,988          | \$_              | 144,638                 | \$ | 84,874 \$     | 59,764  |
| Debt service:                            |     |                    |                  |                         |    |               |   |
| Principal retirement                     | \$  | 1,591,930          | \$               | 1,638,565               | \$ | 1,451,006 \$  | 187,559   |
| Interest and fiscal charges              | _   | 159,716            |                  | 197,157                 | _  | 197,157       |   |
| Total debt service                       | \$_ | 1,751,646          | \$_              | 1,835,722               | \$ | 1,648,163 \$  | 187,559   |
| Total General Fund                       | \$_ | 21,993,319         | \$               | 21,991,115              | \$ | 19,997,318 \$ | 1,993,797   |

| Fund, Function, Activities and Elements   |     | Original<br>Budget  |           | Budget<br>As<br>Amended   |                  | Actual   | _                  | Variance From<br>Amended<br>Budget<br>Favorable<br>(Unfavor.) |
|---|-----|---|-----------|---|------------------|--|--------------------|---|
| Primary Government: (Continued) Capital Improvement Fund: Capital Projects:   |     |   |           |   |                  |  |                    |   |
| E911 dispatch systems and equipment Courthouse renovation project Hoover ridge project Rennovations of existing facilities Reserve for contingency  | \$  | 65,000<br>2,600,000<br>35,000<br>30,000                         | \$        | 65,000<br>4,874,855<br>35,000<br>80,000<br>550,000                    | \$               | 4,611,417<br>22,625<br>-   | \$<br>_            | 65,000<br>263,438<br>12,375<br>80,000<br>550,000              |
| Total capital projects  | \$_ | 2,730,000   | \$_       | 5,604,855   | \$_              | 4,634,042  | \$_                | 970,813   |
| Total Capital Improvements Fund   | \$_ | 2,730,000   | \$_       | 5,604,855   | \$               | 4,634,042  | \$_                | 970,813   |
| Grand Total ExpendituresPrimary Government  | \$_ | 24,723,319  | \$_       | 27,595,970  | \$_              | 24,631,360   | \$ <u>_</u>        | 2,964,610   |
| Component Unit School Board: Special Revenue Funds: School Operating Fund:  |     |   |           |   |                  |  |                    |   |
| Education: Instruction Administration, attendance and health Pupil transportation services Operation and maintenance services Facilities Technology | \$  | 12,470,487<br>726,994<br>1,266,573<br>1,970,347<br>-<br>436,109 |           | 13,352,788<br>743,279<br>1,372,324<br>1,973,371<br>220,419<br>436,109 | \$               | 12,376,584<br>734,325<br>1,383,263<br>1,964,210<br>44,282<br>436,013 | \$                 | 976,204<br>8,954<br>(10,939)<br>9,161<br>176,137<br>96        |
| Total education   | \$_ | 16,870,510  | \$        | 18,098,290  | \$               | 16,938,677   | \$_                | 1,159,613   |
| Total School Operating Fund   | \$_ | 16,870,510  | \$_       | 18,098,290  | \$               | 16,938,677   | \$ <u></u>         | 1,159,613   |
| School Cafeteria Fund:<br>Education:<br>School food program   | \$  | 655,250   | \$        | 655,250   | \$               | 679,439  | \$                 | (24,189)  |
| Grand Total ExpendituresComponent UnitSchool Board  | \$  | 17,525,760  | = =<br>\$ | 18,753,540  | = <u>=</u><br>\$ | 17,618,116   | <del>-</del><br>\$ | 1,135,424   |
| Grand Total ExpendituresReporting Entity  | \$_ | 42,249,079  | \$        | 46,349,510  | \$               | 42,249,476   | \$                 | 4,100,034   |





COUNTY OF MADISON, VIRGINIA

Government-Wide Expenses by Function Last Eight Fiscal Years

|            | Government | Leizibil |   |              | Hoalth       |              | Parks      |             |            | i co        | Interest   |            |
|------------|------------|----------|---|--------------|--------------|--------------|------------|-------------|------------|-------------|--|------------|
| Fiscal     | Adminis-   | Adminis- | Public  | Public       | and          |              | and        | Community   | Capital    | Depart-     | on   |            |
| Year       | tration    | tration  | Safety  | Works        | Welfare      | Education    | Cultural   | Development | Outlays    | mental      | Debt   | Total      |
| 2002-03 \$ | 716,800 \$ |          | \$ 2,532,449 \$                                 | 1,011,267 \$ | 1,368,827 \$ | 6,257,248 \$ | 284,177 \$ | 362,644 \$  | 157,766 \$ | \$ 1,607 \$ | 362,644 \$ 157,766 \$ 1,607 \$ 323,774 \$ 13,440,516 | 13,440,516 |
| 2003-04    | 981,547    |          | 437,319 2,531,628 1,133,108 1,365,171 6,099,078 | 1,133,108    | 1,365,171    | 6,099,078    |            | 524,605     |            |             | 288,931  | 13,737,601 |
| 2004-05    | 885,213    | 480,576  | 3,130,935                                       | 1,316,008    | 1,392,766    | 6,218,856    |            | 986,286     | 1          | •           | 293,510  | 15,074,812 |
| 2005-06    | 949,045    | 543,889  | 3,628,091                                       | 1,183,355    | 1,680,276    | 6,908,934    | •          | 410,815     |            |             | 258,137  | 15,988,279 |
| 2006-07    | 1,167,738  | 581,515  | 4,014,589                                       | 1,382,984    | 2,290,794    | 7,206,592    | 307,191    | 1,172,189   | •          |             | 234,594  | 18,358,186 |
| 2007-08    | 1,159,581  | 611,026  | 4,311,119                                       | 1,553,922    | 2,513,784    | 7,656,901    | 283,031    | 732,319     |            |             | 205,686  | 19,027,369 |
| 2008-09    | 1,274,260  | 816,078  | 4,279,844                                       | 1,432,619    | 2,652,806    | 7,455,744    | 354,226    | 435,164     | •          | ٠           | 206,551  | 18,907,292 |
| 2009-10    | 1,236,352  | 784,033  | 4,266,320                                       | 1,235,080    | 2,580,466    | 8,259,183    | 371,752    | 411,120     | •          | •           | 199,776  | 19,344,082 |

COUNTY OF MADISON, VIRGINIA

Government-Wide Revenues Last Eight Fiscal Years

|                         |                   |               |                |                   | Total         | 14,510,385                     | 15,091,014                | 15,795,606 | 18,035,998 | 19,925,136 | 19,068,830 | 24,769,867 | 19,510,011 |
|-------------------------|-------------------|---------------|----------------|-------------------|---------------|--------------------------------|---------------------------|------------|------------|------------|------------|------------|------------|
|                         |                   |               |                | Miscella-         | neous         | 115,068 \$                     | 77,112 129,626 15,091,014 | 214,742    | 265,542    | 277,296    | 151,095    | 249,562    | 133,961    |
|                         | Revenues          | from the      | Use of         | Money &           | Property      |                                | 77,112                    | 134,758    | 300,719    | 434,989    | 299,916    | 150,953    | 174,695    |
|                         | <b>Grants and</b> | Contributions | Not Restricted | to Specific       | Programs      | 994,060 \$                     | 1,014,432                 | 1,002,356  | 1,091,326  | 1,160,745  | 1,132,739  | 1,089,378  | 1,082,024  |
| nes                     |                   |               | Other          | Local             | Taxes         | 269,302 \$ 464,412 \$          | 457,849                   | 569,621    | 639,408    | 440,733    | 298,080    | 274,476    | 265,345    |
| <b>General Revenues</b> |                   |               | Restaurant     | Food              | Taxes         | 269,302 \$                     | 297,518                   | 322,589    | 318,422    | 329,270    | 337,062    | 328,782    | 320,479    |
| Ge                      |                   |               | Motor          | Vehicle           | Licenses      | 602,217 \$ 329,134 \$          | 341,070                   | 352,139    | 359,950    | 352,763    | 346,983    | 11,395     | 1,410      |
|                         |                   |               | Consumers'     | Utility           | Тах           | 602,217 \$                     | 662,424                   | 684,033    | 658,496    | 533,146    | 321,026    | 323,111    | 304,321    |
|                         |                   |               | Comm-          | unication         | Тах           | ٠.                             |                           |            | •          | 285,814    | 666,524    | 605,598    | 608,119    |
|                         |                   | Local         | Sales          | and               | Use Tax       | \$ 723,525 \$                  | 840,938                   | 858,730    | 898,085    | 945,452    | 885,111    | 871,669    | 776,952    |
|                         |                   |               | General        | Property          | Taxes         | 31,574 \$ 7,638,370 \$ 723,525 | 8,311,566                 | 8,368,873  | 10,108,547 | 10,575,070 | 10,796,759 | 16,597,542 | 11,966,643 |
| nes                     |                   |               | Capital        | <b>Grants and</b> | Contributions |                                |                           | 240,601    |            | 775,166    | 30,000     | 95,724     | •          |
| Program Revenues        |                   |               | Operating      | <b>Grants and</b> | Contributions |                                | 2,274,968                 | 2,359,662  | 2,581,085  |            | 3,000,591  |            | 3,192,291  |
|                         |                   |               | Charges        | for               | Services      | 2002-03 \$ 739,814 \$          | 627,902                   | 687,502    | 814,418    | 844,410    | 802,944    | 700,279    | 683,771    |
|                         |                   |               |                | Fiscal            | Year          | 2002-03                        | 2003-04                   | 2004-05    | 2005-06    | 2006-07    | 2007-08    | 2008-09    | 2009-10    |

COUNTY OF MADISON, VIRGINIA

General Government Revenues by Source (1)

Last Ten Fiscal Years

| Total   | 20,603,210    | 21,401,953 | 23,326,126 | 24,239,791 | 25,638,159 | 28,368,787 | 30,933,604 | 30,073,402 | 35,380,219 | 29,779,162 |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Inter-<br>governmental                                | 10,879,396 \$ | 10,860,836 | 11,956,481 | 12,014,383 | 12,961,011 | 13,477,950 | 15,448,144 | 14,733,412 | 14,926,950 | 14,020,795 |
| Recovered<br>Costs                                    | \$ ·          | 30,710     | 33,502     | 33,502     | 33,502     |            |            |            |            |            |
| Miscel-   | 231,952 \$    |            | 219,026    | 208,126    | 290,110    | 330,417    | 340,875    | 226,991    | 416,134    | 214,365    |
| Charges<br>for<br>Services                            | 420,174 \$    | 484,847    | 499,329    | 594,301    | 507,413    | 781,335    | 938,793    | 962,013    | 844,561    | 818,527    |
| Revenues<br>from the<br>Use of<br>Money &<br>Property | 224,309 \$    | 94,041     | 85,223     | 77,112     | 134,901    | 301,718    | 436,563    | 300,560    | 180,985    | 213,718    |
| Fines &<br>Forfeitures                                | 223,819 \$    | 252,267    | 435,067    | 296,648    | 344,611    | 304,777    | 159,163    | 68,780     | 127,581    | 160,201    |
| Permits, Privilege Fees & Regulatory Licenses         |               |            |            | 161,657    | 173,077    | 177,143    | 243,660    | 285,298    | 213,156    | 193,601    |
| Other<br>Local<br>Taxes                               | 2,069,280 \$  | 2,311,125  | 2,388,590  | 2,599,799  | 2,787,112  | 2,874,361  | 2,887,178  | 2,854,786  | 2,415,031  | 2,276,626  |
| General<br>Property<br>Taxes (3)                      | 6,436,599 \$  | 7,036,964  | 7,583,719  | 8,254,263  | 8,406,422  | 10,121,086 | 10,479,228 | 10,641,562 | 16,255,821 | 11,881,329 |
| Fiscal<br>Year  | 2000-01 \$    | 2001-02    | 2002-03    | 2003-04    | 2004-05    | 2005-06    | 2006-07    | 2007-08    | 2008-09    | 2009-10    |

<sup>(1)</sup> Includes General and Capital Improvement Funds of the primary government and its discretely presented component unit.

<sup>(2)</sup> The General Fund contributions to the Component Unit School Board are not included.

<sup>(3)</sup> In 2009, the County changed to semiannual collections for real estate taxes. In the year of change one and a half years of real estate taxes were collected.

COUNTY OF MADISON, VIRGINIA

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

| Total                           | 28,800,200                         | 20,603,473 | 24,203,230 | 23,177,406 | 24,775,927 | 26,763,972 | 29,790,187 | 32,311,890 | 32,970,796 | 34,504,649 |
|---------------------------------|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Debt<br>Service                 | 7,998,141 \$                       | 1,007,034  | 891,314    | 884,574    | 860,329    | 831,109    | 811,873    | 791,972    | 800,187    | 1,648,163  |
| Capital<br>Projects             | 968,455 \$ 7,998,141 \$ 28,800,200 | 250,661    | 2,159,664  | 715,043    | 375,856    | 1,095,866  | 519,851    | 2,487,444  | 3,580,242  | 4,634,042  |
| Non-<br>departmental            | 423 \$                             | 1,235      | 1,607      | 3,855      | 7,628      | 2,444      | 6,886      | 2,969      | 141,418    | 84,874     |
| Community<br>Develop-<br>ment   | 448,058 \$                         | 310,377    | 365,125    | 523,692    | 964,387    | 410,965    | 1,156,839  | 727,606    | 434,648    | 382,894    |
| Recreation<br>and<br>Cultural   | 275,558 \$                         | 283,345    | 279,386    | 371,492    | 354,490    | 400,619    | 300,210    | 278,166    | 283,468    | 302,702    |
| Education                       | 1,417,901 \$ 13,990,243 \$         | 13,452,559 | 14,666,424 | 14,642,915 | 15,368,690 | 16,627,783 | 17,735,628 | 18,274,023 | 17,766,916 | 17,619,776 |
| Health<br>and<br>Welfare        | •                                  | 1,339,145  | 1,392,118  | 1,358,058  | 1,409,053  | 1,629,216  | 2,266,613  | 2,492,297  | 2,637,754  | 2,549,199  |
| Public<br>Works                 | 802,921 \$                         |            | 979,835    | 1,098,344  | 1,258,591  | 1,100,196  | 1,366,803  | 1,503,808  | 1,384,744  | 1,213,242  |
| Public<br>Safety                | 640,483 \$ 507,166 \$ 1,750,851 \$ | 2,034,244  | 2,399,436  | 2,389,695  | 2,917,334  | 3,321,342  | 4,001,064  | 4,103,144  | 4,095,111  | 4,285,339  |
| Judicial<br>Admini-<br>stration | 507,166 \$                         | 378,066    | 401,284    | 414,646    | 448,712    | 501,572    | 547,999    | 580,475    | 779,987    | 751,801    |
| General<br>Admini-<br>stration  | 640,483 \$                         | 621,079    | 667,037    | 775,092    | 810,857    | 842,860    | 1,076,421  | 1,069,986  | 1,066,321  | 1,032,617  |
| Fiscal                          | 2000-01 \$                         | 2001-02    | 2002-03    | 2003-04    | 2004-05    | 2002-06    | 2006-07    | 2007-08    | 2008-09    | 2009-10    |

<sup>(1)</sup> Includes General and Capital Improvement Funds of the primary government and its discretely presented component unit.

(2) The General Fund contributions to the Component Unit School Board are not included.

COUNTY OF MADISON, VIRGINIA

Property Tax Levies and Collections Last Ten Fiscal Years

<sup>(1)</sup> Exclusive of penalties and interest.

(3) Includes Commonwealth of Virginia Personal Property Tax Relief Act funds.

<sup>(2)</sup> Does not include land redemptions.

Assessed Value of Taxable Property (1) Last Ten Fiscal Years

| Total                     | 678,163,635    | 824,480,377 | 843,552,832 | 866,559,652 | 886,603,267 | 1,451,293,698 | 1,492,384,056 | 1,519,485,509 | 3,150,559,445 | 4,121,402,252 |
|---------------------------|----------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|
| Public<br>Service         | 28,450,104 \$  | 33,375,950  | 35,053,804  | 35,671,761  | 30,628,417  | 37,909,513    | 33,151,419    | 24,477,476    | 37,295,445    | 41,188,982    |
| Merchants'<br>Capital     | 2,766,321 \$   | 3,835,237   | 3,283,032   | 3,879,555   | 3,719,957   | 26,010,545    | 23,301,149    | 26,275,770    | 27,220,872    | 26,865,146    |
| Machinery<br>and<br>Tools | 1,002,376 \$   | 1,559,599   | 1,627,531   | 1,451,303   | 1,204,030   | 5,706,345     | 6,190,939     | 5,871,140     | 6,014,590     | 4,930,033     |
| Mobile<br>Homes           | 1,131,670 \$   | 1,231,300   | 1,349,300   | 1,529,900   | 1,606,340   | 1,367,200     | 1,417,940     | 1,509,889     | 1,323,762     | 1,331,600     |
| Personal<br>Property      | 22,349,267 \$  | 24,879,291  | 26,325,665  | 27,714,533  | 28,843,923  | 153,743,395   | 163,607,309   | 162,442,134   | 147,441,726   | 122,898,091   |
| Real<br>Estate (2)        | 622,463,897 \$ | 759,599,000 | 775,913,500 | 796,312,600 | 820,600,600 | 1,226,556,700 | 1,264,715,300 | 1,298,909,100 | 2,931,263,050 | 3,924,188,400 |
| Fiscal<br>Year            | 2000-01 \$     | 2001-02     | 2002-03     | 2003-04     | 2004-05     | 2005-06       | 2006-07       | 2007-08       | 2008-09       | 2009-10       |

<sup>(1) 100%</sup> fair market value. (2) FY 09 includes 2008 and 1st half of 2009 assessment. FY 09 was the first year the County collected Real Estate

Property Tax Rates (1) Last Ten Fiscal Years

|            |         |              |         | Machinery |             |
|------------|---------|--------------|---------|-----------|-------------|
| Fiscal     | Real    | Personal     | Mobile  | and       | Merchants'  |
| Years      | Estate  | Property (2) | Homes   | Tools (2) | Capital (2) |
| 2000-01 \$ | 0.72 \$ | 8.70 \$      | 0.72 \$ | 5.50 \$   | 4.30        |
| 2001-02    | 0.72    | 8.70         | 0.68    | 5.50      | 4.30        |
| 2002-03    | 0.73    | 8.70         | 0.73    | 5.50      | 4.30        |
| 2003-04    | 0.76    | 8.70         | 0.76    | 5.50      | 4.30        |
| 2004-05    | 0.76    | 8.70         | 0.76    | 5.50      | 4.30        |
| 2005-06    | 0.59    | 2.14         | 0.59    | 1.10      | 0.86        |
| 2006-07    | 0.59    | 2.14         | 0.59    | 1.10      | 0.86        |
| 2007-08    | 0.59    | 2.14         | 0.59    | 1.10      | 0.86        |
| 2008-09    | 0.44    | 2.14         | 0.44    | 1.47      | 0.86        |
| 2009-10    | 0.44    | 2.14         | 0.44    | 1.47      | 0.86        |
|            |         |              |         |           |             |

(1) Per \$100 of assessed value.

(2) Levied at 20% of fair market value through FY 05 -- at 100% in FY 06.

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

| Net<br>Bonded<br>Debt per<br>Capita                                   | 729         | 682         | 638         | 594         | 550         | 202           | 459           | 413           | 409           | 618              |
|---|-------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|------------------|
| tatio of Net<br>General<br>Obligation<br>Debt to<br>Assessed<br>Value | 0.0135      | 0.0104      | 0.0095      | 0.0086      | 0.0078      | 0.0044        | 0.0039        | 0.0034        | 0.0024        | 0.0019 \$        |
| Net<br>Bonded<br>Debt   | 9,128,406   | 8,540,889   | 7,993,956   | 7,442,122   | 6,884,519   | 6,320,857     | 5,750,840     | 5,174,039     | 7,599,998     | 7,743,068        |
| Gross<br>Bonded<br>Debt (3)   | 9,128,406   | 8,540,889   | 7,993,956   | 7,442,122   | 6,884,519   | 6,320,857     | 5,750,840     | 5,174,039     | 7,599,998     | 7,743,068 \$     |
| Assessed<br>Value<br>(2)  | 678,163,635 | 824,480,377 | 843,552,832 | 866,559,652 | 886,603,267 | 1,451,293,698 | 1,492,384,056 | 1,519,485,509 | 3,150,559,445 | 4,121,402,252 \$ |
| Population (1)  | 12,520      | 12,520      | 12,520      | 12,520      | 12,520      | 12,520        | 12,520        | 12,520        | 12,520        | 12,520 \$        |
| Fiscal<br>Year  | 2000-01     | 2001-02     | 2002-03     | 2003-04     | 2004-05     | 2005-06       | 2006-07       | 2007-08       | 2008-09       | 2009-10          |

<sup>(1)</sup> Bureau of the Census.

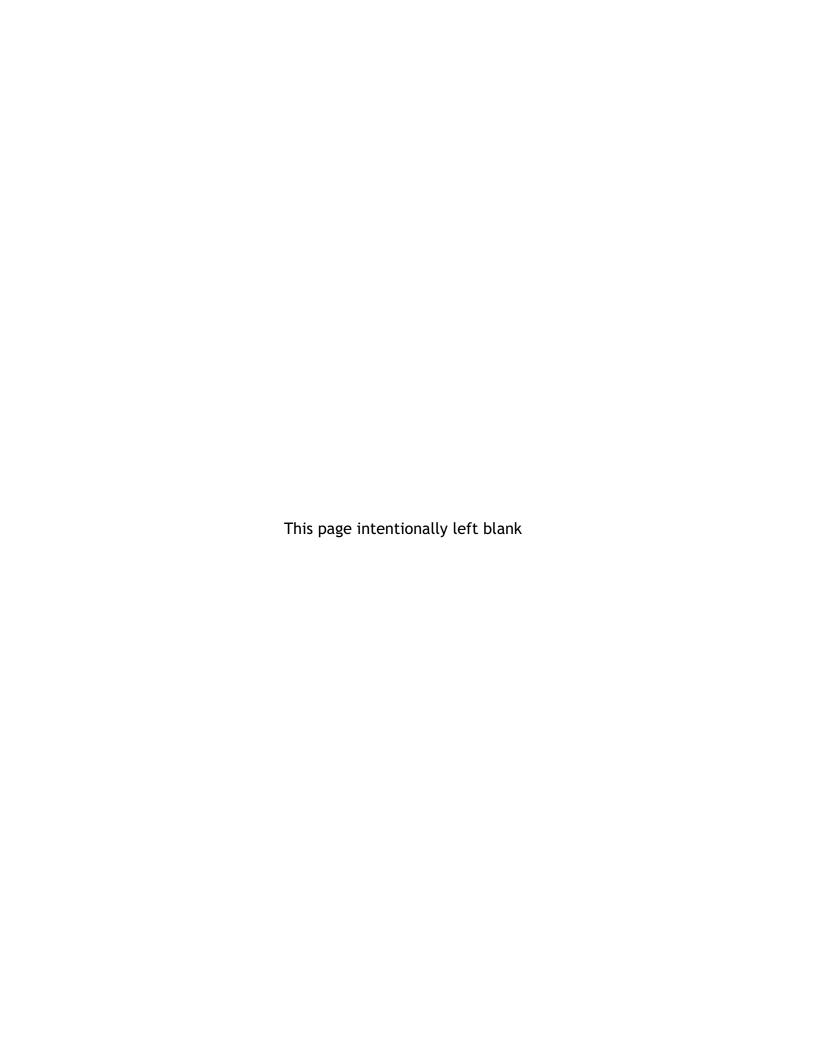
<sup>(2)</sup> From Table 6.

<sup>(3)</sup> Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes compensated absences and landfill closure liability.

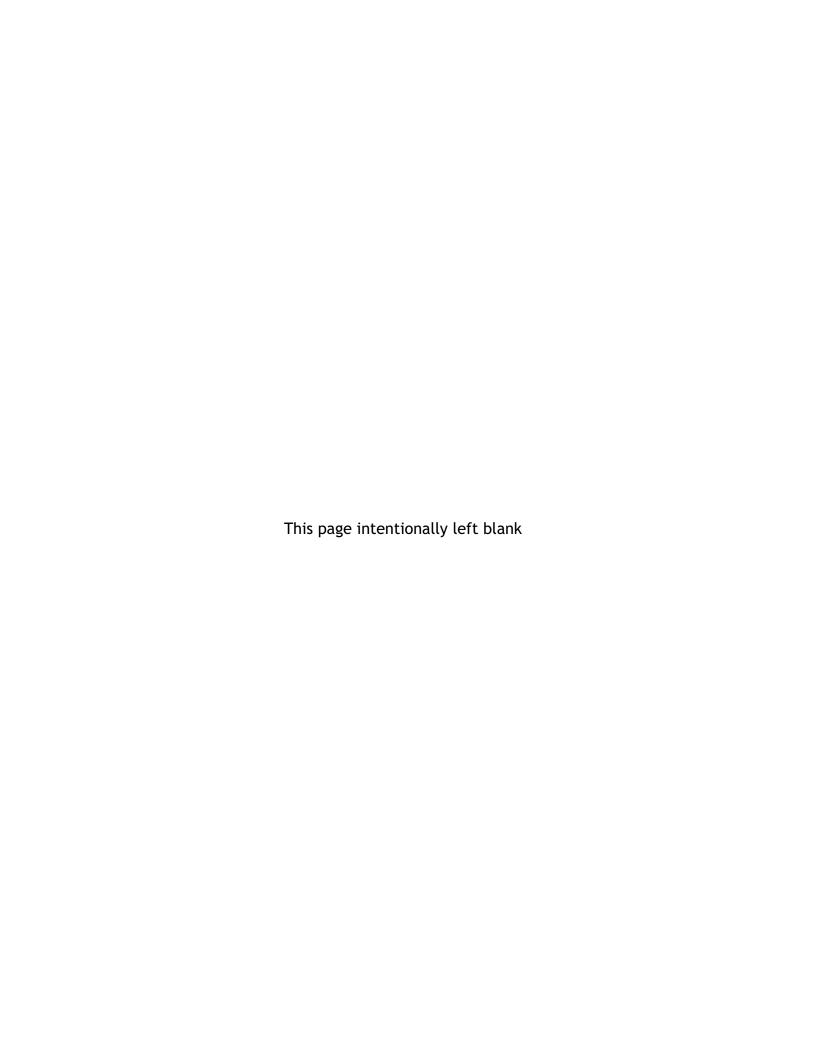
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures Last Ten Years

| lotal Debt Service<br>Total General to General | Governmental G | l Interest Service Expenditures (1) Expenditures | 212 \$ 400,929 \$ 1,048,141 \$ 28,800,200 3.64% | 374,467 1,006,984 | 344,381 891,314 24,203,230 | 332,740 884,574 23,177,406 |         | 267,447 831,109 26,763,972 | 241,856 811,873 29,790,187 | 215,171 791,972 32,311,890 | 216,146 800,187 32,970,796 | 107 157   |
|--|----------------|--|---|-------------------|----------------------------|----------------------------|---------|----------------------------|----------------------------|----------------------------|----------------------------|-----------|
|  |                | Interest   | 400,929   | 374,467           | 344,381                    | 332,740                    | 302,726 | 267,447                    | 241,856                    | 215,171                    | 216,146                    | 197 157   |
|  |                | Principal  | 647,212 \$                                      | 632,517           | 546,933                    | 551,834                    | 557,603 | 563,662                    | 570,017                    | 576,801                    | 584,041                    | 1 451 006 |
|  |                |  | Ş   |                   |                            |                            |         |                            |                            |                            |                            |           |
|  | Fiscal         | Year   | 2000-01   | 2001-02           | 2002-03                    | 2003-04                    | 2004-05 | 2005-06                    | 2006-07                    | 2007-08                    | 2008-09                    | 2009-10   |

(1) Includes general and discretely presented component unit.







# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Madison, Virginia's basic financial statements and have issued our report thereon dated January 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States;

### Internal Control Over Financial Reporting:

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Madison, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Folicies Larmes, Cox Associates Charlottesville, Virginia

January 10, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements That Could Have Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Independent Auditors' Report

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

#### Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Madison, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Madison, Virginia's compliance with those requirements.

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

## Internal Control Over Compliance

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

### Internal Control Over Compliance (Continued)

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

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

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

Charlottesville, Virginia

January 10, 2011

| Federal Grantor/Pass - Through Grantor/Program or Cluster Title  | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying<br>Number | Ex | Federal<br>Expenditures |  |  |
|--|---------------------------|--|----|-------------------------|--|--|
| Primary Government:  |                           |  |    |                         |  |  |
| Department of Transportation:                                    |                           |  |    |                         |  |  |
| Pass Through Payments:   |                           |  |    |                         |  |  |
| Virginia Department of Transportation:                           |                           |  |    |                         |  |  |
| State and Community Highway Safety                               | 20.600                    | SC1050366                                    | \$ | 13,957                  |  |  |
| Total Department of Transportation                               |                           |  | \$ | 13,957                  |  |  |
| Department of Health and Human Services:                         |                           |  |    |                         |  |  |
| Pass Through Payments:   |                           |  |    |                         |  |  |
| Department of Social Services:                                   |                           |  |    |                         |  |  |
| Promoting safe and stable families                               | 93.556                    | 0950109/0950110                              | \$ | 14,624                  |  |  |
| Temporary assistance for needy families (TANF)                   | 93.558                    | 0400109/0400110                              |    | 88,810                  |  |  |
| Refugee and entrant assistance - state administered programs     | 93.566                    | 0500109/0500110                              |    | 324                     |  |  |
| Low-income home energy assistance                                | 93.568                    | 0600409/0600410                              |    | 5,638                   |  |  |
| Child care and development block grant (Child Care Cluster)      | 93.575                    | 0770109/0770110                              |    | 49,082                  |  |  |
| Child care mandatory and matching funds of the child             |                           |  |    |                         |  |  |
| care and development fund (Child Care Cluster)                   | 93.596                    | 0760109/0760110                              |    | 32,741                  |  |  |
| ARRA-Child care and development block grant (Child Care Cluster) | 93.713                    | 0740109/0780109                              |    | 12,257                  |  |  |
| Child welfare services - state grants                            | 93.645                    | 0900109/0900110                              |    | 310                     |  |  |
| Foster care - Title IV-E   | 93.658                    | 1100109/1100110                              |    | 112,685                 |  |  |
| ARRA-Foster care - Title IV-E                                    | 93.658                    | 1100109/1100110                              |    | 9,213                   |  |  |
| Adoption assistance  | 93.659                    | 1120109/1120110                              |    | 14,795                  |  |  |
| ARRA-Adoption assistance   | 93.659                    | 1120109/1120110                              |    | 1,150                   |  |  |
| Social services block grant                                      | 93.667                    | 1000109/1000110                              |    | 37,001                  |  |  |
| Chafee foster care independence program                          | 93.674                    | 9150108/9150109/91501110                     |    | 3,295                   |  |  |
| Children's health insurance program                              | 93.767                    | 0540109/0540110                              |    | 5,975                   |  |  |
| Medical assistance program                                       | 93.778                    | 1200109/1200110                              |    | 76,079                  |  |  |
| Total Department of Health and Human Services                    |                           |  | \$ | 463,979                 |  |  |
| Department of Interior:  |                           |  |    |                         |  |  |
| Direct Payments:   |                           |  |    |                         |  |  |
| Payments in lieu of taxes  | 15.226                    | N/A  | \$ | 79,382                  |  |  |
| Department of Agriculture Forest Service: Pass Through Payments: |                           |  |    |                         |  |  |
| Virginia Department of Forestry:                                 |                           |  |    |                         |  |  |
| Cooperative Forestry Assistance                                  | 10.664                    | N/A  | \$ | 4,956                   |  |  |

| Federal Grantor/Pass - Through Grantor/Program or Cluster Title  | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying<br>Number          |     | Federal<br>Expenditures |
|--|---------------------------|---|-----|-------------------------|
| Teachar Grantoff ass Through Grantoff Togram of Claster Title  | Humber                    | Number  |     | Experiences             |
| Primary Government: (continued)  |                           |   |     |                         |
| Department of Agriculture:   |                           |   |     |                         |
| Pass Through Payments:   |                           |   |     |                         |
| Department of Social Services:   |                           |   |     |                         |
| State administrative matching grants for the supplemental  | 10 541                    | 0010100 /0010110 /0040100 /0040110                    | ċ   | 127 220                 |
| nutrition assistance program (SNAP Cluster) ARRA-State administrative matching grants for the supplemental | 10.561                    | 0010109/0010110/0040109/0040110                       | \$  | 127,229                 |
| nutrition assistance program (SNAP Cluster)  | 10.561                    | 0010109/0010110/0040109/0040110                       |     | 8,498                   |
| natificion assistance program (SNAI etaster)   | 10.501                    | 0010107700101107004010770040110                       | _   | 0,470                   |
| Total Department of Agriculture  |                           |   | \$_ | 135,727                 |
| Department of Criminal Justice:  |                           |   |     |                         |
| Pass Through Payments:   |                           |   |     |                         |
| Virginia Compensation Board:   |                           |   |     |                         |
| ARRA-Edward Byrne Memorial justice assistance grant program/   | 44.000                    |   |     | 20 505                  |
| grants to states and territories   | 16.803                    | 2009-SU-B9-0033                                       | \$  | 29,585                  |
| Total Expenditures of Federal Awards-Primary Government  |                           |   | \$  | 727,586                 |
| Component Unit School Board:   |                           |   |     |                         |
| Department of Agriculture:   |                           |   |     |                         |
| Pass Through Payments:   |                           |   |     |                         |
| Department of Agriculture:   |                           |   |     |                         |
| Food Distribution Schools  | 10.555                    | 10.553/2009/2010                                      | \$  | 43,726                  |
| Department of Education:   |                           |   |     |                         |
| National school lunch program  | 10.555                    | 10.553/2009/2010                                      |     | 235,541                 |
| National school breakfast program  | 10.553                    | 10.553/2009/2010                                      | _   | 64,882                  |
| Total Department of Agriculture  |                           |   | \$_ | 344,149                 |
| Department of Education:   |                           |   |     |                         |
| Pass Through Payments:   |                           |   |     |                         |
| Department of Education:   |                           |   |     |                         |
| Title 1 grants to local educational agencies (Title I Part A Cluster)                                      | 84.010                    | S010A080046/S010090046                                | \$  | 298,423                 |
| ARRA-Title 1 grants to local educational agencies (Title I Part A Cluster)                                 | 84.389<br>84.367          | \$389A090046<br>\$367A070044/\$367A08044/\$367A090044 |     | 63,133                  |
| Improving teacher quality - state grants  American history grant   | 84.251                    | 536/A0/0044/536/A08044/536/A090044<br>N/A             |     | 113,861<br>6,000        |
| English language acquisition grants  | 84.365                    | N/A<br>N/A  |     | 3,063                   |
| Special education - grants to states (Special Education Cluster)   | 84.027                    | H027A080107/H027A090107                               |     | 354,389                 |
| ARRA-Special education - grants to states (Special Education Cluster)                                      | 84.391                    | H391A090107   |     | 238,051                 |
| Special education - preschool grants (Special Education Cluster)   | 84.173                    | H173A080112/H173A090112                               |     | 13,261                  |
| Career and technical education basic grants to states  | 84.048                    | V048A080046/V048A090046                               |     | 31,575                  |
| Safe and drug-free schools and communities - state grants  | 84.186                    | Q186A080048/Q186A090048                               |     | 2,622                   |
| ARRA-State fiscal stabilization fund - Education State Grants  | 84.394                    | S394A090047   |     | 298,022                 |
| ARRA-Education technology state grants   | 84.386                    | S386A090046   |     | 6,672                   |
| Education technology state grants  | 84.318                    | S318X080046/S318X090046                               | _   | 7,104                   |
| Total Department of Education  |                           |   | \$_ | 1,436,176               |
| Total Expenditures of Federal Awards-Component Unit School Board   |                           |   | \$_ | 1,780,325               |
| Total Expenditures of Federal Awards-Reporting Entity  |                           |   | \$  | 2,507,911               |
|  |                           |   |     |                         |

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

#### Note 1 - Basis of Presentation

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

#### Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures on the Schedlue are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State*, *Local*, *and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

## Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

#### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

| Primary government:   |     |           |
|---|-----|-----------|
| General Fund  | \$_ | 727,586   |
| Total primary government  | \$_ | 727,586   |
| Component Unit Public Schools:  |     |           |
| School Operating Fund   | \$  | 1,436,176 |
| School Cafeteria Fund   | _   | 344,149   |
| Total component unit public schools   | \$  | 1,780,325 |
| Total federal expenditures per basic financial                                |     |           |
| statements  | \$_ | 2,507,911 |
| Total fodoval avenanditures per the Schodule of Evpanditures                  |     |           |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$_ | 2,507,911 |

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

#### Section I - Summary of Auditor's Results

#### **Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance

for major programs: Unqualified

Any audit findings disclosed that are required to be reported

in accordance with Circular A-133, Section .510(a)?

Identification of major programs:

<u>CFDA #</u> Name of Federal Program or Cluster

84.010/84.389 Title I Part A Cluster 84.027/84.173/84.391 Special Education Cluster

84.394 ARRA-State Fiscal Stabilization Funds-Education State Grants

Dollar threshold used to distinguish between Type A and Type B

programs \$300,000

Auditee qualified as low-risk auditee? Yes

#### Section II - Financial Statement Findings

There are no financial statement findings to report.

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

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

#### Section IV - Prior Year Findings and Questioned Costs

There are no prior year findings and questioned costs to report.