

COUNTY OF
GREENE, VIRGINIA



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

County of Greene, Virginia

Financial Report

Year Ended June 30, 2011

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COUNTY OF GREENE, VIRGINIA

BOARD OF SUPERVISORS

Steve Catalano, Chairman
Buggs Peyton, Vice-Chairman
James F. Frydl
Carl Schmitt
Mike Skeens

COUNTY SCHOOL BOARD

Michelle Flynn, Chairman
Troy Harlow, Vice Chairman
Jason Collier
Darcy Higgins
Graydon Lamb

COUNTY SOCIAL SERVICE BOARD

Joanne G. Burkholder, Chairman
Larry Miller
Sandra Sullivan

OTHER OFFICIALS

Judge of the Circuit Court.....	Daniel R. Bouton
Clerk of the Circuit Court	Marie C. Durrer
Judge of the General District Court	William G. Barkley
Judge of Juvenile & Domestic Relations District Court.....	Susan L. Whitlock
Commonwealth's Attorney	Ronald L. Morris
Commissioner of the Revenue	Larry V. Snow
Treasurer.....	Stephanie A. Deal
Sheriff	J. Scott Haas
Superintendent of Schools.....	Dave Jeck
Director of Department of Social Services.....	James Howard
County Administrator	Barry Clark

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**The Honorable Members of
The Board of Supervisors
County of Greene
Stanardsville, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year ended June 30, 2011, 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 Greene, 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 *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. 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 units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County of Greene, Virginia adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2012, on our consideration of the County of Greene, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Greene, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules 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 Greene, Virginia. The combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer Cox Associates
Charlottesville, Virginia
February 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Greene, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$23,459,414 (net assets).
- Our combined long-term obligations increased \$5,848,611 during the current fiscal year.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues in excess of expenditures of \$5,750,940 (Exhibit 4) which includes contributions totaling \$9,357,905 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$23,313,129, an increase of \$5,750,940 in comparison with the prior year.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

The Government-wide financial statements include not only the County of Greene, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Greene, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Greene, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories; governmental funds and fiduciary funds.

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

Fiduciary funds - are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 14 of this report.

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

Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and a schedule of pension funding progress and other supplementary information including the presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$23,459,414 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Assets			
		Governmental Activities	
		2011	2010
Current and other assets	\$	35,649,324	\$ 29,251,534
Capital assets		<u>49,527,741</u>	<u>45,338,989</u>
Total assets	\$	<u>85,177,065</u>	<u>\$ 74,590,523</u>
Long-term liabilities outstanding	\$	46,582,648	\$ 40,771,361
Current liabilities		<u>15,135,003</u>	<u>14,461,276</u>
Total liabilities	\$	<u>61,717,651</u>	<u>\$ 55,232,637</u>
Net assets:			
Invested in capital assets, net of related debt	\$	11,202,620	\$ 8,328,313
Unrestricted		<u>12,256,794</u>	<u>11,029,573</u>
Total net assets	\$	<u><u>23,459,414</u></u>	<u><u>\$ 19,357,886</u></u>

At the end of the current fiscal year, the County's investment in capital assets net of related debt is \$11,202,620.

The County's net assets increased \$4,101,528 during the current fiscal year.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net assets by \$4,101,528. Key elements of this increase are as follows:

County of Greene, Virginia's Changes in Net Assets For the Years Ended June 30, 2011 and 2010			
		Governmental Activities	
		2011	2010
Revenues:			
Program revenues:			
Charges for services	\$	4,398,744	\$ 3,643,413
Operating grants and contributions		4,795,953	4,125,296
Capital grants and contributions		-	202,677
General revenues:			
General property taxes		16,628,031	16,501,906
Other local taxes		4,099,937	3,789,119
Commonwealth of Virginia non-categorical aid		2,391,655	2,406,313
Other general revenues		324,613	330,379
Total revenues	\$	32,638,933	\$ 30,999,103
Expenses:			
General government administration	\$	2,413,341	\$ 2,317,597
Judicial administration		750,008	728,288
Public safety		5,647,390	5,168,726
Public works		1,619,192	2,157,064
Health and welfare		3,268,889	3,141,865
Education		10,645,122	9,977,710
Parks, recreation, and cultural		586,531	582,625
Community development		1,829,783	1,694,807
Interest and other fiscal charges		1,777,149	1,870,527
Total expenses	\$	28,537,405	\$ 27,639,209
Change in net assets	\$	4,101,528	\$ 3,359,894
Net assets, July 1, 2010		19,357,886	15,997,992
Net assets, June 30, 2011	\$	23,459,414	\$ 19,357,886

Government-wide Financial Analysis (Continued)

Operating grants and contributions increased by \$670,657 during the year, due primarily to the increase in federal grants. Charges for services increased \$755,331 due more collections of water and sewer EDU's in 2011. All other revenues increased by a net of \$213,842. The County's contribution to the School Board totaled \$10,681,486 for the year compared to \$9,952,016 in the prior year, an increase of \$729,470.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$23,313,129, an increase of \$5,750,940 in comparison with the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2,611,071 and can be briefly summarized as follows:

- \$965,689 in increases for public safety
- \$911,722 in increases for capital projects
- \$733,660 in other increases and decreases

Budgeted revenues of the general fund increased \$978,005, including increases of \$934,264 for intergovernmental revenues and \$43,741 of other increases.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2011 totals \$49,527,741 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$49,586,640. Of this amount \$48,054,640 comprises debt backed by the full faith and credit of the County. The County's total obligations increased \$5,848,611 during the current fiscal year.

Additional information on the County of Greene, Virginia's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 5.0 percent, which is a decrease from a rate of 6.0 percent a year ago. This compares favorably to the state's average unemployment rate of 6.3 percent and compares favorably to the national average rate of 9.3 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The fiscal year 2012 budget increased from \$51,034,784 to \$51,372,170 or \$337,386 (1%).

Requests for Information

This financial report is designed to provide a general overview of the County of Greene, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 358, Stanardsville, Virginia 22973.

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2011

	Primary Government	Component Units	
	Governmental Activities	School Board	Greene County EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,816,809	\$ 121,308	\$ 383,260
Investments	4,965,505	-	-
Receivables (net of allowance for uncollectibles):			
Property taxes	9,613,856	-	-
Accounts receivable	243,042	-	-
Due from other governments	3,010,112	1,543,140	-
Due from primary government	-	1,242,479	-
Total current assets	<u>\$ 35,649,324</u>	<u>\$ 2,906,927</u>	<u>\$ 383,260</u>
Noncurrent assets:			
Land held for resale	\$ -	\$ -	\$ 160,771
Capital assets:			
Land	663,765	\$ 127,800	\$ -
Buildings and equipment, net of depreciation	16,787,904	8,114,140	-
Construction in progress	32,076,072	-	-
Total noncurrent assets	<u>\$ 49,527,741</u>	<u>\$ 8,241,940</u>	<u>\$ 160,771</u>
Total assets	<u>\$ 85,177,065</u>	<u>\$ 11,148,867</u>	<u>\$ 544,031</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,205,793	\$ 292,001	\$ 644
Accrued liabilities	-	2,417,412	-
Due to component unit	1,242,479	-	-
Unearned revenue	8,951,793	-	-
Accrued interest payable	730,946	19,440	-
Current portion of long-term obligations	3,003,992	219,949	-
Total current liabilities	<u>\$ 15,135,003</u>	<u>\$ 2,948,802</u>	<u>\$ 644</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	46,582,648	1,411,406	-
Total liabilities	<u>\$ 61,717,651</u>	<u>\$ 4,360,208</u>	<u>\$ 644</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,202,620	\$ 7,925,959	\$ -
Unrestricted	12,256,794	(1,137,300)	543,387
Total net assets	<u>\$ 23,459,414</u>	<u>\$ 6,788,659</u>	<u>\$ 543,387</u>
Total liabilities and net assets	<u>\$ 85,177,065</u>	<u>\$ 11,148,867</u>	<u>\$ 544,031</u>

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

Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,413,341	\$ -	\$ 75,872	\$ -	\$ (2,337,469)	\$ -	\$ -
Judicial administration	750,008	229,602	352,548	-	(167,858)	-	-
Public safety	5,647,390	18,016	1,788,699	-	(3,840,675)	-	-
Public works	1,619,192	1,863,029	-	-	243,837	-	-
Health and welfare	3,268,889	-	1,940,299	-	(1,328,590)	-	-
Education	10,645,122	108,446	-	-	(10,536,676)	-	-
Parks, recreation, and cultural	586,531	71,435	-	-	(515,096)	-	-
Community development	1,829,783	2,108,216	638,535	-	916,968	-	-
Interest on long-term debt	1,777,149	-	-	-	(1,777,149)	-	-
Total governmental activities	\$ 28,537,405	\$ 4,398,744	\$ 4,795,953	\$ -	\$ (19,342,708)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 29,508,612	\$ 628,504	\$ 18,251,848	\$ -	\$ -	\$ (10,628,260)	\$ -
Greene County EDA	181,739	-	-	-	-	-	(181,739)
Total component units	\$ 29,690,351	\$ 628,504	\$ 18,251,848	\$ -	\$ -	\$ (10,628,260)	\$ (181,739)
General revenues:							
General property taxes					\$ 16,628,031	\$ -	\$ -
Local sales and use tax					1,450,958	-	-
Communication sales and use taxes					513,273	-	-
Business license taxes					396,992	-	-
Consumer utility taxes					388,039	-	-
Motor vehicle licenses					366,535	-	-
Meals taxes					572,860	-	-
Taxes on recordation and wills					207,186	-	-
Other local taxes					204,094	-	-
Grants and contributions not restricted to specific programs					2,391,655	-	-
Unrestricted revenues from use of money and property					53,854	5,910	8,198
Miscellaneous					270,759	391,968	-
Payment from primary government					-	10,681,486	107,287
Total general revenues					\$ 23,444,236	\$ 11,079,364	\$ 115,485
Change in net assets					\$ 4,101,528	\$ 451,104	\$ (66,254)
Net assets - beginning					19,357,886	6,337,555	609,641
Net assets - ending					\$ 23,459,414	\$ 6,788,659	\$ 543,387

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

Fund Financial Statements

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Balance Sheet - Governmental Funds
June 30, 2011

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 14,920,323	\$ 2,896,486	\$ -	\$ 17,816,809
Investments	118,148	-	4,847,357	4,965,505
Receivables (net of allowance for uncollectibles):				
Property taxes	9,613,856	-	-	9,613,856
Accounts receivable	243,042	-	-	243,042
Due from other governmental units	3,010,112	-	-	3,010,112
Total assets	<u>\$ 27,905,481</u>	<u>\$ 2,896,486</u>	<u>\$ 4,847,357</u>	<u>\$ 35,649,324</u>
LIABILITIES				
Accounts payable	\$ 485,472	\$ -	\$ 720,323	\$ 1,205,795
Due to component unit	1,242,479	-	-	1,242,479
Deferred revenue	9,887,921	-	-	9,887,921
Total liabilities	<u>\$ 11,615,872</u>	<u>\$ -</u>	<u>\$ 720,323</u>	<u>\$ 12,336,195</u>
FUND BALANCES				
Committed for:				
Debt service	\$ 118,148	\$ 2,896,486	\$ -	\$ 3,014,634
Capital projects - school facilities upgrades	-	-	4,127,034	4,127,034
Unassigned	16,171,461	-	-	16,171,461
Total fund balances	<u>\$ 16,289,609</u>	<u>\$ 2,896,486</u>	<u>\$ 4,127,034</u>	<u>\$ 23,313,129</u>

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.

\$ 49,527,741

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

(730,946)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay 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.

936,130

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.

(49,586,640)

Net assets of General Government Activities

\$ 23,459,414

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

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 16,630,394	\$ -	\$ -	\$ 16,630,394
Other local taxes	4,099,937	-	-	4,099,937
Permits, privilege fees and regulatory licenses	305,014	-	-	305,014
Fines and forfeitures	168,098	-	-	168,098
Revenue from use of money and property	39,004	8,748	6,103	53,855
Charges for services	1,919,950	2,005,682	-	3,925,632
Miscellaneous	260,529	-	10,230	270,759
Recovered costs	17,003	-	-	17,003
Intergovernmental:				
Commonwealth	5,587,434	-	-	5,587,434
Federal	1,600,174	-	-	1,600,174
Total revenues	<u>\$ 30,627,537</u>	<u>\$ 2,014,430</u>	<u>\$ 16,333</u>	<u>\$ 32,658,300</u>
Expenditures:				
Current:				
General government administration	\$ 2,289,610	\$ -	\$ -	\$ 2,289,610
Judicial administration	673,341	-	-	673,341
Public safety	5,770,110	-	-	5,770,110
Public works	1,810,474	-	-	1,810,474
Health and welfare	3,275,516	-	-	3,275,516
Education	9,362,405	-	-	9,362,405
Parks, recreation, and cultural	505,441	-	-	505,441
Community development	1,871,410	-	-	1,871,410
Nondepartmental	18,776	-	-	18,776
Capital outlays and projects	968,855	-	4,394,210	5,363,065
Debt service:				
Principal retirement	1,913,782	999,321	330,000	3,243,103
Interest and other fiscal charges	474,256	1,259,111	76,659	1,810,026
Total expenditures	<u>\$ 28,933,976</u>	<u>\$ 2,258,432</u>	<u>\$ 4,800,869</u>	<u>\$ 35,993,277</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,693,561</u>	<u>\$ (244,002)</u>	<u>\$ (4,784,536)</u>	<u>\$ (3,334,977)</u>
Other financing sources (uses):				
Issuance of bonds payable	\$ -	\$ -	\$ 8,401,329	\$ 8,401,329
Premium on bonds payable	-	-	180,241	180,241
Issuance of capital leases	174,347	-	330,000	504,347
Transfers in	927,790	-	-	927,790
Transfers (out)	-	(927,790)	-	(927,790)
Total other financing sources (uses)	<u>\$ 1,102,137</u>	<u>\$ (927,790)</u>	<u>\$ 8,911,570</u>	<u>\$ 9,085,917</u>
Change in fund balance	<u>\$ 2,795,698</u>	<u>\$ (1,171,792)</u>	<u>\$ 4,127,034</u>	<u>\$ 5,750,940</u>
Fund balance at beginning of year	<u>13,493,911</u>	<u>4,068,278</u>	<u>-</u>	<u>17,562,189</u>
Fund balance at end of year	<u>\$ 16,289,609</u>	<u>\$ 2,896,486</u>	<u>\$ 4,127,034</u>	<u>\$ 23,313,129</u>

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

Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2011

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$	5,750,940
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. Details supporting this adjustment are as follows:		
Capital outlay	\$ 6,174,010	
Depreciation expense	<u>(996,307)</u>	5,177,703
Transfer of joint tenancy assets from Primary Government to the Component Unit		(988,951)
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 the change in deferred taxes.		(2,363)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A summary of items supporting this adjustment is as follows:		
Principal retired on capital lease obligations	\$ 456,835	
Principal retired on general obligation bonds	1,016,084	
Principal retired on revenue bonds and premiums	724,146	
Principal retired on water and sewer bonds	286,512	
Principal retired on notes payable	78,672	
Principal retired on state literary fund loans	700,000	
Increase of landfill closure liability	(5,155)	
Increase of other post-employment benefits liability	(6,395)	
Long-term debt issued	<u>(9,085,917)</u>	(5,835,218)
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	\$ (13,393)	
Change in interest payable	<u>12,810</u>	(583)
Change in net assets of governmental activities	\$	<u><u>4,101,528</u></u>

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

Statement of Fiduciary Net Assets
June 30, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>29,849</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>29,849</u>

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements As of June 30, 2011

Note 1—Summary of Significant Accounting Policies:

The County of Greene, Virginia was formed in 1702 and it 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 Greene, 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.

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. 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).

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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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 governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model governments provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose 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 Greene, 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

Blended Component Units: The County has no blended component units to be included for the fiscal year ended June 30, 2011.

Discretely Presented Component Units:

Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board 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, 2011.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Greene County Economic Development Authority:

The Greene County Economic Development Authority was formed by the Greene County Board of Supervisors who appoint all Board members of the Authority. The Authority provides a source of financing for industries locating their facilities in the County. The Board of Supervisors cannot impose its will on the Authority, but since there is a potential financial benefit or burden in the relationship, as evidenced by the contributions from the County to the Authority, the Board of Supervisors is financially accountable for the Authority. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County's financial report. Financial statements for the Authority can be obtained from their Administrative Offices in Stanardsville, Virginia.

C. Other Related Organizations

Included in the County's Financial Report

None

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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

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 Fund accounts for and reports all financial resources not accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, 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.

B. School Capital Projects Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

C. Debt Service Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt services funds should also be used to report financial resources being accumulated for future debt service. Specifically, this fund includes VRA water and sewer bonds outstanding.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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

1. Governmental Funds: (Continued)

D. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Component Unit:

The Greene County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Greene and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a non-major 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. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and the Component Unit - School Board.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Budgets and Budgetary Accounting: (Continued)

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.

For the fiscal year ended June 30, 2011, a budget was not legally adopted for the Debt Service Fund, the School Capital Projects Fund, and the School Cafeteria Fund and, therefore, expenditures exceed appropriations in these funds for the fiscal year.

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 three 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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “advances 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 \$373,810 at June 30, 2011 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. Taxes are payable June 5th and 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 and Component Unit - School Board 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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets: (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2011 was immaterial.

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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Police cars	3
Office and computer equipment	5
Buses	12

I. Compensated Absences

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

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 and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

K. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

L. Retirement Plan

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

M. Use of Estimates

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

N. 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

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County and its Component Unit 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 regarding credit risk of debt securities. The County’s rated debt investments as of June 30, 2011 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

Locality's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAA
State Non-Arbitrage Pool (SNAP)	\$ 4,942,088
Total	\$ 4,942,088

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 2—Deposits and Investments: (Continued)Interest Rate Risk

The County does not have a policy regarding interest rate risk.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
State Non-Arbitrage Pool (SNAP)	\$ 4,942,088	\$ 4,942,088
Total	\$ <u>4,942,088</u>	\$ <u>4,942,088</u>

External Investment Pools

The fair value of the positions in the State Non-Arbitrage Pool (SNAP) is the same as the value of the pool shares. The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Note 3—Due From Other Governmental Units:

At June 30, 2011 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales taxes	\$ 280,324	\$ 463,070
Communication tax	78,163	-
Public assistance	32,976	-
Comprehensive services	458,471	-
Personal property tax relief act (PPTRA)	1,352,596	-
Other state funding	256,104	-
Federal Government:		
School funds	-	1,080,070
Highway safety	3,772	-
Homeland security grant	488,894	-
Public assistance	58,812	-
Total	\$ <u>3,010,112</u>	\$ <u>1,543,140</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in primary government capital assets for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
County				
Capital assets not being depreciated:				
Land	\$ 663,765	\$ -	\$ -	\$ 663,765
Construction in Progress:				
County	26,488,689	1,193,173	-	27,681,862
Jointly owned assets	-	4,394,210	-	4,394,210
Total capital assets not being depreciated	\$ 27,152,454	\$ 5,587,383	\$ -	\$ 32,739,837
Other capital assets being depreciated:				
Buildings and improvements	\$ 22,216,466	\$ -	\$ 1,323,581	\$ 20,892,885
Equipment	3,840,585	586,627	-	4,427,212
Total	\$ 26,057,051	\$ 586,627	\$ 1,323,581	\$ 25,320,097
Less accumulated depreciation:				
Buildings and improvements	\$ 4,941,494	\$ 526,924	\$ 334,630	\$ 5,133,788
Equipment	2,929,022	469,383	-	3,398,405
Total	\$ 7,870,516	\$ 996,307	\$ 334,630	\$ 8,532,193
Other capital assets, net	\$ 18,186,535	\$ (409,680)	\$ 988,951	\$ 16,787,904
Net capital assets	\$ 45,338,989	\$ 5,177,703	\$ 988,951	\$ 49,527,741

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Component Unit - School Board				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	\$ 127,800	\$ -	\$ -	\$ 127,800
Other capital assets being depreciated:				
Buildings and improvements	\$ 16,293,220	\$ 1,323,581	\$ -	\$ 17,616,801
Equipment	2,860,613	17,883	-	2,878,496
Total	\$ 19,153,833	\$ 1,341,464	\$ -	\$ 20,495,297
Less accumulated depreciation:				
Buildings and improvements	\$ 9,363,317	\$ 1,063,669	\$ 291,246	\$ 10,135,740
Equipment	2,134,573	110,844	-	2,245,417
Total	\$ 11,497,890	\$ 1,174,513	\$ 291,246	\$ 12,381,157
Other capital assets, net	\$ 7,655,943	\$ 166,951	\$ (291,246)	\$ 8,114,140
Net capital assets	\$ 7,783,743	\$ 166,951	\$ (291,246)	\$ 8,241,940

Depreciation expense was charged to functions/programs of the primary government and component unit - school board as follows:

Governmental activities:

General government administration	\$ 101,000
Judicial administration	76,667
Public safety	277,834
Public works	75,451
Health and welfare	3,750
Education	293,766
Parks, recreation and cultural	74,844
Community development	92,995
Total	\$ 996,307
Component Unit School Board (1)	\$ 548,637

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations:

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

Year Ending June 30,	Refunding Bonds		Revenue Bonds		Literary Loans		Transportation Bonds	
			VRA Sewer Bond					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 77,200	\$ 22,736	\$ 735,000	\$ 988,254	\$ 700,000	\$ 289,500	\$ 85,000	\$ 28,645
2013	79,900	20,026	765,000	955,194	700,000	268,500	85,000	24,310
2014	82,600	17,223	800,000	919,911	700,000	247,500	85,000	19,933
2015	85,500	14,323	835,000	883,944	700,000	226,500	85,000	15,512
2016	88,400	11,323	870,000	846,951	700,000	205,500	85,000	11,092
2017	91,500	8,220	915,000	805,643	700,000	184,500	85,000	6,662
2018	94,600	5,010	955,000	760,070	700,000	163,500	85,000	2,221
2019	97,900	1,685	1,005,000	711,421	700,000	142,500	-	-
2020	-	-	1,055,000	659,548	450,000	121,500	-	-
2021	-	-	1,105,000	605,102	450,000	98,000	-	-
2022	-	-	1,165,000	547,764	450,000	94,500	-	-
2023	-	-	1,220,000	487,459	450,000	81,000	-	-
2024	-	-	1,285,000	424,106	450,000	67,500	-	-
2025	-	-	1,355,000	357,336	450,000	54,000	-	-
2026	-	-	1,425,000	286,840	450,000	40,500	-	-
2027	-	-	410,000	240,454	450,000	27,000	-	-
2028	-	-	435,000	219,206	450,000	13,500	-	-
2029	-	-	455,000	197,111	-	-	-	-
2030	-	-	475,000	174,624	-	-	-	-
2031	-	-	500,000	151,046	-	-	-	-
2032	-	-	520,000	126,343	-	-	-	-
2033	-	-	550,000	100,395	-	-	-	-
2034	-	-	570,000	73,235	-	-	-	-
2035	-	-	600,000	44,863	-	-	-	-
2036	-	-	625,000	15,156	-	-	-	-
Totals	\$ <u>697,600</u>	\$ <u>100,546</u>	\$ <u>20,630,000</u>	\$ <u>11,581,976</u>	\$ <u>9,650,000</u>	\$ <u>2,325,500</u>	\$ <u>595,000</u>	\$ <u>108,375</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30,	Library Bonds		Capital Lease Obligations		School Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 161,050	\$ 2,669	\$ 111,874	\$ 9,771	\$ 687,079	\$ 420,198
2013	-	-	82,393	5,705	603,680	459,326
2014	-	-	43,434	2,127	613,421	438,630
2015	-	-	23,728	1,312	623,395	416,449
2016	-	-	24,573	468	633,611	392,625
2017	-	-	-	-	502,770	371,299
2018	-	-	-	-	510,304	353,802
2019	-	-	-	-	362,949	343,961
2020	-	-	-	-	375,710	333,625
2021	-	-	-	-	383,592	322,790
2022	-	-	-	-	396,600	311,449
2023	-	-	-	-	409,740	299,471
2024	-	-	-	-	423,016	286,853
2025	-	-	-	-	395,282	274,950
2026	-	-	-	-	360,000	266,241
2027	-	-	-	-	370,000	257,736
2028	-	-	-	-	225,000	117,669
2029	-	-	-	-	235,000	108,354
2030	-	-	-	-	245,000	98,481
2031	-	-	-	-	255,000	87,884
2032	-	-	-	-	265,000	76,704
2033	-	-	-	-	275,000	64,750
2034	-	-	-	-	290,000	51,896
2035	-	-	-	-	305,000	38,169
2036	-	-	-	-	320,000	23,560
2037	-	-	-	-	335,000	8,040
Totals	\$ <u>161,050</u>	\$ <u>2,669</u>	\$ <u>286,002</u>	\$ <u>19,383</u>	\$ <u>10,401,149</u>	\$ <u>6,224,912</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30,	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2012	\$ 80,684	\$ 20,154	\$ 303,363	\$ 261,689
2013	83,985	16,853	312,313	247,687
2014	87,421	13,417	329,414	233,233
2015	90,997	9,841	345,014	218,435
2016	94,720	6,118	363,865	201,773
2017	78,621	2,344	341,216	184,713
2018	-	-	392,967	166,908
2019	-	-	374,967	148,219
2020	-	-	273,218	132,246
2021	-	-	286,469	118,282
2022	-	-	301,370	103,647
2023	-	-	316,271	88,061
2024	-	-	331,172	71,710
2025	-	-	347,723	54,594
2026	-	-	364,275	36,627
2027	-	-	135,000	17,625
2028	-	-	140,000	10,750
2029	-	-	145,000	3,625
Total	\$ <u>516,428</u>	\$ <u>68,727</u>	\$ <u>5,403,617</u>	\$ <u>2,299,824</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Changes in Long-Term Obligations:

The following is a summary of long-term debt obligation transactions for the year ended June 30, 2011:

	Amounts payable at July 1, 2010	Increases	Decreases	Amounts payable at June 30, 2011	Due Within One Year
General Long-Term Obligations					
Capital leases	\$ 238,490	\$ 504,347	\$ 456,835	\$ 286,002	\$ 111,874
Landfill closure and postclosure liability	429,561	5,155	-	434,716	-
Compensated absences	425,098	13,393	-	438,491	43,849
General obligation bonds	4,469,554	8,401,329	1,016,084	11,854,799	1,010,329
Premiums on bonds payable	192,302	180,241	19,146	353,397	18,893
State literary fund loans	10,350,000	-	700,000	9,650,000	700,000
Revenue bonds	21,335,000	-	705,000	20,630,000	735,000
Notes payable	595,100	-	78,672	516,428	80,684
Other post-employment benefits	12,795	6,395	-	19,190	-
Water & Sewer bonds (assumed from RSA)	5,690,129	-	286,512	5,403,617	303,363
Total	\$ <u>43,738,029</u>	\$ <u>9,110,860</u>	\$ <u>3,262,249</u>	\$ <u>49,586,640</u>	\$ <u>3,003,992</u>

Details of Long-term Obligations:

	Amount Outstanding	Amount Due Within One Year
General obligation bonds:		
\$1,700,000 Transportation Bond Series 1997 issued November 20, 1997 payable in annual principal installments of \$85,000 interest at 5.15%	\$ 595,000	\$ 85,000
\$2,000,000 Lease Revenue Bonds Series 2000, issued August 23, 2000 due in monthly installments through February 23, 2012, interest at 4.40%	161,050	161,050

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$1,170,500 Greene County Industrial Development Authority Refunding Bond, Series 2002 issued July 30, 2003, maturing annually from October 15, 2004 through October 15, 2018, interest payable semi-annually at 3.45%	\$ 697,600	\$ 77,200
\$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through January 2037 interest payable semi-annually at rates from 2.05% to 5.05%	5,120,000	-
Premium on 2011A VPSA bonds	173,309	6,932
\$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	811,329	23,556
\$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	2,470,000	150,000
\$3,411,538 School Bonds series 1991B issued July 31, 1991 maturing in various annual installments through July 31, 2011 interest payable semi-annually at rates from 4.850% to 6.60%	220,983	220,983
\$2,427,547 School Bonds, Series 1995A, issued December 21, 1995, maturing in various annual installments through July 15, 2015, interest rate at 5.23%	688,837	132,540
\$3,170,000 bonds issued May 1, 1997 maturing in various annual installments through January 15, 2018, interest at 5.61%	1,090,000	160,000
Total General Obligation Bonds	\$ 12,028,108	\$ 1,017,261

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds:		
\$13,500,000, VRA Sewer System Revenue Bond, Series 2004, issued June 30, 2004, maturing annually from October 1, 2006 through October 1, 2025, interest payable semi-annually at 4.5%	\$ 11,160,000	\$ 530,000
Premium on Series 2004 VRA Bond	44,196	2,936
\$2,556,000 VRA Sewer System Revenue Bond, Series 2005B, issued December 7, 2005, maturing annually from October 1, 2006 through October 1, 2035, interest payable semi-annually at 4.4%	2,323,000	50,000
\$7,864,000 VRA Water System Revenue Bond, Series 2005B, issued December 7, 2005, maturing annually from October 1, 2006 through October 1, 2035, interest payable semi-annually at 4.4%	7,147,000	155,000
Premium on 2005B VRA revenue bonds	<u>135,892</u>	<u>9,025</u>
Total Revenue Bonds and Premiums	<u>\$ 20,810,088</u>	<u>\$ 746,961</u>
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	\$ 7,650,000	\$ 450,000
\$5,000,000 issued July 1, 1997 due in principal annual installments of \$250,000 through July 2018, interest at 3.00%	<u>2,000,000</u>	<u>250,000</u>
Total State Literary Fund loans	<u>\$ 9,650,000</u>	<u>\$ 700,000</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Water & Sewer Bonds (assumed from RSA):		
\$3,600,000 2008A refunding revenue bonds, payable to VRA in variable semi-annual installments, interest at 2.947% to 4.712% through 2019. Greene County assumed \$1,080,000 of this debt.	\$ 807,000	\$ 96,000
\$2,380,000 1998 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	1,800,000	65,000
\$10,590,000 2001 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this debt.	2,605,617	122,113
\$6,555,000 2002 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.90% to 5.50% through 2019. Greene County assumed \$280,750 of this debt.	<u>191,000</u>	<u>20,250</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 5,403,617</u>	<u>\$ 303,363</u>
Notes payable:		
\$218,207 note payable issued July 24, 2006, total payments of \$13,636 due semi-annually through July 24, 2016, interest at 4.45%	\$ 129,195	\$ 22,263
\$600,000 note payable issued April 5, 2007, total payments of \$36,783 due semi-annually through April 5, 2017, interest at 4.05%	<u>387,233</u>	<u>58,421</u>
Total Notes Payable	<u>\$ 516,428</u>	<u>\$ 80,684</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Capital leases:		
\$93,500 Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$33,546 through July 31, 2011, interest at 3.77%	\$ 32,327	\$ 32,327
\$80,000 Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$28,719 through July 31, 2012, interest at 3.77%	54,275	26,624
\$37,700 Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$13,161 through July 31, 2012, interest at 3.77%	25,053	12,319
\$69,640 Capital lease obligation for the lease/purchase of loader, payable in monthly installments of \$2,087 through June 28, 2016, interest at 3.50%	114,707	21,366
\$69,640 Capital lease obligation for the lease/purchase of two Sheriff vehicles, payable in annual installments of \$21,179 through September 20, 2013, interest at 3.21%	<u>59,640</u>	<u>19,238</u>
Total Capital Leases	\$ <u>286,002</u>	\$ <u>111,874</u>
Landfill closure and postclosure liability	\$ <u>434,716</u>	\$ -
Other post-employment benefits	\$ <u>19,190</u>	\$ -
Compensated absences	\$ <u>438,491</u>	\$ <u>43,849</u>
Grand total general government long-term obligations	<u>\$ 49,586,640</u>	<u>\$ 3,003,992</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases		Early Retirement Obligations	
	Principal	Interest	Principal	Interest
2012	\$ 124,287	\$ 12,844	\$ 43,826	\$ 10,130
2013	129,368	7,763	47,332	7,008
2014	62,326	2,474	35,431	3,636
Totals	\$ 315,981	\$ 23,081	\$ 126,589	\$ 20,774

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2011:

	Amounts payable at July 1, 2010			Amounts payable at June 30, 2011		Due Within One Year
		Increases	Decreases			
Capital Leases	\$ 435,387	\$ -	\$ 119,406	\$ 315,981	\$ 124,287	
Compensated absences	493,671	24,684	-	518,355	51,836	
Other post-employment benefits	447,015	223,415	-	670,430	-	
Early retirement obligations	169,446	-	42,857	126,589	43,826	
Total long-term debt	\$ 1,545,519	\$ 248,099	\$ 162,263	\$ 1,631,355	\$ 219,949	

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$200,000 Capital lease obligation dated July 15, 2009 for acquisition of 2 school buses and athletic equipment, payable in annual installments of \$72,330 through July 15, 2012, interest at 4.19%	\$ 136,050	\$ 66,629
\$288,725 Capital lease obligation dated July 31, 2008 for acquisition of 4 school buses, payable in annual installments of \$64,801 through July 15, 2013, interest at 3.97%	\$ 179,931	\$ 57,658
Total capital lease obligations	\$ 315,981	\$ 124,287
Accrued compensated absences	\$ 518,355	\$ 51,836
Other post-employment benefits	\$ 670,430	\$ -
Early Retirement Obligation Payable:		
The School Board adopted the early retirement incentive program offered by the Virginia Retirement System in fiscal year ended June 30, 1992	\$ 126,589	\$ 43,826
Total Long-Term Obligation Component Unit Schools	\$ 1,631,355	\$ 219,949

Note 6—Contingent Liabilities:

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

Note 7—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; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 8—Litigation:

At June 30, 2011, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Marie C. Durrer, Clerk of the Circuit Court	\$ 25,000
Stephanie A. Deal, Treasurer	400,000
Larry V. Snow, Commissioner of the Revenue	3,000
J. Scott Haas, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
American and Foreign Insurance Company - Surety	
All School Board Employees	5,000
The Continental Insurance Company	
James Howard, Director of Social Services	100,000
Western Surety Company - Surety	
Steve Catalano, Chairman	5,000
Buggs Peyton - Vice-Chairman	5,000
James F. Frydl	5,000
Carl Schmitt	5,000
Mike Skeens	5,000
Barry Clark, County Administrator	10,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

A. Plan Description

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 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 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 2011 were 8.24% and 7.51% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$586,770, \$1,713,408 and \$1,360,537, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively. The contribution rate was 8.81% in 2009, 8.81% from July 2009 through March 2010, zero (0.00%) for April through June 2010 and 3.93% in 2011.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$365,916 was equal to the County's required and actual contributions.

For fiscal year 2011, the County and School Board's annual pension cost for the Board's non-professional employees was \$126,982, which was equal to the Board's required and actual contributions.

Three-Year Trend Information for County - Primary Government			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 389,161	100%	\$ -
June 30, 2010	384,107	100%	-
June 30, 2011	365,916	100%	-

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)**C. Annual Pension Cost: (Continued)**

Three-Year Trend Information for School Board (Non-professional)			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 128,900	100%	\$ -
June 30, 2010	130,078	100%	-
June 30, 2011	126,982	100%	-

The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2010 included (a) an investment rate of return (net of administrative expenses) of 7.0%, (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 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 and School Board's unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was 20 years.

D. Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 83.92% funded. The actuarial accrued liability for benefits was \$14,147,755, and the actuarial value of assets was \$11,872,968, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,274,787. The covered payroll (annual payroll of active employees covered by the plan) was \$4,599,603, and ratio of the UAAL to the covered payroll was 49.46%.

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 82.23% funded. The actuarial accrued liability for benefits was \$6,788,730, and the actuarial value of assets was \$5,582,557, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,206,173. The covered payroll (annual payroll of active employees covered by the plan) was \$1,717,844, and ratio of the UAAL to the covered payroll was 70.21%.

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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 11—Interfund Transfers:

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ 927,790	\$ -
Debt Service fund	-	927,790
	<u>-</u>	<u>927,790</u>
Total County	\$ <u>927,790</u>	\$ <u>927,790</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 723,956
School Cafeteria Fund	723,956	-
	<u>723,956</u>	<u>-</u>
Total Component Unit School Board	\$ <u>723,956</u>	\$ <u>723,956</u>

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

Note 12—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 \$9,887,921 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$9,161,606 at June 30, 2011.

B. Prepaid taxes

Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$726,315 as of June 30, 2011.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 13—Interfund Obligations/Due to/From Primary Government/Component Units:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government - General Fund	\$ -	\$ 1,242,479
Component Unit - School Board	<u>1,242,479</u>	<u>-</u>
Total	<u>\$ 1,242,479</u>	<u>\$ 1,242,479</u>

The purpose of the interfund obligation between the County and School Board is to report the balance of local appropriations unspent at year-end due back to the respective funds.

Note 14—Landfill Closure and Post-Closure Care Costs:

The County operates a solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The \$434,716 reported as landfill closure and post closure liability at June 30, 2011, represents \$394,716 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

The County has demonstrated financial assurance requirements for closure, post-closure 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.

Note 15—Other Post-Employment Benefits Program:

County:

Background

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

A. Plan Description

In addition to the pension benefits described in Note 11, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the County with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the County, may elect to remain on the County's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

Eligible retirees from the County may elect to remain on the County's health and dental insurance plans, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the County Plan at the retiree's expense.

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 of not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County's amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	6,400
Interest on net OPEB obligation		256
Adjustment to annual required contribution		(261)
Annual OPEB cost (expense)	\$	<u>6,395</u>
Estimated contributions made		-
Increase in net OPEB obligation	\$	<u>6,395</u>
Net OPEB obligation - beginning of year		12,795
Net OPEB obligation - end of year	\$	<u><u>19,190</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

Background: (Continued)

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

For 2011, the County's expected cash payment of \$0 was \$6,395 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010, and 2011 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 6,400	0% \$	6,400
June 30, 2010	6,395	0%	12,795
June 30, 2011	6,395	0%	19,190

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2008 is as follows:

Actuarial accrued liability (AAL)	\$ 40,200
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	40,200
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	4,804,500
UAAL as a percentage of covered payroll	0.84%

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

Note 15—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

Background: (Continued)

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

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 the valuation and the historical pattern of sharing of benefit costs between the employer and time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5.50 percent after 5 years. Both rates included a 3.00 percent inflation assumption. 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-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, 2008 was 30 years.

Cost Method

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

Under these methods, inactive participants have nor normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan’s total annual normal cost and actuarial liability are the sum of the individual participant amounts.

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

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.00%
Health cost trend assumption	8.10% graded to 4.50% over 80 years
Payroll growth	None assumed

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

School Board:

A. Plan Description

In addition to the pension benefits described in Note 11, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the School Board, may elect to remain on the School Board's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

Eligible retirees from the School Board may elect to remain on the School Board's health insurance plan, at their expense, indefinitely. Retirees' spouses and other dependents may also remain on the plan at the retiree's expense.

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 show the components of the annual OPEB cost for the year, the School Board's amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$	223,600
Interest on net OPEB obligation		8,944
Adjustment to annual required contribution		(9,129)
Annual OPEB cost (expense)	\$	<u>223,415</u>
Estimated contributions made		-
Increase in net OPEB obligation	\$	<u>223,415</u>
Net OPEB obligation - beginning of year		447,015
Net OPEB obligation - end of year	\$	<u><u>670,430</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

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

For 2011, the School Board's expected cash payment of \$0 was \$223,415 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010, and 2011 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 223,600	0%	\$ 223,600
June 30, 2010	223,415	0%	447,015
June 30, 2011	223,415	0%	670,430

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2008 is as follows:

Actuarial accrued liability (AAL)	\$ 2,444,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	2,444,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	16,299,700
UAAL as a percentage of covered payroll	14.99%

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

Actuarial Methods and Assumptions

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

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

Actuarial Methods and Assumptions: (Continued)

In July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 5 years. Both rates included 3.0 percent inflation assumption. 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, 2008 was 30 years.

Cost Method

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

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

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

Interest Assumptions

	Unfunded
Discount rate	4.00%
Health cost trend assumption	8.10% graded to 4.50% over 80 years
Payroll growth	None assumed

Note 16—Subsequent Event:

On November 18, 2011, the County was required by court order to refund a portion of previous real estate taxes and interest to a private corporation. This amount is not material to the overall presentation of the financial statements and, therefore, a liability has not been recorded for fiscal year 2011.

Required Supplementary Information

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Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2011

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 15,559,049	\$ 15,559,049	\$ 16,630,394	\$ 1,071,345
Other local taxes	4,131,750	4,131,750	4,099,937	(31,813)
Permits, privilege fees and regulatory licenses	244,100	244,100	305,014	60,914
Fines and forfeitures	146,000	146,000	168,098	22,098
Revenue from use of money and property	47,460	47,460	39,004	(8,456)
Charges for services	4,400,783	4,406,483	1,919,950	(2,486,533)
Miscellaneous	168,539	206,580	260,529	53,949
Recovered costs	4,671	4,671	17,003	12,332
Intergovernmental:				
Commonwealth	5,315,753	5,421,275	5,587,434	166,159
Federal	1,236,922	2,065,664	1,600,174	(465,490)
Total revenues	<u>\$ 31,255,027</u>	<u>\$ 32,233,032</u>	<u>\$ 30,627,537</u>	<u>\$ (1,605,495)</u>
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	<u>\$ 99,987</u>	<u>\$ 99,987</u>	<u>\$ 88,105</u>	<u>\$ 11,882</u>
General and financial administration:				
County administrator	\$ 503,716	\$ 503,716	\$ 429,246	\$ 74,470
Legal services	43,352	43,352	42,799	553
Independent auditor	44,000	44,000	42,000	2,000
Commissioner of the Revenue	199,548	199,548	195,900	3,648
Reassessment	165,672	165,672	145,949	19,723
Treasurer	273,879	279,579	258,975	20,604
Computer technology	113,069	113,069	83,794	29,275
Vehicle maintenance facility	<u>1,072,591</u>	<u>1,072,591</u>	<u>889,774</u>	<u>182,817</u>
Total general and financial administration	<u>\$ 2,415,827</u>	<u>\$ 2,421,527</u>	<u>\$ 2,088,437</u>	<u>\$ 333,090</u>
Board of Elections:				
Electoral board and officials	<u>\$ 129,350</u>	<u>\$ 129,350</u>	<u>\$ 113,068</u>	<u>\$ 16,282</u>
Total general government administration	<u>\$ 2,645,164</u>	<u>\$ 2,650,864</u>	<u>\$ 2,289,610</u>	<u>\$ 361,254</u>

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2011 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Judicial administration:				
Courts:				
Circuit court	\$ 24,988	\$ 36,718	\$ 29,120	\$ 7,598
Combined Courts	11,415	13,599	12,011	1,588
Special magistrates	1,000	1,000	330	670
Juvenile and domestic relations district court	16,333	16,333	7,144	9,189
Clerk of the circuit court	408,160	408,160	333,074	75,086
Victim and witness assistance	39,926	41,563	41,175	388
Total courts	\$ 501,822	\$ 517,373	\$ 422,854	\$ 94,519
Commonwealth's attorney:				
Commonwealth's attorney	\$ 213,464	\$ 275,021	\$ 250,487	\$ 24,534
Total judicial administration	\$ 715,286	\$ 792,394	\$ 673,341	\$ 119,053
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,393,486	\$ 2,410,078	\$ 2,277,833	\$ 132,245
Technology grant	-	5,926	4,293	1,633
DMV overtime grant	-	22,526	19,506	3,020
School resource officer	115,020	115,020	103,179	11,841
Byrne grant	-	5,930	5,729	201
Forfeited property	-	14,398	227	14,171
Donations	-	6,566	2,461	4,105
Emergency 911 system	562,152	562,152	488,005	74,147
Grant expenditures	-	816,886	789,159	27,727
Wireless funds	52,617	52,617	713	51,904
Total law enforcement and traffic control	\$ 3,123,275	\$ 4,012,099	\$ 3,691,105	\$ 320,994
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 530,000	\$ 540,471	\$ 512,844	\$ 27,627
Other fire and rescue	348,074	408,430	408,430	-
Total fire and rescue services	\$ 878,074	\$ 948,901	\$ 921,274	\$ 27,627
Correction and detention:				
Confinement of prisoners	\$ 3,138	\$ 3,138	\$ 1,904	\$ 1,234
Payment to regional jail	555,880	555,880	534,293	21,587
Juvenile detention homes	54,312	54,312	47,984	6,328
Total correction and detention	\$ 613,330	\$ 613,330	\$ 584,181	\$ 29,149

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2011 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Public Safety: (continued)				
Inspections:				
Building	\$ 333,440	\$ 333,440	\$ 300,019	\$ 33,421
Other protection:				
Animal shelter	\$ 79,004	\$ 82,189	\$ 70,333	\$ 11,856
Civil defense	95,071	97,924	87,745	10,179
Animal control	136,933	136,933	115,273	21,660
Medical examiner	350	350	180	170
Total other protection	\$ 311,358	\$ 317,396	\$ 273,531	\$ 43,865
Total public safety	\$ 5,259,477	\$ 6,225,166	\$ 5,770,110	\$ 455,056
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 2,847,230	\$ 2,847,230	\$ 1,188,082	\$ 1,659,148
Maintenance of general buildings and grounds:				
General properties	\$ 374,336	\$ 652,050	\$ 622,392	\$ 29,658
Total public works	\$ 3,221,566	\$ 3,499,280	\$ 1,810,474	\$ 1,688,806
Health and welfare:				
Health:				
Local health department	\$ 251,184	\$ 251,184	\$ 245,844	\$ 5,340
Mental health and mental retardation:				
Chapter X board	\$ 77,278	\$ 77,278	\$ 76,530	\$ 748
Welfare:				
Welfare administration and public assistance	\$ 1,652,787	\$ 1,652,787	\$ 1,345,317	\$ 307,470
Comprehensive services act	1,650,000	1,650,000	1,532,873	117,127
Area agency on aging	74,743	74,743	73,952	791
Shelter for help in emergency	1,000	1,000	1,000	-
Total welfare	\$ 3,378,530	\$ 3,378,530	\$ 2,953,142	\$ 425,388
Total health and welfare	\$ 3,706,992	\$ 3,706,992	\$ 3,275,516	\$ 431,476

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2011 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Education:				
Contributions to community colleges	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Contribution to Component Unit - School Board	9,536,865	9,768,865	9,357,905	410,960
Total education	\$ 9,541,365	\$ 9,773,365	\$ 9,362,405	\$ 410,960
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 207,970	\$ 219,790	\$ 199,173	\$ 20,617
Library:				
Regional library	\$ 309,388	\$ 309,388	\$ 306,268	\$ 3,120
Total parks, recreation, and cultural	\$ 517,358	\$ 529,178	\$ 505,441	\$ 23,737
Community development:				
Planning and community development:				
Planning	\$ 301,362	\$ 301,362	\$ 288,116	\$ 13,246
Community development	1,197,578	1,277,444	1,223,740	53,704
Zoning board	9,680	9,680	1,750	7,930
Economic development	198,905	248,357	254,989	(6,632)
Total planning and community development	\$ 1,707,525	\$ 1,836,843	\$ 1,768,595	\$ 68,248
Environmental management:				
Soil and water conservation district	\$ 10,274	\$ 10,274	\$ 10,274	\$ -
Cooperative extension program:				
VPI extension program	\$ 89,907	\$ 97,476	\$ 92,541	\$ 4,935
Total community development	\$ 1,807,706	\$ 1,944,593	\$ 1,871,410	\$ 73,183
Nondepartmental:				
Miscellaneous	\$ 177,000	\$ 169,431	\$ 18,776	\$ 150,655
Capital projects:				
Recreation facilities	\$ -	\$ 19,744	\$ 225	\$ 19,519

Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2011 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Capital projects: (Continued)				
Sewer project	\$ -	\$ 705,544	\$ 741,226	\$ (35,682)
Water system Improvements	-	186,434	186,434	-
Blue Ridge Juvenile Detention Center	40,970	40,970	40,970	-
Total capital projects	\$ 40,970	\$ 952,692	\$ 968,855	\$ (16,163)
Debt service:				
Principal retirement	\$ 2,709,621	\$ 2,710,485	\$ 1,913,782	\$ 796,703
Interest and fiscal charges	1,908,891	1,908,027	474,256	1,433,771
Total debt service	\$ 4,618,512	\$ 4,618,512	\$ 2,388,038	\$ 2,230,474
Total expenditures	\$ 32,251,396	\$ 34,862,467	\$ 28,933,976	\$ 5,928,491
Excess (deficiency) of revenues over expenditures	\$ (996,369)	\$ (2,629,435)	\$ 1,693,561	\$ 4,322,996
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 174,347	\$ 174,347
Transfers in	-	-	927,790	927,790
Total other financing sources (uses)	\$ -	\$ -	\$ 1,102,137	\$ 1,102,137
Change in fund balance	\$ (996,369)	\$ (2,629,435)	\$ 2,795,698	\$ 5,425,133
Fund balance at beginning of year	996,369	2,629,435	13,493,911	10,864,476
Fund balance at end of year	\$ -	\$ -	\$ 16,289,609	\$ 16,289,609

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Virginia Retirement System
Schedule of Pension Funding Progress
Last Three Fiscal Years

County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 11,872,968	\$ 14,147,755	\$ 2,274,787	83.92%	\$ 4,599,603	49.46%
6/30/2009	11,510,200	12,680,170	1,169,970	90.77%	4,633,066	25.25%
6/30/2008	10,841,960	11,876,082	1,034,122	91.29%	4,519,956	22.88%

Discretely Presented Component Unit - School Board

Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 5,582,557	\$ 6,788,730	\$ 1,206,173	82.23%	\$ 1,717,844	70.21%
6/30/2009	5,446,167	6,046,364	600,197	90.07%	1,697,029	35.37%
6/30/2008	5,335,026	5,689,217	354,191	93.77%	1,716,988	20.63%

Schedule of Other Post-Employment Benefits Funding Progress
Last Fiscal Year

Primary Government:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 40,200	\$ 40,200	0.00%	\$ 4,804,500	0.84%

Discretely Presented Component Unit - School Board

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2008	\$ -	\$ 2,444,000	\$ 2,444,000	0.00%	\$ 16,299,700	14.99%

Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Schedule of Revenues, Expenditures, and Change in Fund Balance -
 Budget and Actual - Debt Service Fund
 For the Year Ended June 30, 2011

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 8,748	\$ 8,748
Charges for services	-	-	2,005,682	2,005,682
Total revenues	\$ -	\$ -	\$ 2,014,430	\$ 2,014,430
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 999,321	\$ (999,321)
Interest and fiscal charges	-	-	1,259,111	(1,259,111)
Total debt service	\$ -	\$ -	\$ 2,258,432	\$ (2,258,432)
Total expenditures	\$ -	\$ -	\$ 2,258,432	\$ (2,258,432)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (244,002)	\$ (244,002)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ -	\$ (927,790)	\$ (927,790)
Total other financing sources (uses)	\$ -	\$ -	\$ (927,790)	\$ (927,790)
Change in fund balance	\$ -	\$ -	\$ (1,171,792)	\$ (1,171,792)
Fund balance at beginning of year	-	-	4,068,278	4,068,278
Fund balance at end of year	\$ -	\$ -	\$ 2,896,486	\$ 2,896,486

Schedule of Change in Assets and Liabilities -
Agency Fund
For the Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special welfare:				
Assets:				
Cash and cash equivalents	\$ <u>28,133</u>	\$ <u>4,316</u>	\$ <u>2,600</u>	\$ <u>29,849</u>
Liabilities:				
Amounts held for social services clients	\$ <u>28,133</u>	\$ <u>4,316</u>	\$ <u>2,600</u>	\$ <u>29,849</u>

Discretely Present Component Unit-School Board

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Combining Balance Sheet - Discretely Presented Component Unit - School Board
June 30, 2011

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 121,308	\$ 121,308
Due from general government	1,242,479	-	1,242,479
Due from other funds	-	76,206	76,206
Due from other governmental units	<u>1,543,140</u>	<u>-</u>	<u>1,543,140</u>
Total assets	<u>\$ 2,785,619</u>	<u>\$ 197,514</u>	<u>\$ 2,983,133</u>
LIABILITIES			
Accounts payable	\$ 292,001	\$ -	\$ 292,001
Accrued liabilities	2,417,412	-	2,417,412
Due to other funds	<u>76,206</u>	<u>-</u>	<u>76,206</u>
Total liabilities	<u>\$ 2,785,619</u>	<u>\$ -</u>	<u>\$ 2,785,619</u>
FUND BALANCES			
Committed to:			
Education	\$ -	\$ 197,514	\$ 197,514
Total fund balances	<u>\$ -</u>	<u>\$ 197,514</u>	<u>\$ 197,514</u>

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 School Board as a whole.

8,241,940

Interest on capital leases is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(19,440)

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

(1,631,355)

Net assets of Discretely Presented Component Unit - School Board

\$ 6,788,659

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 5,910	\$ -	\$ 5,910
Charges for services	110,204	518,300	628,504
Miscellaneous	361,875	30,093	391,968
Recovered costs	517,871	-	517,871
Intergovernmental:			
County contribution to School Board	9,357,905	-	9,357,905
Commonwealth	15,004,005	-	15,004,005
Federal	3,247,843	-	3,247,843
Total revenues	\$ 28,605,613	\$ 548,393	\$ 29,154,006
Expenditures:			
Current:			
Education	\$ 27,678,892	\$ 1,202,887	\$ 28,881,779
Debt service:			
Principal retirement	162,263	-	162,263
Interest	40,502	-	40,502
Total expenditures	\$ 27,881,657	\$ 1,202,887	\$ 29,084,544
Excess (deficiency) of revenues over expenditures	\$ 723,956	\$ (654,494)	\$ 69,462
Other financing sources (uses):			
Transfers in	\$ -	\$ 723,956	\$ 723,956
Transfers (out)	(723,956)	-	(723,956)
Total other financing sources (uses)	\$ (723,956)	\$ 723,956	\$ -
Change in fund balance	\$ -	\$ 69,462	\$ 69,462
Fund balance at beginning of year	-	128,052	128,052
Fund balance at end of year	\$ -	\$ 197,514	\$ 197,514

Reconciliation of Schedule of Revenues, Expenditures, and Change in Fund Balance
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

		Component Unit <u>School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	69,462
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	\$ 17,883	
Depreciation expense	<u>(548,637)</u>	(530,754)
The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A summary of items supporting this adjustment is as follows:		
Principal retired on capital lease obligations	\$ 119,406	
Principal retired on early retirement obligations	<u>42,857</u>	162,263
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. This amount reflects the changes in accrued leave, other post-employment benefits, and accrued interest payable.		
Change in accrued leave	\$ (24,684)	
Change in other post-employment benefits liability	(223,415)	
Change in interest payable	<u>9,281</u>	(238,818)
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>988,951</u>
Change in net assets of governmental activities	\$	<u><u>451,104</u></u>

COUNTY OF GREENE, VIRGINIA

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2011

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 8,000	\$ 8,000	\$ 5,910	\$ (2,090)
Charges for services	57,000	57,000	110,204	53,204
Miscellaneous	267,440	291,440	361,875	70,435
Recovered costs	480,000	480,000	517,871	37,871
Intergovernmental:				
County contribution to School Board	9,536,865	9,768,865	9,357,905	(410,960)
Commonwealth	15,517,766	15,517,766	15,004,005	(513,761)
Federal	2,159,914	2,312,914	3,247,843	934,929
Total revenues	\$ 28,026,985	\$ 28,435,985	\$ 28,605,613	\$ 169,628
Expenditures:				
Current:				
Education				
Instruction	\$ 22,303,423	\$ 22,535,730	\$ 22,610,140	\$ (74,410)
Administration, attendance and health	1,300,595	1,378,524	1,304,837	73,687
Pupil transportation	1,477,318	1,495,318	1,565,851	(70,533)
Operation and maintenance	2,328,955	3,812,760	2,198,064	1,614,696
Facilities	8,000	1,083,523	-	1,083,523
Food service	-	-	-	-
Total education	\$ 27,418,291	\$ 30,305,855	\$ 27,678,892	\$ 2,626,963
Debt service:				
Principal retirement	\$ 162,263	\$ 162,263	\$ 162,263	\$ -
Interest	(28,569)	89,107	40,502	48,605
Total debt service	\$ 133,694	\$ 251,370	\$ 202,765	\$ 48,605
Total expenditures	\$ 27,551,985	\$ 30,557,225	\$ 27,881,657	\$ 2,675,568
Excess (deficiency) of revenues over expenditures	\$ 475,000	\$ (2,121,240)	\$ 723,956	\$ 2,845,196
Other financing sources (uses):				
Issuance of notes payable	\$ -	\$ 2,696,240	\$ -	\$ (2,696,240)
Transfers in	-	-	-	-
Transfers (out)	(475,000)	(575,000)	(723,956)	(148,956)
Total other financing sources (uses)	\$ (475,000)	\$ 2,121,240	\$ (723,956)	\$ (2,845,196)
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 15

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	518,300	518,300
-	-	30,093	30,093
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,393</u>	<u>\$ 548,393</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,202,887	(1,202,887)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202,887</u>	<u>\$ (1,202,887)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202,887</u>	<u>\$ (1,202,887)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (654,494)</u>	<u>\$ (654,494)</u>
\$ -	\$ -	\$ -	\$ -
-	-	723,956	723,956
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,956</u>	<u>\$ 723,956</u>
\$ -	\$ -	\$ 69,462	\$ 69,462
-	-	128,052	128,052
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,514</u>	<u>\$ 197,514</u>

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Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,363,926	\$ 12,363,926	\$ 13,027,590	\$ 663,664
Real and personal public service corporation taxes	340,755	340,755	377,436	36,681
Personal property taxes	2,446,408	2,446,408	2,829,223	382,815
Mobile home taxes	48,270	48,270	-	(48,270)
Machinery and tools taxes	109,690	109,690	149,270	39,580
Penalties	150,000	150,000	134,622	(15,378)
Interest	100,000	100,000	112,253	12,253
Total general property taxes	\$ 15,559,049	\$ 15,559,049	\$ 16,630,394	\$ 1,071,345
Other local taxes:				
Local sales and use taxes	\$ 1,450,000	\$ 1,450,000	\$ 1,450,958	\$ 958
Communication sales and use taxes	540,000	540,000	513,273	(26,727)
Consumer utility taxes	400,000	400,000	388,039	(11,961)
Business license taxes	451,750	451,750	396,992	(54,758)
Motor vehicle licenses	350,000	350,000	366,535	16,535
Bank stock taxes	35,000	35,000	62,168	27,168
Taxes on recordation and wills	305,000	305,000	207,186	(97,814)
Transient lodging taxes	100,000	100,000	141,926	41,926
Meals taxes	500,000	500,000	572,860	72,860
Total other local taxes	\$ 4,131,750	\$ 4,131,750	\$ 4,099,937	\$ (31,813)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,719	\$ (281)
Other permits and licenses	234,100	234,100	295,295	61,195
Total permits, privilege fees and regulatory licenses	\$ 244,100	\$ 244,100	\$ 305,014	\$ 60,914
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 146,000	\$ 146,000	\$ 168,098	\$ 22,098
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ (4,131)	\$ (4,131)
Revenue from use of property	47,460	47,460	43,135	(4,325)
Total revenue from use of money and property	\$ 47,460	\$ 47,460	\$ 39,004	\$ (8,456)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ -	\$ -	\$ 1,049	\$ 1,049
Law library fees	1,200	1,200	1,727	527
Courthouse maintenance	50,000	50,000	59,639	9,639
Commonwealth attorney fees	400	400	816	416
Dog pound fees	3,200	3,200	2,381	(819)
Charges for transportation services	198,886	198,886	102,534	(96,352)
DMV stop fees	-	5,700	4,189	(1,511)
After school program fees	370,425	370,425	108,446	(261,979)
Parks and recreation	80,294	80,294	71,435	(8,859)
Vehicle maintenance facility	858,073	858,073	662,483	(195,590)
Charges for landfill operations	2,837,905	2,837,905	904,775	(1,933,130)
Other charges for services	400	400	476	76
Total charges for services	\$ 4,400,783	\$ 4,406,483	\$ 1,919,950	\$ (2,486,533)
Miscellaneous revenue:				
Expenditure refunds	\$ 166,039	\$ 200,624	\$ 196,571	\$ (4,053)
Donations	1,500	1,500	1,198	(302)
Miscellaneous	1,000	4,456	62,760	58,304
Total miscellaneous revenue	\$ 168,539	\$ 206,580	\$ 260,529	\$ 53,949
Recovered costs:				
Health department	\$ 4,671	\$ 4,671	\$ 17,003	\$ 12,332
Total recovered costs	\$ 4,671	\$ 4,671	\$ 17,003	\$ 12,332
Total revenue from local sources	\$ 24,702,352	\$ 24,746,093	\$ 23,439,929	\$ (1,306,164)
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 18,000	\$ 18,000	\$ 8,075	\$ (9,925)
Auto rental tax	1,000	1,000	2,808	1,808
Motor vehicle titling tax	16,000	19,137	19,136	(1)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 80,000	\$ 80,000	\$ 71,160	\$ (8,840)
DMV-sterilization cat/dog program	-	522	522	-
Rolling stock tax	258	258	565	307
Contribution to State of Virginia	(100,000)	(111,481)	(111,481)	-
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,265,169	\$ 2,257,347	\$ 2,240,696	\$ (16,651)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 165,213	\$ 165,213	\$ 164,409	\$ (804)
Sheriff	803,543	803,543	799,609	(3,934)
Commissioner of the Revenue	77,236	77,236	76,019	(1,217)
Treasurer	75,441	75,441	73,323	(2,118)
Registrar/electoral board	40,623	40,623	38,011	(2,612)
Clerk of the Circuit Court	179,769	179,769	178,452	(1,317)
Total shared expenses	\$ 1,341,825	\$ 1,341,825	\$ 1,329,823	\$ (12,002)
Other categorical aid:				
Law enforcement grants	\$ 23,335	\$ 25,364	\$ 15,372	\$ (9,992)
Litter control	5,125	15,910	5,910	(10,000)
Fire programs fund	36,000	39,714	44,577	4,863
Section 18 transportation grant	271,500	271,500	544,467	272,967
Juvenile Justice	9,833	9,833	7,549	(2,284)
E-911 wireless grant	34,200	34,200	37,196	2,996
Forfeited Property	-	3,786	3,786	-
Public assistance	305,766	305,766	323,882	18,116
Rescue assistance grant	-	-	9,426	9,426
Domestic violence	-	60,016	49,964	(10,052)
Comprehensive services	1,023,000	1,023,000	963,444	(59,556)
Other categorical aid	-	33,014	11,342	(21,672)
Total other categorical aid	\$ 1,708,759	\$ 1,822,103	\$ 2,016,915	\$ 194,812
Total categorical aid	\$ 3,050,584	\$ 3,163,928	\$ 3,346,738	\$ 182,810
Total revenue from the Commonwealth	\$ 5,315,753	\$ 5,421,275	\$ 5,587,434	\$ 166,159

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 38,281	\$ 38,281	\$ 39,478	\$ 1,197
Categorical aid:				
Welfare administration and assistance	\$ 884,241	\$ 884,241	\$ 652,973	\$ (231,268)
Section 18 transportation grant	272,500	272,500	-	(272,500)
ARRA - Section 18 transportation grant	-	-	51,551	51,551
Public safety partnership and community policing	-	1,633	-	(1,633)
Bulletproof vest grant	-	4,292	3,224	(1,068)
Transportation safety grant	-	-	20,672	20,672
Homeland security	-	816,888	789,159	(27,729)
Byrne grant	-	3,062	2,732	(330)
ARRA - Byrne grant	-	2,867	-	(2,867)
USDA grant	41,900	41,900	40,385	(1,515)
Total categorical aid	\$ 1,198,641	\$ 2,027,383	\$ 1,560,696	\$ (466,687)
Total revenue from the federal government	\$ 1,236,922	\$ 2,065,664	\$ 1,600,174	\$ (465,490)
Total general fund	\$ 31,255,027	\$ 32,233,032	\$ 30,627,537	\$ (1,605,495)
Debt service fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 8,748	\$ 8,748
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 1,240,682	\$ 1,240,682
Water EDU charges	-	-	765,000	765,000
Total charges for services	\$ -	\$ -	\$ 2,005,682	\$ 2,005,682
Total debt service fund	\$ -	\$ -	\$ 2,014,430	\$ 2,014,430
School capital projects fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 6,103	\$ 6,103
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 10,230	\$ 10,230
Total school capital projects fund	\$ -	\$ -	\$ 16,333	\$ 16,333

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2011 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
Component Unit -- School Board:				
Special revenue funds:				
School operating fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 8,000	\$ 8,000	\$ 5,910	\$ (2,090)
Charges for services:				
Charges for education	\$ 57,000	\$ 57,000	\$ 110,204	\$ 53,204
Miscellaneous revenue:				
Expenditure refunds	\$ 173,440	\$ 173,440	\$ 114,227	\$ (59,213)
Miscellaneous	94,000	118,000	247,648	129,648
Total miscellaneous revenue	\$ 267,440	\$ 291,440	\$ 361,875	\$ 70,435
Recovered costs:				
Other payments from another county or city	\$ 480,000	\$ 480,000	\$ 517,871	\$ 37,871
Total revenue from local sources	\$ 812,440	\$ 836,440	\$ 995,860	\$ 159,420
Intergovernmental revenue:				
County contribution to School Board	\$ 9,536,865	\$ 9,768,865	\$ 9,357,905	\$ (410,960)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,604,785	\$ 2,604,785	\$ 3,219,468	\$ 614,683
Basic school aid	8,764,992	8,764,992	7,772,119	(992,873)
GED	7,859	7,859	7,859	-
Remedial summer school	64,601	64,601	71,225	6,624
Remedial education - SOQ	148,441	148,441	155,429	6,988
Special education - SOQ	1,319,672	1,319,672	1,324,235	4,563
Textbook	95,110	95,110	95,439	329
Vocational standards of quality payments	231,712	231,712	232,513	801
Fringe benefits	792,890	792,890	795,631	2,741
Regional program payments	712,910	712,910	574,563	(138,347)
Technology	180,000	180,000	180,000	-
Other state funds	594,794	594,794	575,524	(19,270)
Total categorical aid	\$ 15,517,766	\$ 15,517,766	\$ 15,004,005	\$ (513,761)
Total revenue from the Commonwealth	\$ 15,517,766	\$ 15,517,766	\$ 15,004,005	\$ (513,761)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special revenue funds: (Continued)				
School operating fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Basic adult education	\$ 20,000	\$ 20,000	\$ 23,234	\$ 3,234
Title I	478,218	478,218	653,050	174,832
ARRA - Title I	50,000	103,000	95,953	(7,047)
Title VI-B	651,700	651,700	746,310	94,610
ARRA - Title VI-B	300,000	300,000	347,535	47,535
Drug-free schools program	5,000	5,000	6,804	1,804
School food program grant	454,496	554,496	613,883	59,387
Pre-school SPED	25,000	25,000	18,669	(6,331)
ARRA - Pre-school SPED	10,000	10,000	11,179	1,179
ARRA - Ed Tech	-	-	9,370	9,370
Vocational education	46,000	46,000	32,309	(13,691)
Title II	3,000	3,000	4,371	1,371
Title III-ESL	6,500	6,500	23,492	16,992
ARRA - State fiscal stabilization funds	-	-	372,688	372,688
Education jobs fund	-	-	177,000	177,000
Title II part A	110,000	110,000	111,734	1,734
Total revenue from the federal government	\$ 2,159,914	\$ 2,312,914	\$ 3,247,843	\$ 934,929
Total school operating fund	\$ 28,026,985	\$ 28,435,985	\$ 28,605,613	\$ 169,628
School cafeteria fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 518,300	\$ 518,300
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 30,093	\$ 30,093
Total revenue from local sources	\$ -	\$ -	\$ 548,393	\$ 548,393
Total school cafeteria fund	\$ -	\$ -	\$ 548,393	\$ 548,393
Grand Total Revenues -- Component Unit -- School Board	\$ 28,026,985	\$ 28,435,985	\$ 29,154,006	\$ 718,021

Other Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function
Last Nine Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
2002-03	\$ 1,644,115	\$ 402,136	\$ 2,635,583	\$ 953,838	\$ 2,738,166	8,268,097
2003-04	1,633,164	393,359	2,872,741	1,043,970	2,674,389	8,448,755
2004-05	1,821,592	482,358	3,197,116	1,724,394	3,194,739	15,880,805
2005-06	2,053,433	594,937	3,723,429	2,029,388	3,589,603	2,391,026
2006-07	2,292,151	647,781	4,157,052	2,323,483	3,501,134	7,993,506
2007-08	2,354,054	669,784	4,608,566	2,601,110	3,041,586	10,093,139
2008-09	2,208,969	732,824	4,964,867	2,686,808	3,545,971	10,102,951
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122

(1) Information only available for nine years.

Table 1

	Recreation and Cultural	Community Development	Nondepart- mental	Capital Outlays	Interest on Debt	Total
\$	300,660	\$ 1,054,687	\$ 10,670	\$ 42,003	\$ 845,761	\$ 18,895,716
	375,284	1,039,621	-	-	796,861	19,278,144
	393,634	1,114,216	-	-	1,449,380	29,258,234
	427,474	8,209,744	-	-	2,084,232	25,103,266
	458,890	1,227,319	-	-	2,398,768	25,000,084
	546,068	1,406,092	-	-	2,109,150	27,429,549
	798,049	1,554,244	-	-	2,023,856	28,618,539
	582,625	1,694,807	-	-	1,870,527	27,639,209
	586,531	1,829,783	-	-	1,777,149	28,537,405

COUNTY OF GREENE, VIRGINIA

Government-Wide Revenues

Last Nine Fiscal Years (1)

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 1,857,045	\$ 3,084,004	\$ 113,943
2003-04	2,178,492	3,163,786	-
2004-05	2,986,536	3,552,344	-
2005-06	10,543,409	4,044,916	-
2006-07	6,720,063	3,971,286	-
2007-08	4,417,186	4,271,386	-
2008-09	4,990,757	4,123,823	-
2009-10	3,643,413	4,125,296	202,677
2010-11	4,398,744	4,795,953	-

(1) Information only available for nine years.

Table 2

General Revenues					
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total
\$ 9,089,537	\$ 2,459,949	\$ 2,215,356	\$ 51,547	\$ 231,592	\$ 19,102,973
9,736,702	2,735,566	2,263,174	47,530	234,424	20,359,674
10,742,734	3,162,439	2,312,486	265,104	677,831	23,699,474
12,022,144	3,337,544	2,667,282	596,235	472,118	33,683,648
13,599,892	3,443,880	2,463,754	930,857	374,327	31,504,059
14,805,399	3,506,466	2,429,762	787,025	180,310	30,397,534
15,659,705	3,554,550	2,454,781	288,843	219,967	31,292,426
16,501,906	3,789,119	2,406,313	130,067	200,312	30,999,103
16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933

COUNTY OF GREENE, VIRGINIA

General Government Expenditures by Function (1) (2) (3) Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2001-02	\$ 913,699	\$ 437,963	\$ 2,137,468	\$ 1,282,650	\$ 2,568,396
2002-03	1,536,967	377,544	2,496,690	836,435	2,734,790
2003-04	1,526,880	368,767	2,658,348	1,015,370	2,666,419
2004-05	1,676,743	457,766	3,093,339	1,773,878	3,191,946
2005-06	1,956,994	560,382	3,770,266	1,945,098	3,578,360
2006-07	1,945,296	622,346	3,928,340	2,125,007	3,500,069
2007-08	2,158,358	678,909	4,531,360	2,554,880	3,443,399
2008-09	2,124,961	656,157	4,776,585	2,541,465	3,566,681
2009-10	2,194,470	651,621	5,260,704	1,836,690	3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516

(1) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

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

(3) Capital outlays are not included.

Table 3

	Education		Recreation and Cultural		Community Development		Non- depart- mental		Debt Service		Total
\$	20,551,110	\$	301,007	\$	1,078,276	\$	75,493	\$	2,422,716	\$	31,768,778
	21,914,781		298,128		1,049,147		10,670		2,452,014		33,707,166
	21,989,672		291,377		1,006,911		5,504		2,347,390		33,876,638
	23,617,509		314,040		1,139,356		19,784		2,876,505		38,160,866
	25,201,395		348,136		1,334,218		12,410		2,724,879		41,432,138
	26,721,702		380,581		1,301,761		21,388		2,888,431		43,434,921
	28,547,616		447,416		1,449,780		45,083		2,922,220		46,779,021
	29,662,860		706,843		1,587,242		36,260		3,048,763		48,707,817
	29,708,011		498,169		1,695,747		21,595		2,585,804		47,614,460
	28,886,279		505,441		1,871,410		18,776		2,590,803		47,691,760

COUNTY OF GREENE, VIRGINIA

General Government Revenues by Source (1) (2)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2001-02	\$ 8,348,476	\$ 2,338,172	\$ 215,253	\$ 84,507	\$ 105,725
2002-03	9,162,352	2,459,949	242,672	255,701	53,382
2003-04	9,693,895	2,735,566	278,350	156,841	49,507
2004-05	10,610,769	3,162,439	317,924	109,374	303,432
2005-06	11,972,582	3,337,544	497,799	137,339	552,293
2006-07	13,188,509	3,443,880	441,954	169,241	495,375
2007-08	14,826,839	3,506,466	358,989	138,146	231,464
2008-09	15,625,373	3,554,550	316,414	184,505	101,049
2009-10	16,457,255	3,789,119	281,684	183,417	61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914

(1) Includes revenues of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

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

Table 4

Charges for Services		Miscellaneous	Recovered Costs	Inter- governmental	Total				
\$	1,817,512	\$	391,775	\$	303,236	\$	18,848,150	\$	32,452,806
	1,865,154		306,654		319,566		18,749,262		33,414,692
	2,302,372		507,789		400,027		18,854,418		34,978,765
	3,118,779		831,979		454,687		21,297,417		40,206,800
	2,930,316		307,704		366,971		23,109,507		43,212,055
	3,297,142		631,049		411,988		23,950,701		46,029,839
	3,910,145		503,709		903,588		24,653,597		49,032,943
	3,638,610		565,264		378,408		26,110,839		50,475,012
	2,856,494		571,305		709,976		26,042,415		50,952,703
	2,548,454		652,497		534,874		25,439,456		50,423,638

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2001-02	\$ 9,628,396	\$ 9,943,938	103.28%	\$ 177,012	\$ 10,120,950	105.12%	\$ 792,534	8.23%
2002-03	11,201,615	10,754,609	96.01%	257,905	11,012,514	98.31%	782,937	6.99%
2003-04	12,104,890	11,397,907	94.16%	228,425	11,626,332	96.05%	793,081	6.55%
2004-05	13,025,347	12,148,545	93.27%	478,118	12,626,663	96.94%	835,569	6.41%
2005-06	14,344,456	13,797,519	96.19%	539,040	14,336,559	99.94%	885,556	6.17%
2006-07	15,769,511	14,618,569	92.70%	622,838	15,241,407	96.65%	1,247,675	7.91%
2007-08	17,357,261	16,094,917	92.73%	726,361	16,821,278	96.91%	1,371,557	7.90%
2008-09	17,946,941	16,947,660	94.43%	693,868	17,641,528	98.30%	1,469,758	8.19%
2009-10	18,483,392	17,711,070	95.82%	755,110	18,466,180	99.91%	1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (2)	Public Service Corporations	Total
2001-02	\$ 806,841,672	\$ 74,915,950	\$ 2,344,867	\$ 38,756,547	\$ 922,859,036
2002-03	935,331,542	78,067,344	984,980	38,405,840	1,052,789,706
2003-04	947,972,076	81,326,298	N/A	40,217,543	1,069,515,917
2004-05	997,124,352	86,733,245	243,900	36,472,249	1,120,573,746
2005-06	1,105,086,533	94,285,358	451,461	40,120,084	1,239,943,436
2006-07	1,367,588,892	99,210,035	813,020	29,459,777	1,497,071,724
2007-08	1,640,643,742	103,112,893	3,029,713	45,382,646	1,792,168,994
2008-09	1,793,032,015	101,216,300	4,734,675	41,346,332	1,940,329,322
2009-10	1,915,379,116	98,353,196	5,467,998	54,408,605	2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832

(1) Real estate is assessed at 100% of fair market value.

(2) 2003-2004 Machinery and Tools assessment was assessed as a supplemental assessment.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year		Real Estate	Personal Property	Machinery and Tools
2001-02	\$	0.74/0.74	\$ 4.45/4.45	\$ 1.55/1.55
2002-03		0.74/0.79	4.45/5.00	1.55/2.00
2003-04		0.79/0.84	5.00/5.00	2.00/2.00
2004-05		0.84/0.84	5.00/5.00	2.00/2.00
2005-06		0.84/0.84	5.00/5.00	2.00/2.00
2006-07		0.84/0.72	5.00/5.00	2.00/2.00
2007-08		0.72/0.72	5.00/5.00	2.00/2.00
2008-09		0.72/0.69	5.00/5.00	2.00/2.00
2009-10		0.69/0.69	5.00/5.00	2.00/2.50
2010-11		0.69/0.69	5.00/5.00	2.50/2.50

(1) Per \$100 of assessed value, 1st and 2nd half assessments

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

Fiscal Year	Population	Assessed Value	Gross & Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
	(1)	(2)	(3)		
2001-02	15,244	\$ 922,859,036	\$ 17,269,169	1.87%	\$ 1,133
2002-03	15,244	1,052,789,706	15,907,536	1.51%	1,044
2003-04	15,244	1,069,515,917	29,085,747	2.72%	1,908
2004-05	15,244	1,120,573,746	36,485,615	3.26%	2,393
2005-06	16,900	1,239,943,436	52,264,532	4.22%	3,093
2006-07	17,165	1,497,071,724	50,658,356	3.38%	2,951
2007-08	17,714	1,792,168,994	48,207,781	2.69%	2,721
2008-09	17,881	1,940,329,322	45,155,798	2.33%	2,525
2009-10	18,403	2,073,608,915	42,439,783	2.05%	2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609

(1) Weldon Cooper estimate.

(2) From Table 6.

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

Schedule of Operating Revenues and Expenditures for Transportation Activity
For the Year Ended June 30, 2011

Revenues:		
State aid	\$	544,467
Federal aid		51,551
Fare collections		102,534
Greene County contribution for operations		<u>191,222</u>
Total revenues	\$	<u>889,774</u>
Expenditures:		
Salaries and fringes	\$	289,072
Materials and other expenditures		<u>600,702</u>
Total expenditures	\$	<u>889,774</u>
Excess of revenues over expenditures	\$	<u><u>-</u></u>

Transportation activity for the County of Greene, Virginia is included in the general accounting system of the County.

Compliance

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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 Greene, Virginia**

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Greene, Virginia's basic financial statements and have issued our report thereon dated February 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Greene, 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 management, the Board of Supervisors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia)
February 10, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
The Board of Supervisors
County of Greene, Virginia

Compliance

We have audited County of Greene, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Greene, Virginia's major federal programs for the year ended June 30, 2011. The County of Greene, 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 Greene, Virginia's management. Our responsibility is to express an opinion on County of Greene, 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 County of Greene, 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 County of Greene, Virginia's compliance with those requirements.

In our opinion, County of Greene, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the County of Greene, 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 County of Greene, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Greene, Virginia's internal control over compliance.

Internal Control Over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia
February 10, 2012

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct payments:</u>			
Department of Agriculture and Consumer Services: Summer food service program for children	10.559	N/A	\$ 40,385
<u>Pass through payments:</u>			
Department of Social Services: State administrative matching grants for the supplemental nutrition assistance program	10.561	0010110/0010111	\$ 141,078
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	0040110/0040111	6,875
Total State administrative matching grants for the supplemental nutrition assistance program			\$ 147,953
Total Department of Agriculture			\$ 188,338
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles: State and community highway safety	20.600	50340/59132	\$ 7,593
Alcohol Open Container Safety Requirements	20.607	154AL-2011/154AL-2010	13,079
Department of Rail and Public Transportation: ARRA - Formula grants for other than urbanized areas	20.509	60901-42010/42011	\$ 51,551
Total Department of Transportation			\$ 72,223
<u>DEPARTMENT OF CRIMINAL JUSTICE SERVICES:</u>			
<u>Direct payments:</u>			
Bulletproof vest partnership program	16.607	N/A	\$ 3,224
<u>Pass through payments:</u>			
Compensation Board: Edward Byrne memorial justice assistance grant program	16.738	39001-41000/61000	\$ 2,732
Total Department of Criminal Justice			\$ 5,956
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management: State Homeland Security Program (SHSP)	97.073	77501-52708/52709	\$ 789,159
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services: Promoting safe and stable families	93.556	0950110/0950111	\$ 646
Temporary assistance for needy families	93.558	0400110/0400111	118,684
Refugee and entrant assistance - state administered programs	93.566	0500110/0500111	283
Low-income home energy assistance	93.568	0600410/0600411	6,406
CCDF Cluster:			
Child care and development block grant	93.575	0770110/0770111	53,207
Child care mandatory and matching funds of the child care and development fund	93.596	0760110/0760111	76,298
ARRA - Child Care and Development Block Grant	93.713	740109	9,755
Chafee education and training vouchers program	93.599	9160110	522
Stephanie Tubbs Jones Child Welfare Services Program	93.645	9,001,100,900,111	522
Foster care - Title IV-E	93.658	1100110/1100111	52,813
ARRA - Foster care - Title IV-E	93.658	1100110/1100111	453
Total Foster care - Title IV-E			\$ 53,266

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2011 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (CONTINUED)			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption assistance	93.659	1120110/1120111	\$ 22,256
ARRA - Adoption assistance	93.659	1120110/1120111	1,286
Total Adoption assistance			\$ 23,542
Social services block grant	93.667	1000110/1000111	\$ 68,550
Chafee foster care independence program	93.674	9150110/9150111	3,318
Children's health insurance program	93.767	0540110/0540111	4,278
Medical assistance program	93.778	1200110/1200111	85,744
Total Department of Health and Human Services			\$ 505,021
Total Primary Government			\$ 1,560,697
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food commodities	10.555	10.555/2010/2011	\$ 68,674
Department of Education:			
National school lunch program	10.555	10.555/2010/2011	410,157
Total food commodities and national school lunch program			\$ 478,831
School breakfast program	10.553	10.553/2010/2011	\$ 135,052
Total Department of Agriculture			\$ 613,883
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Adult education - basic grants to states	84.002	Unknown	\$ 23,233
Title I, Part A Cluster:			
Title I grants to local educational agencies	84.010	S010A100046/S010A090046	653,050
ARRA - Title I grants to local educational agencies	84.389	S389A090046	95,953
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A100107	746,309
ARRA - Special education - grants to states	84.391	H391A090107	347,535
Special education - preschool grants	84.173	H173A100112/H173A090112	18,669
ARRA - Special education - preschool grants	84.392	H392A090112	11,179
Career and technical education - basic grants to states	84.048	V048A100046/VA048A090046	32,309
Safe and drug-free schools and communities - state grants	84.186	Q186A090048	6,804
ARRA - State fiscal stabilization fund - education state grants	84.394	S394A090047	372,688
Educational Technology State Grants Cluster:			
Education technology state grants	84.318	S318X090046/S318X080046	4,634
ARRA - Education technology state grants	84.386	S386A100046	9,370
Improving teacher quality state grants	84.367	S367A100044/S367A090044	111,734
ARRA - Education jobs fund	84.410	S410A100047	177,000
English language acquisition grants	84.365	S365A090046/T365A080046	23,492
Total Department of Education			\$ 2,633,959
Total Component Unit School Board			\$ 3,247,842
Total Expenditures of Federal Awards			\$ 4,808,539

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF GREENE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Greene, Virginia under programs of the federal government for the year ended June 30, 2011. 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 Greene, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Greene, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB 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 - 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	\$ 1,600,174
Less Payment in lieu of taxes	<u>(39,478)</u>
Total primary government	<u>\$ 1,560,696</u>

Component Unit Public Schools:

School Operating Fund	<u>\$ 3,247,843</u>
Total component unit public schools	<u>\$ 3,247,843</u>
Total federal expenditures per basic financial statements	<u>\$ 4,808,539</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,808,539</u></u>
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COUNTY OF GREENE, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
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)?	No
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster
	Special Education Cluster (IDEA):
84.027	Special education - grants to states
84.391	ARRA - Special education - grants to states
84.173	Special education - preschool grants
84.392	ARRA - Special education - preschool grants
84.410	Education jobs fund
84.394	ARRA - State fiscal stabilization fund - education state grants
97.073	State homeland security program (SHSP)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

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 Audit Findings

There were no federal award findings and questioned costs reported in the prior year.