

# COUNTY OF PRINCE EDWARD, VIRGINIA FINANCIAL REPORT YEAR ENDED JUNE 30, 2010

#### **Board of Supervisors**

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#### Other Officials

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Clerk of Circuit Court
Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Richard S. Blanton Machelle J. Eppes Robert G. Woodson, Jr. Marvin H. Dunkum, Jr. James R. Ennis Beverly M. Booth Mable H. Shanaberger Travis D. Harris, Jr. Dr. K. David Smith Roma R. Morris Wade Bartlett

# Financial Report Year Ended June 30, 2010

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

#### **Independent Auditors' Report**

The Honorable Members of The Board of Supervisors County of Prince Edward, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Prince Edward'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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010, on our consideration of the County of Prince Edward, 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.

Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Pension Funding Progress and Schedule of Funding Progress for Other Post-Employment Benefits as identified in the accompanying table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund statements and schedules listed in the table of contents as other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the County's basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory 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

December 28, 2010

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### To the Honorable Members of the Board of Supervisors To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

#### Financial Highlights

#### Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$4,774,509 (total net assets). This was an increase of \$917,793 or 23.8% compared to the ending amount of \$3,856,716 on June 30, 2009. This increase was primarily due the increase in the capital assets of the Business-type Activities. \$1,388,546 of the Net Assets is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net assets were \$4,073,018 of the County's total, an increase of \$185,641 or 4.8% in comparison with net assets of \$3,887,377 at June 30, 2009. Cash and cash equivalents decreased from \$8,806,906 in FY09 to \$8,340,494 at the end of FY10. This is a decrease of \$466,412 or 5.3%.
- The School Board's assets exceeded its liabilities by \$10,763,591 a decrease of \$599,730 when compared to the amount on June 30, 2009. However, \$10,576,110 of this amount reflects the School Board's net investment in capital assets leaving \$187,481 in unrestricted assets available to meet ongoing obligations. This is a decrease of \$389,917 or 68% in the School Board's unrestricted net assets for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. Business-Type Activities Net Assets were \$701,491.

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources by \$62,871 (Exhibit 5) after making direct contributions totaling \$7,439,598 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$9,823,164, which is a decrease of \$62,871 in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unreserved fund balance for the general fund was \$8,774,360 or 42.9% of total general fund expenditures excluding capital projects.
- The combined long-term Governmental obligations increased \$263,276 during the current fiscal year. Details of this increase can be found under the long-term debt section of the management discussion and analysis and in Note 8 of the report.

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

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

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

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

<u>Government-wide financial statements</u> - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net Assets and (2) The Statement of Activities.

<u>The Statement of Net Assets (exhibit one)</u> presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net assets. Net assets are presented in three categories: invested in capital assets net of related debt, restricted and unrestricted. 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 (exhibit two) presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

The Statement of Net Assets and The Statement of Activities are both divided into two types of activities:

- 1. <u>Governmental Activities</u> Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
- 2. <u>Business-Type Activities</u> The County has two business-type activities: Water and Sewer. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
- 3. <u>Component Unit</u> The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

#### Overview of the Financial Statements: (Continued)

<u>Fund financial statements</u> - 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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A governmental fund is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund*, *Landfill Construction Fund*, and *School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

<u>Proprietary funds</u> - <u>Proprietary funds</u> consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

<u>Fiduciary funds</u> - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

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

<u>Other information</u> - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and 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 stated earlier in this discussion, net assets may serve as a useful indicator of a County's financial position over time. For the County in FY2010, assets exceeded liabilities by \$4,774,509 at the close of the fiscal year as presented in the Table below. This was an increase of \$917,793 or 23.8% over the FY2009 ending amount of \$3,856,716.

#### County of Prince Edward, Virginia

#### Schedule of Assets Liabilities and Net Assets For the Years Ended June 30, 2010 and 2009

		Governmental Activities (1)		Busines: Activi		Total			
		2010	2009	2010	2009	2010	2009		
Current and other assets Capital assets	\$	11,012,506 \$ 12,011,133	11,439,183 \$ 12,773,048	11,377 \$ 3,351,144	5,024 \$ 1,250,000	11,023,883 \$ 15,362,277	11,444,207 14,023,048		
Total assets	\$_	23,023,639 \$	24,212,231 \$	3,362,521 \$	1,255,024 \$	26,386,160 \$	25,467,255		
Long-term liabilities outstanding Current liabilities	\$	18,426,791 \$ 523,830	19,406,543 \$ 918,311	2,500,000 \$ 161,030	1,281,482 \$ 4,203	20,926,791 \$ 684,860	20,688,025 922,514		
Total liabilities	\$	18,950,621 \$	20,324,854 \$	2,661,030 \$	1,285,685 \$	21,611,651 \$	21,610,539		
Net assets: Invested in capital assets, net of related debt Unrestricted	\$	2,534,819 \$ 1,538,199	2,459,199 \$ 1,428,178	851,144 \$ (149,653)	(31,482) \$ 821	3,385,963 \$ 1,388,546	2,427,717 1,428,999		
Total net assets	\$	4,073,018 \$	3,887,377 \$	701,491 \$	(30,661) \$	4,774,509 \$	3,856,716		

<sup>(1)</sup> The information presented for current and other assets and current liabilities does not agree to the figures reported on Exhibit 1. The Auditor of Public Accounts required the tax amount assessed on January 1, 2010 but not due until December 5, 2010 to be reported as a receiveable, artifically inflating the asset (taxes receivable) and liability (deferred revenue) totals.

At the end of FY2010, the County's investment in capital assets, net of related debt is \$3,385,963. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources subject to external restrictions on how they may be used. The County had no restricted net assets at the end of the fiscal year. The remaining balance of net assets in the amount of \$1,388,546 may be used to meet the government's ongoing obligations. While the unrestricted net asset amount is approximately \$1.4 million, Prince Edward County has more than \$8.3 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net asset amount.

#### Government-wide Financial Analysis: (Continued)

<u>Governmental Activities</u> - Governmental activities increased Prince Edward County's net assets by \$185,641. The key elements of this increase are found in exhibits 2 and 6 and the table below. While revenues decreased from the previous year by \$1,501,273 due to the national economic downturn, expenses were reduced by \$4,722,497. The net effect was a slight increase in the County's net assets.

#### County of Prince Edward, Virginia

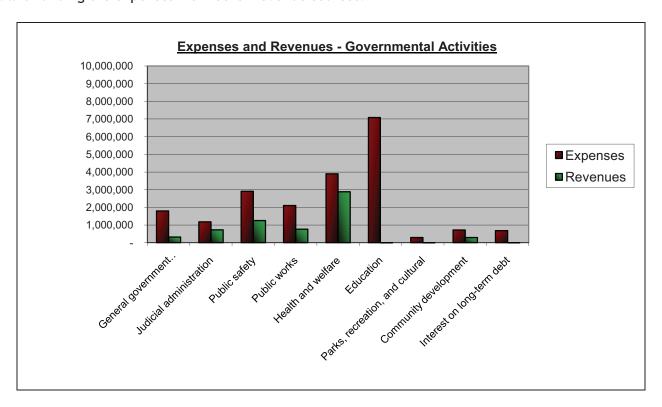
# Changes in Net Assets For the Years Ended June 30, 2010 and 2009

		Governmental Activities		Business Activi		Total		
	-	2010	2009	2010	2009	2010	2009	
Revenues:	_							
Program revenues:								
Charges for services	\$	973,851 \$	1,019,637 \$	9,002 \$	- \$	982,853 \$	1,019,637	
Operating grants and contributions		5,272,050	5,662,902	-	-	5,272,050	5,662,902	
Capital grants and contributions		-	-	21,750	6,000	21,750	6,000	
General revenues:								
General property taxes		9,925,117	10,338,674	-	-	9,925,117	10,338,674	
Other local taxes		3,349,561	3,815,476	-	-	3,349,561	3,815,476	
Commonwealth non-categorial aid		1,619,326	1,325,103	-	-	1,619,326	1,325,103	
Other general revenues		556,663	1,001,453	250	-	556,913	1,001,453	
Total revenues	\$_	21,696,568 \$	23,163,245 \$	31,002 \$	6,000 ş	21,727,570 \$	23,169,245	
Evnance								
Expenses: General government administration		1 705 152 6	1 070 0E1 A			4 =05 450 6	4 070 054	
_	\$	1,795,153 \$	1,878,951 \$	- \$	- \$	1,795,153 \$	1,878,951	
Judicial administration		1,175,955	1,557,012	-	-	1,175,955	1,557,012	
Public safety		2,910,454	2,718,405	-	-	2,910,454	2,718,405	
Public works		2,105,782	2,641,623	-	-	2,105,782	2,641,623	
Health and welfare		3,894,723	3,948,690	-	-	3,894,723	3,948,690	
Education		7,082,604	7,039,437	-	-	7,082,604	7,039,437	
Parks, recreation, and cultural		293,485	3,274,724	-	-	293,485	3,274,724	
Community development		721,676	1,618,525	-	-	721,676	1,618,525	
Interest on long-term debt		676,992	701,954	-	-	676,992	701,954	
Water fund		-	-	69,875	31,512	69,875	31,512	
Sewer fund	-	<del>-</del> -	<del>-</del> -	83,078	29,800	83,078	29,800	
Total expenses	\$_	20,656,824 \$	25,379,321 \$	152,953 \$	61,312 \$	20,809,777 \$	25,440,633	
Transfers	\$_	(854,103) \$	(24,651)	854,103 \$	24,651 \$	<u> </u>		
Increase (decrease) in net assets	\$	185,641 \$	(2,240,727) \$	732,152 \$	(30,661) \$	917,793 \$	(2,271,388)	
Net assets-beginning	_	3,887,377	6,128,104	(30,661)		3,856,716	6,128,104	
Net assets - ending	\$_	4,073,018 \$	3,887,377 \$	701,491 ş	(30,661) \$	4,774,509 ş	3,856,716	

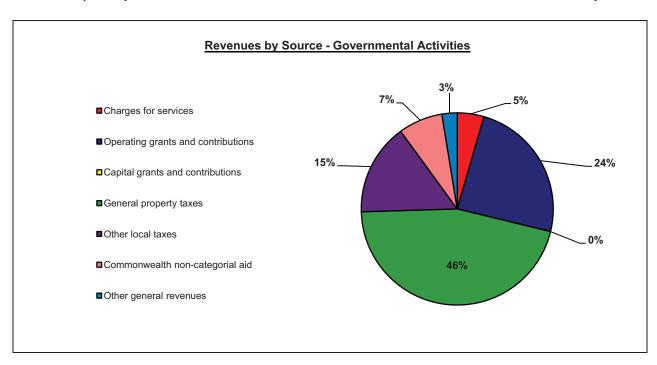
Revenues from governmental activities totaled \$21,696,568 with general property taxes (45.8%), operating grants and contributions (24.3%), and other local taxes (15.5%) comprising 85.6% of the County's revenues. Expenses for education (34.3%), health and welfare (18.9%), public safety (14.1%) and, public works (10.2%) account for 77.5% of total governmental expenses of \$20,656,824.

#### Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.



Business-Type Activities increased the County's net assets by \$732,152. However, the transfer of \$854,103 from Governmental Activities accounts for this entire increase.

#### Financial Analysis of the County's Funds

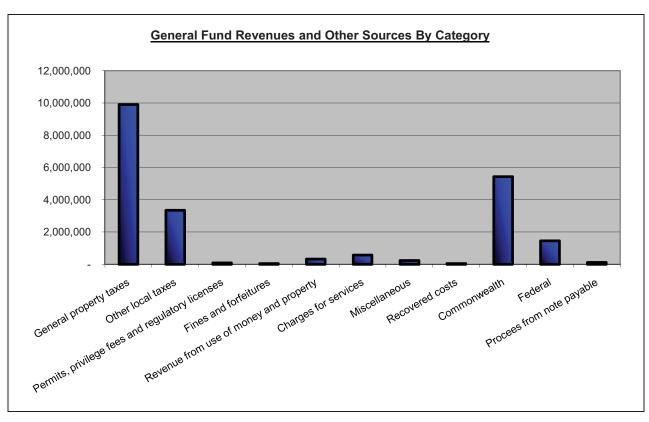
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of 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 balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$9,823,164 a decrease of \$62,871 when compared to the prior year. Approximately 96 percent (\$9,413,989) of the combined governmental fund balance is unreserved. The remaining four percent (\$409,175) of the combined fund balance is reserved to show it is not available for spending because it has been committed for future retiree services and debt payments.

The General Fund is the operating fund of the County. The General Fund reports a fund balance at June 30, 2010 of \$8,775,466. This is a decrease from the prior year of \$443,845. The decrease in the General Fund was offset somewhat by an increase in the fund balance of the Landfill Construction Fund in the amount of \$262,611. Total revenues in the General Fund decreased by \$1,806,620 from the previous fiscal year. Decreases in revenues from the Commonwealth (\$565,823), the sale of land (\$589,113), and from reimbursements for prior expenses (\$346,878) accounted for 83.1% of this revenue decrease. While revenues from local sources did decline by approximately \$487,000 this amount only represents a 3.2% reduction compared to the collections in FY09. As a measure of the General Fund liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42.9% of General Fund expenditures excluding capital projects. Total fund balance represents the same due to the minimal amount of reserved fund balance reported.

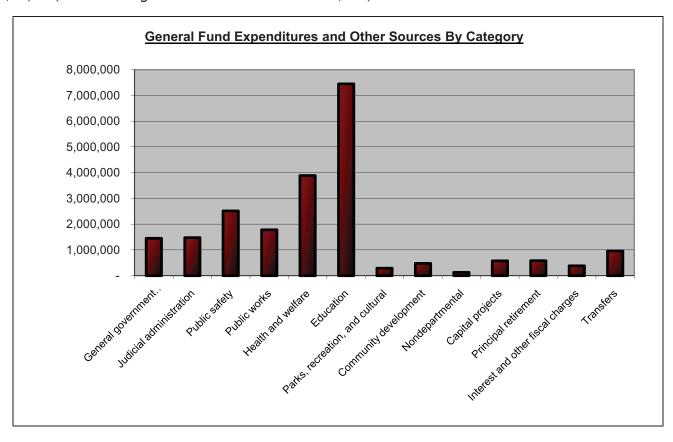
#### General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$21,570,441.



#### General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$22,014,286 including transfers out of the fund of \$964,256.



#### General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increase by \$900,379 over the original budgeted amount. The final expenditure budget reflected an increase of \$966,463 when compared to the original budget. The revenue increases (decreases) were as follows:

- > \$5,642 in recovered costs.
- > \$872,989 in intergovernmental revenues from the Commonwealth.
- > \$21,748 in intergovernmental revenues from the Federal Government.

The significant increase in budgeted revenues from the Commonwealth can be attributed primarily from grant funds received from the Commonwealth, primarily funds from the Tobacco Commission, Virginia Department of Transportation (VDOT) and Virginia Information Technology Agency (VITA).

The Expenditure amendments were as follows:

- > \$4,114 increase in General government administration
- \$31,803 increase in Judicial administration
- > \$112,811 increase Public Safety
- > \$10,500 increase in Public Works
- > \$14,500 increase in Parks, Recreation, and Culture
- > \$5,473 decrease in Community Development
- > \$136,603 increase in Non Departmental
- > \$714,339 increase in Capital Projects
- > \$52,734 decrease in debt service

#### General Fund Budgetary Highlights: (Continued)

As can be seen increases in Capital Projects accounted for approximately 75% of the increase in the budgeted expenditures. Grants from the Tobacco Commission to upgrade the cannery and STEPs buildings accounted for the majority of the capital projects increase with grants from VDOT and VITA accounting for the remainder.

#### Capital Asset and Debt Administration

<u>Capital assets</u> - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2010, is \$15,362,277 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

#### County of Prince Edward, Virginia Capital Assets June 30, 2010 and 2009

		Governm Activit		Business Activi		Total			
	_		2010 2009		2009	2010	2009		
Land	\$	499,949 \$	499,949 \$	- \$	- \$	499,949 \$	499,949		
Buildings and system Improvements other than		10,225,010	10,805,561	-	-	10,225,010	10,805,561		
buildings		924,451	1,214,001	-	-	924,451	1,214,001		
Machinery and equipment		361,723	253,537	-	-	361,723	253,537		
Utility plant in service		-	-	2,432,360	-	2,432,360	-		
Construction in progress	_			918,784	1,250,000	918,784	1,250,000		
Net capital assets	\$_	12,011,133 \$	12,773,048 \$	3,351,144 \$	1,250,000 \$	15,362,277 \$	14,023,048		

Additional information on Prince Edward County's capital assets can be found in Note 4 of this report.

<u>Long-term debt</u> - At the close of FY2010, Prince Edward County had total outstanding obligations of \$20,926,791. Of this amount \$13,670,767 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation and compensated absences.

During the fiscal year the County's long-term obligations increased by \$238,766 or 1.2%. This increase was a result of an increase in landfill closure and postclosure liability and an increase in the outstanding debt for the County's Water and Sewer operations.

Additional information on the Prince Edward County's long-term debt can be found in Note 8 of this report.

#### Economic Factors Influencing FY2011 Budgets and Tax Rates

The unemployment rate of the County on June 30, 2010 was 10.9%. This was an increase of .6% year to year. The County's unemployment rate compares unfavorably to the state's average rate of 7.1% and the national average of 9.6% for the same time.

Because the local economy is heavily influenced by Healthcare, and state governmental employment Prince Edward County has been sheltered from the worse impacts of the economic disruption. But there have been some negative impacts. Revenues from the local sales tax are projected to decline \$100,000 or 3.8% in FY11. This is in addition to a decrease of \$200,000 in the prior year. Real Estate Tax collections were expected to fall by \$130,000 due to lower collection rates. But personal property taxes were expected to increase due to increasing values for used cars. Overall local revenues were expected to remain flat. The greatest challenge to the General Governments FY11 budget was a reduction in revenues to be received from the Commonwealth. It was projected Prince Edward County would experience a reduction of more than \$663,000 in state revenues. Additionally, the state reduced funding to the Prince Edward County Schools by approximately \$900,000.

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

In order to balance the budget the following adjustments were approved:

- > No pay increases for any local government employee
- > Decreasing the Comprehensive Services budget by \$100,000
- Various actions to reduce expenditures throughout the budget
- > Reduce the local contribution to schools by \$55,481 to reflect lower debt payments
- Delay Capital Expenditures
- ➤ Increase the Real Estate Tax Rate by \$.02 to raise \$300,000 in revenues
- ➤ Increase the Motor Vehicle License Tax to raise \$190,000 in revenues

The actions to reduce and hold expenditures steady coupled with the additional revenues raised by the tax and rate increases mentioned above were adequate to balance the budget.

#### **Requests for Information**

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.









Statement of Net Assets June 30, 2010

		Pri	Component Unit				
	•	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	
	•						
ASSETS							
Cash and cash equivalents	\$	8,329,117 \$	11,377 \$	8,340,494 \$	236,291 \$	112,165	
Receivables (net of allowance for uncollectibles):							
Taxes receivable		12,552,832	-	12,552,832	-	-	
Accounts receivable		160,939	-	160,939	-	-	
Note receivable		150,000	-	150,000	-	420,000	
Due from primary government		-	-	-	208,341	-	
Due from component unit		4,578	-	4,578	-	-	
Due from other governmental units		988,203	-	988,203	967,862	-	
Prepaid expenses		18,166	-	18,166	167,489	-	
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents		409,175	-	409,175	-	-	
Capital assets (net of accumulated depreciation):							
Land		499,949	-	499,949	99,952	535,194	
Buildings and system		10,225,010	-	10,225,010	8,715,014	-	
Improvements other than buildings		924,451	-	924,451	350,640	512,311	
Machinery and equipment		361,723	-	361,723	1,410,504	-	
Utility plant in service		-	2,432,360	2,432,360	-	-	
Construction in progress			918,784	918,784	-		
Total assets	\$	34,624,143 \$	3,362,521 \$	37,986,664 \$	12,156,093 \$	1,579,670	
LIABILITIES							
Reconciled overdraft	\$	- \$	5,192 \$	5,192 \$	- \$	-	
Accounts payable		153,932	149,624	303,556	58,617	-	
Accrued liabilities		-	-	· -	1,285,075	_	
Deposits		-	-	-	-	50,000	
Accrued interest payable		136,004	6,214	142,218	-	-	
Due to primary government		-	-	· -	-	4,578	
Due to component unit		208,341	-	208,341	_	-	
Deferred revenue		11,626,057	-	11,626,057	-	_	
Long-term liabilities:		,,		,,			
Due within one year		1,153,755	-	1,153,755	-	_	
Due in more than one year		17,245,317	2,500,000	19,745,317	-	_	
•			2,300,000		49 910		
Other post-employment benefits		27,719		27,719	48,810		
Total liabilities	\$	30,551,125 \$	2,661,030 \$	33,212,155 \$	1,392,502 \$	54,578	
NET ASSETS							
Invested in capital assets, net of related debt	\$	2,534,819 \$	851,144 \$	3,385,963 \$	10,576,110 \$	535,194	
Unrestricted (deficit)		1,538,199	(149,653)	1,388,546	187,481	989,898	
Total net assets	\$	4,073,018 \$	701,491 \$	4,774,509 \$	10,763,591 \$	1,525,092	

Functions/Programs         Expenses         Charges for Services         Operating Grants and Grants and Contributions           PRIMARY GOVERNMENT:         Services         Contributions           Governmental activities:         5         100         \$ 316,431         \$ 6           General government administration         1,175,955         77,250         652,918         6           Judical administration         1,175,955         77,250         652,918         6           Public safety         2,910,454         135,014         1,121,588         6           Public works         2,105,782         749,031         12,024         6           Public works         2,105,782         749,031         12,024         6           Public works         2,105,782         749,031         12,024         6           Health and welfare         3,894,723         6         2,881,450         6         6           Education         7,082,604         6         4,995         6         6           Parks, recreation, and cultural         293,485         6         282,644         6         6           Total governmental activities         \$ 20,655,824         973,851         \$ 5,727,050         \$ 7           Business-type a				_	Program Revenues				5
Governmental activities:         Sovernment administration         \$ 1,795,153         \$ 100         \$ 316,431         \$ -           Judicial administration         1,175,955         77,250         652,918         -           Public safety         2,910,454         135,014         1,121,588         -           Public works         2,105,782         749,031         12,024         -           Health and welfare         3,894,723         -         2,881,450         -           Education         7,082,604         -         -         -         -           Parks, recreation, and cultural         293,485         -         4,995         -           Community development         721,676         12,456         282,644         -           Interest on longterm debt         676,992         -         -         -           Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050         \$ -           Business-type activities:         \$ 69,875         \$ 1,289         \$ -         \$ 13,500           Sewer         83,078         7,713         -         8,250           Total business-type activities         \$ 152,953         9,002         -         \$ 21,750           C	Functions/Programs		Expenses		_		Grants and		Grants and
General government administration         \$ 1,795,153 \$ 100 \$ 316,431 \$           Judicial administration         1,175,955 77,250 652,918           Public safety         2,910,454 135,014 1,121,588           Public works         2,105,782 749,031 12,024           Health and welfare         3,894,723         2,881,450           Education         7,082,604             Parks, recreation, and cultural         293,485          4,995            Community development         721,676         12,456         282,644            Interest on longterm debt         676,992              Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050            Water         \$ 69,875         \$ 1,289         \$         \$           Sewer         83,078         7,713          8,250           Total primary government         \$ 20,809,777         \$ 982,853         \$ 21,750           COMPONENT UNITS:         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$           School Board         \$ 28,908,054         \$ 595,616 <td>PRIMARY GOVERNMENT:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	PRIMARY GOVERNMENT:								
Judicial administration         1,175,955         77,250         652,918         -           Public safety         2,910,454         135,014         1,121,588         -           Public works         2,105,782         749,031         12,024         -           Health and welfare         3,894,723         -         2,881,450         -           Education         7,082,604         -         -         -         -           Parks, recreation, and cultural         293,485         -         4,995         -           Community development         721,676         12,456         282,644         -           Interest on longterm debt         676,992         -         -         -           Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050         \$ -           Business-type activities:         \$ 69,875         \$ 1,289         \$ -         \$ 13,500           Sewer         83,078         7,713         -         \$ 21,750           Total primary government         \$ 20,809,777         \$ 982,853         \$ 5,272,050         \$ 21,750           COMPONENT UNITS:           School Board         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ -	Governmental activities:								
Public safety         2,910,454         135,014         1,121,588         -           Public works         2,105,782         749,031         12,024         -           Health and welfare         3,894,723         -         2,881,450         -           Education         7,082,604         -         -         -         -           Parks, recreation, and cultural         293,485         -         4,995         -           Community development         721,676         12,456         282,644         -           Interest on longterm debt         676,992         -         -         -         -           Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050         \$         -           Business-type activities:         \$ 69,875         \$ 1,289         \$ -         \$ 13,500         \$           Sewer         83,078         7,713         -         \$ 21,750           Total primary government         \$ 20,809,777         \$ 982,853         \$ 5,272,050         \$ 21,750           COMPONENT UNITS:           School Board         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ -           Cobactivities         \$ 28,908,054         \$ 595,61	General government administration	\$	1,795,153	\$	100	\$	316,431	\$	-
Public works         2,105,782         749,031         12,024         -           Health and welfare         3,894,723         -         2,881,450         -           Education         7,082,604         -         -         -         -           Parks, recreation, and cultural         293,485         -         4,995         -           Community development         721,676         12,456         282,644         -           Interest on longterm debt         676,992         -         -         -         -           Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050         \$         -           Business-type activities:         \$ 69,875         \$ 1,289         \$ -         \$ 13,500           Sewer         83,078         7,713         -         8,250           Total business-type activities         \$ 152,953         \$ 9,002         \$ -         \$ 21,750           Total primary government         \$ 20,809,777         \$ 982,853         \$ 5,272,050         \$ 21,750           COMPONENT UNITS:         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ -           School Board         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ - <td>Judicial administration</td> <td></td> <td>1,175,955</td> <td></td> <td>77,250</td> <td></td> <td>652,918</td> <td></td> <td>-</td>	Judicial administration		1,175,955		77,250		652,918		-
Health and welfare   3,894,723   - 2,881,450   - Education   7,082,604	Public safety		2,910,454		135,014		1,121,588		-
Education       7,082,604       -	Public works		2,105,782		749,031		12,024		-
Parks, recreation, and cultural         293,485         - 4,995         -           Community development         721,676         12,456         282,644         -           Interest on longterm debt         676,992          -           Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050         \$ -           Business-type activities:         \$ 69,875         \$ 1,289         \$ -         \$ 13,500           Sewer         83,078         7,713         -         8,250           Total business-type activities         \$ 152,953         \$ 9,002         \$ -         \$ 21,750           Total primary government         \$ 20,809,777         \$ 982,853         \$ 5,272,050         \$ 21,750           COMPONENT UNITS:         School Board         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ -           Industrial Development Authority         116,421         -         2,536         -			3,894,723		-		2,881,450		-
Community development Interest on longterm debt         721,676         12,456         282,644         -           Interest on longterm debt         676,992         -         -         -           Total governmental activities         \$ 20,656,824         \$ 973,851         \$ 5,272,050         \$           Business-type activities:         Water         \$ 69,875         \$ 1,289         \$ -         \$ 13,500           Sewer         83,078         7,713         -         8,250           Total business-type activities         \$ 152,953         \$ 9,002         \$ -         \$ 21,750           Total primary government         \$ 20,809,777         \$ 982,853         \$ 5,272,050         \$ 21,750           COMPONENT UNITS:         School Board         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ -           Industrial Development Authority         116,421         -         2,536         -			7,082,604		-		-		-
Interest on longterm debt			,		-		,		-
Total governmental activities \$ 20,656,824 \$ 973,851 \$ 5,272,050 \$ -  Business-type activities:  Water \$ 69,875 \$ 1,289 \$ - \$ 13,500 \$   Sewer 83,078 7,713 - 8,250 \$    Total business-type activities \$ 152,953 \$ 9,002 \$ - \$ 21,750 \$    Total primary government \$ 20,809,777 \$ 982,853 \$ 5,272,050 \$ 21,750 \$    COMPONENT UNITS: School Board \$ 28,908,054 \$ 595,616 \$ 20,631,665 \$ - I 16,421	·		•		12,456		282,644		-
Business-type activities:  Water Sewer Sew	Interest on longterm debt	_	676,992		-		-		-
Water Sewer       \$ 69,875   1,289   7,713   -	Total governmental activities	\$_	20,656,824	\$	973,851	\$	5,272,050	\$	
Sewer         83,078         7,713         -         8,250           Total business-type activities         \$ 152,953         \$ 9,002         \$ -         \$ 21,750           Total primary government         \$ 20,809,777         \$ 982,853         \$ 5,272,050         \$ 21,750           COMPONENT UNITS:         School Board         \$ 28,908,054         \$ 595,616         \$ 20,631,665         \$ -           Industrial Development Authority         116,421         -         2,536         -	Business-type activities:								
Total business-type activities \$ 152,953 \$ 9,002 \$ - \$ 21,750  Total primary government \$ 20,809,777 \$ 982,853 \$ 5,272,050 \$ 21,750  COMPONENT UNITS: School Board \$ 28,908,054 \$ 595,616 \$ 20,631,665 \$ - Industrial Development Authority 116,421 - 2,536 -	Water	\$	69,875	\$	1,289	\$	-	\$	13,500
Total primary government \$ 20,809,777 \$ 982,853 \$ 5,272,050 \$ 21,750  COMPONENT UNITS: School Board \$ 28,908,054 \$ 595,616 \$ 20,631,665 \$ - Industrial Development Authority 116,421 - 2,536 -	Sewer	_	83,078		7,713		-		8,250
COMPONENT UNITS:           School Board         \$ 28,908,054 \$ 595,616 \$ 20,631,665 \$ -           Industrial Development Authority         116,421 - 2,536 -	Total business-type activities	\$_	152,953	\$	9,002	\$	-	\$	21,750
School Board         \$ 28,908,054 \$ 595,616 \$ 20,631,665 \$ -           Industrial Development Authority         116,421 - 2,536 -	Total primary government	\$_	20,809,777	\$	982,853	\$	5,272,050	\$	21,750
Industrial Development Authority 116,421 - 2,536 -	COMPONENT UNITS:			_					
· · · · · · · · · · · · · · · · · · ·	School Board	\$	28,908,054	\$	595,616	\$	20,631,665	\$	-
Total component units \$ 29,024,475 \$ 595,616 \$ 20,634,201 \$ -	Industrial Development Authority	_	116,421		-		2,536		-
	Total component units	\$_	29,024,475	\$	595,616	\$	20,634,201	\$	-

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Contributions from the County of Prince Edward, Virginia

Grants and contributions not restricted to specific programs

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and Changes in Net Assets

	Pri	mary Governmer		Component Unit					
-								Industrial	
	Governmental	Business-type				School		Development	
	Activities	Activities		Total		Board		Authority	
			_		_		_		
\$	(1,478,622) \$	-	\$	(1,478,622)	\$	- !	\$	-	
	(445,787)	-		(445,787)		-		-	
	(1,653,852)	-		(1,653,852)		-		-	
	(1,344,727)	-		(1,344,727)		-		-	
	(1,013,273)	-		(1,013,273)		-		-	
	(7,082,604)	-		(7,082,604)		-		-	
	(288,490)	-		(288,490)		-		-	
	(426,576)	-		(426,576)		-		-	
	(676,992)	-		(676,992)		-		-	
\$_	(14,410,923) \$	-	\$_	(14,410,923)	\$	- '	\$_	-	
\$	- \$	(55,086)	\$	(55,086)	\$	- :	\$	-	
_	_	(67,115)		(67,115)	_		_	-	
\$_	- \$	(122,201)	\$_	(122,201)	\$	- '	\$_	-	
\$_	(14,410,923) \$	(122,201)	\$_	(14,533,124)	\$	-	\$_	-	
	_	_		_	\$	(7,680,773)	Ś	_	
	-			-		-	_	(113,885)	
\$ =	- \$		\$_	-	\$_	(7,680,773)	\$_	(113,885)	
\$	9,925,117 \$	-	\$	9,925,117	\$	- !	\$	-	
	2,526,302	-		2,526,302		-		-	
	387,557	-		387,557		_		-	
	313,778	-		313,778		_		-	
	121,912	-		121,912		_		-	
	12	_		12		_		-	
	329,506	_		329,506		10,674		324	
	126,880	250		127,130		-		1,551	
	, -	-		, <u>-</u>		7,070,369		-	
	1,619,326	-		1,619,326		-		-	
	100,277	-		100,277		-		13,516	
	(854,103)	854,103		<u> </u>		-		-	
\$_ _	14,596,564 \$	854,353	\$_	15,450,917	\$	7,081,043	\$_	15,391	
\$	185,641 \$	732,152	\$	917,793	Ś	(599,730)	Ś	(98,494)	
<b>.</b> .	3,887,377	(30,661)	<b>₹</b> _	3,856,716		11,363,321	<b>₹</b> _	1,623,586	
ς Ş	4,073,018 \$	701,491	_ Ş	4,774,509	5	10,763,591	- s	1,525,092	







Balance Sheet Governmental Funds June 30, 2010

		General	School Debt Service	(	Landfill Construction Fund	Govern	ner Imental Inds	_	Total
ASSETS									
Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$	7,730,426 \$	-	\$	571,767	\$ 7	26,924	\$	8,329,117
Taxes receivable		12,552,832	-		-		_		12,552,832
Accounts receivable		120,001	_		40,938		_		160,939
Notes receivable		150,000	_		-		_		150,000
Due from component unit		4,578			-		_		4,578
Due from other governmental units		988,203	_		-		_		988,203
Prepaid items		18,166	_		-		_		18,166
Restricted assets: Temporarily restricted:		,							,
Cash and cash equivalents		1,106	408,069	_				_	409,175
Total assets	\$_	21,565,312 \$	408,069	\$_	612,705	\$	26,924	\$_	22,613,010
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	153,932 \$	-	\$	- :	\$	-	\$	153,932
Due to component unit		208,341	-		-		-		208,341
Deferred revenue	_	12,427,573	-	_			-	_	12,427,573
Total liabilities	\$_	12,789,846 \$	-	\$_		\$		\$_	12,789,846
Fund balances:									
Reserved for:									
Debt service	\$	- \$	408,069	\$	- :	\$	-	\$	408,069
Retiree benefits		1,106	-		-		-		1,106
Unreserved, reported in:									
General fund		8,774,360	-		-		-		8,774,360
Capital projects funds	_		-	_	612,705		26,924	_	639,629
Total fund balances	\$_	8,775,466 \$	408,069	\$_	612,705	\$\$	26,924	\$_	9,823,164
Total liabilities and fund balances	\$	21,565,312 \$	408,069	\$	612,705	\$	26,924	\$_	22,613,010

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds

\$ 9,823,164

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

Capital assets, cost Less: accumulated depreciation \$ 19,807,678 (7,796,545)

12,011,133

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

Deferred revenue 801,516

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

Bonds and loans payable, including premium on bonds \$ (13,960,067)
Interest payable (136,004)
Compensated absences (549,468)
Other post-employment benefits (27,719)
Landfill closure, postclosure and corrective action cost liability (3,889,537) (18,562,795)

Net assets of governmental activities \$ 4,073,018

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

	_	General	School Debt Service	c	Landfill onstruction Fund	Gove	other rnmenta runds	al 	Total
REVENUES									
General property taxes	\$	9,911,626 \$	-	\$	-	\$	-	\$	9,911,626
Other local taxes		3,349,561	-		-		-		3,349,561
Permits, privilege fees, and regulatory licenses	S	86,207	-		-		-		86,207
Fines and forfeitures		47,822	-		-		-		47,822
Revenue from the use of money and property		320,677	8,204		619		6		329,506
Charges for services		566,894	-		272,928		-		839,822
Miscellaneous		231,167	-		-		-		231,167
Recovered costs		45,111	-		-		-		45,111
Intergovernmental revenues:		F 433 030							F 433 636
Commonwealth		5,432,928	-		-		-		5,432,928
Federal	_	1,458,448					-		1,458,448
Total revenues	\$_	21,450,441 \$	8,204	\$	273,547	\$	6	\$_	21,732,198
EXPENDITURES									
Current:									
General government administration	\$	1,453,038 \$	-	\$	-	\$	-	\$	1,453,038
Judicial administration		1,482,540	-		-		-		1,482,540
Public safety		2,516,411	-		-		-		2,516,411
Public works		1,786,034	-		-		-		1,786,034
Health and welfare		3,890,975	-		-		-		3,890,975
Education		7,451,833	-		-		-		7,451,833
Parks, recreation, and cultural		293,159	-		-		-		293,159
Community development		478,134	-		-		-		478,134
Nondepartmental		136,046	-		-		-		136,046
Capital projects		581,921	-		10,936		-		592,857
Debt service:									
Principal retirement		589,253	-		-		-		589,253
Interest and other fiscal charges	_	390,686	-				-		390,686
Total expenditures	\$_	21,050,030 \$	-	\$_	10,936	\$	-	\$_	21,060,966
Excess (deficiency) of revenues over									
(under) expenditures	\$_	400,411 \$	8,204	_\$_	262,611	\$	6	\$_	671,232
OTHER FINANCING SOURCES (USES)									
Transfers in	\$	- \$	110,153	ς	_	\$	_	\$	110,153
Transfers out	~	(964,256)	-	7	_	*	_	7	(964,256)
Proceeds of note payable		120,000	-		-		_		120,000
Total other financing sources (uses)	, \$	(844,256) \$	110,153	 \$		 \$	_	 \$	(734,103)
	· –								
Net change in fund balances Fund balances - beginning	\$ _	(443,845) \$ 9,219,311	118,357 289,712		262,611 350,094	۰ 	26,918	\$ 	(62,871) 9,886,035
Fund balances - ending	S	8,775,466 \$	408,069	S	612,705	<u> </u>	26,924	S	9,823,164

185,641

The state of the s			
Reconciliation of Statement of Revenues,			
Expenditures, and Changes in Fund Balances of Governmental Funds			
To the Statement of Activities			
For the Year Ended June 30, 2010			
Tor the real Ended Julie 30, 2010			
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds		\$	(62,871)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.			
Capital asset additions	\$	386,047	
Capital asset deletions	•	(4,010)	
Net transfer of joint tenancy assets		(483,837)	
Depreciation expense		(660,115)	(761,915)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			13,490
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
(Increase) decrease in landfill closure, postclosure and corrective action	ć	(27, 027)	
cost liability	\$	(27,037)	
Issuance of long-term debt		(120,000)	004 704
Principal payments and premium amortization	_	1,138,828	991,791
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
(Increase) decrease accrued interest payable	\$	17,185	
(Increase) decrease accrued interest payable (Increase) decrease in compensated absences	ڔ	1,880	
(Increase) decrease in compensated absences (Increase) decrease in other post-employment benefits			E 114
(increase) decrease in other post-employment benefits	_	(13,919)	5,146

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

Change in net assets of governmental activities

Statement of Fund Net Assets Proprietary Funds June 30, 2010

		Enterprise Funds					
	_	Water	Sewer	Total			
ASSETS Current assets:							
Cash and cash equivalents	\$_	11,377 \$	- \$	\$ 11,377			
Total current assets Noncurrent assets: Capital assets:	\$_	11,377 \$	\$	· · ·			
Utility plant in service	\$	1,241,000 \$	1,241,000 \$	2,482,000			
Less accumulated depreciation  Construction in progress		(24,820) 918,784	(24,820)	(49,640) 918,784			
. •	-	<u> </u>	<u> </u>				
Total capital assets	\$_	2,134,964 \$	1,216,180 \$	3,351,144			
Total noncurrent assets	\$_	2,134,964 \$	1,216,180 \$	3,351,144			
Total assets	\$ _	2,146,341 \$	1,216,180 \$	3,362,521			
LIABILITIES							
Current liabilities:							
Reconciled overdraft	\$	- \$	5,192 \$	5,192			
Accounts payable		149,261	363	149,624			
Accrued interest payable	-	3,107	3,107	6,214			
Total current liabilities	\$_	152,368 \$	8,662 \$	161,030			
Noncurrent liabilities:	_						
Line of credit	\$_	1,250,000 \$	1,250,000 \$	2,500,000			
Total noncurrent liabilities	\$_	1,250,000 \$	1,250,000 \$	2,500,000			
Total liabilities	\$_	1,402,368 \$	1,258,662 \$	2,661,030			
NET ASSETS							
Invested in capital assets, net of related debt	\$	884,964 \$	(33,820) \$	851,144			
Unrestricted	_	(140,991)	(8,662)	(149,653)			
Total net assets	\$ _	\$ 743,973 \$	\$ (42,482) \$	\$ 701,491			

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the Year Ended June 30, 2010

		Enterprise Funds					
	_	Water	Sewer	Total			
OPERATING REVENUES							
Charges for services:							
Water revenues	\$	1,289 \$	- \$	1,289			
Sewer revenues	•	-	7,713	7,713			
Miscellaneous		250	<u> </u>	250			
Total operating revenues	\$ _	1,539 \$	7,713 \$	9,252			
OPERATING EXPENSES							
Contractual services	\$	8,169 \$	5,457 \$	13,626			
Other supplies and expenses		1,980	821	2,801			
Professional services		-	17,074	17,074			
Depreciation	_	24,820	24,820	49,640			
Total operating expenses	\$_	34,969 \$	48,172 \$	83,141			
Operating income (loss)	\$_	(33,430) \$	(40,459) \$	(73,889)			
NONOPERATING REVENUES (EXPENSES)							
Interest expense	\$	(34,906) \$	(34,906) \$	(69,812)			
Income before contributions and transfers	\$_	(68,336) \$	(75,365) \$	(143,701)			
Capital contributions and construction grants							
Connection fees	\$	13,500 \$	8,250 \$	21,750			
Transfers in	\$_	811,995 \$	42,108 \$	854,103			
Change in net assets	\$_	757,159 \$	(25,007) \$	732,152			
Total net assets - beginning	_	(13,186)	(17,475)	(30,661)			
Total net assets - ending	\$	743,973 \$	(42,482) \$	701,491			

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2010

	Enterprise Funds				
	_	Water		Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$	1,539	ς	7,713 \$	9,252
Payments to suppliers	7	138,197	~	(22,989)	115,208
Net cash provided (used) by operating activities	\$_	139,736	\$	(15,276) \$	124,460
CASH FLOWS FROM NONCAPITAL FINANCING					
ACTIVITIES					
Transfers from other funds	\$	811,995	\$	42,108 \$	854,103
Connection fees	_	13,500		8,250	21,750
Net cash provided (used) by noncapital financing					
activities	\$_	825,495	\$	50,358 \$	875,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to capital assets	\$	(1,534,784)	Ċ	(616,000) \$	(2,150,784)
Debt issuance costs	ڔ	(1,334,704)	ڔ	(010,000) \$	(2,130,704)
Proceeds from indebtedness		609,259		609,259	1,218,518
Interest payments		(33,353)		(33,353)	(66,706)
Net cash provided (used) by capital and related	_	( , ,			, , ,
financing activities	\$_	(958,878)	\$	(40,094) \$	(998,972)
Net increase (decrease) in cash and cash equivalents	\$	6,353	ς	(5,012) \$	1,341
not meredia (accreace) in cash and cash equivalents	*	3,555	Τ.	(0,012) +	.,
Cash and cash equivalents - beginning	_	5,024		(180)	4,844
Cash and cash equivalents - ending	=	\$ 11,377	: :	\$ (5,192)	\$ 6,185
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$	(33,430)	Ś	(40,459) \$	(73,889)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	•	(,,	•	(10)121) 4	(,,
Depreciation expense		24,820		24,820	49,640
Increase (decrease) in accounts payable		148,346		363	148,709
Total adjustments	\$_	173,166	\$	25,183 \$	198,349
Net cash provided (used) by operating activities	\$	139,736	\$	(15,276) \$	124,460

Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2010

	_	Agency Funds
ASSETS		
Cash and cash equivalents	\$	559,170
Total assets	\$	559,170
LIABILITIES		
Accrued liabilities	\$	307,065
Amounts held for social services clients		4,362
Amounts held for Piedmont Alcohol Safety Action Program	_	247,743
Total liabilities	\$	559,170

Notes to Financial Statements As of June 30, 2010

# Note 1—Summary of Significant Accounting Policies:

### Financial Statement Presentation

<u>Management's Discussion and Analysis</u> - 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

<u>Government-wide financial statements</u> - 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 components unit. For the most part, 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.

<u>Statement of Net Assets</u> - 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.

<u>Statement of Activities</u> - 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.

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.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

<u>Budgetary comparison schedules</u> - 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 original budget, final budget, and actual results.

# A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations 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 Prince Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

# B. <u>Individual Component Unit Disclosures</u>

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

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

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. 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 Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

### C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$166,559 to the regional library and \$62,643 to the Crossroads Community Services Board.

# 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.

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.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

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

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

#### a. General Fund

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

### b. Landfill Construction Fund

The Landfill Construction Fund accounts for financial resources received from outside the County used for the acquisition or construction of landfill construction. This fund is considered a major fund for reporting purposes.

### c. Recreation Fund

The recreation fund accounts for financial resources received for use in capital projects related to recreation.

### d. Debt Service Fund

The Debt Service Fund accounts for the sinking fund required to be maintained by Qualified Zone Academy Bonds. This fund is considered a major fund for reporting purposes.

### 2. 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 accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

### 3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

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

### 3. Proprietary Funds: (Continued)

### **Enterprise Funds**

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer Funds are accounted for as enterprise funds.

Proprietary funds distinguish operating revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees and facility fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### 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 total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); 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, Recreation Fund, Landfill Capital Projects Fund, and the Water and Sewer Funds of the primary government and the School Fund and School Cafeteria Fund and School Capital Projects Fund of the School Board.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all county units.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

### E. Budgets and Budgetary Accounting: (continued)

8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.

### F. Receivables and payables

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

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 \$437,523 at June 30, 2010 and is comprised solely of property taxes.

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

### G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

Notes to Financial Statements As of June 30, 2010 (Continued)

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

### H. Compensated Absences

Vested or accumulated vacation leave 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.

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

### J. Fund Equity

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

### K. 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.

### L. Use of Estimates

The preparation of financial statement 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.

# M. Restricted Assets

The County reports restricted assets of \$409,175 of which \$408,069 is to be used for debt service on QZAB bonds and \$1,106 is for retiree insurance.

Notes to Financial Statements As of June 30, 2010 (Continued)

### Note 2—Deposits and Investments:

### Deposits:

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

#### Investments:

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

# Custodial Credit Risk (Investments):

The County has no policy regarding investment custodial credit risk.

The County's investments at June 30, 2010 were held by the County or in the County's name by the County's custodial banks.

#### Credit Risk of Debt Securities:

The County's investment policy allows for any investments which are in accordance with the <u>Code of Virginia</u>. The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments								
Rated Debt Investments Value		Fair Quality Ratings						
	_	AAA						
US Government Money Market	_							
U.S. Agencies Securities	\$_	162,357						
Total	\$_	162,357						

# Concentration of Credit Risk:

The County's investment policy states the importance of diversification within its portfolio. Excessive concentration of any type of investment or excessive transactions with a financial institution is prohibited.

The County had no concentration of credit risk at June 30, 2010.

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 2—Deposits and Investments: (Continued)

### Interest Rate Risk:

The County's investment policy prohibits investments that have a maturity date of greater than five years. Investments with a maturity date of between six months and five years are authorized on an individual basis determined by the time required to make a withdrawal without incurring penalties.

The County had no interest rate risk at June 30, 2010.

#### Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	_	Primary Government	Component Unit
Component Unit	\$	4,578 \$	-
Commonwealth of Virginia			
School funds		-	16,557
State sales taxes		-	450,701
Local sales tax		398,044	-
Communication tax		55,019	-
Shared expenses		162,119	-
Social services funds		77,794	-
Comprehensive services		91,111	-
Shared revenues		96,187	-
Federal Government:			
School funds		-	500,604
Social services funds	_	107,929	-
	\$_	992,781 \$	967,862

#### Note 4-Notes Receivable:

On March 24, 2010 the County issued a note receivable in the amount of \$150,000 to Southside Training Employment and Placement Services, Inc. This note is payable upon demand and bears no interest.

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 5—Capital Assets:

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

	į	Balance July 1, 2009		Additions	Deletions		Balance June 30, 2010
Governmental Activities: Capital assets, not being depreciated:							
Land	\$	499,949	٤.		· -	\$.	499,949
Capital assets, being depreciated:	<b>.</b>	44 500 700		454 225 4			44.404.400
Buildings	\$	14,520,728	\$	151,325 \$	•		14,106,408
Improvements other than buildings		3,748,449		-	20,048		3,728,401
Equipment	,	1,414,311		234,722	176,113		1,472,920
Total capital assets being depreciated	\$	19,683,488	\$_	386,047	761,806	\$	19,307,729
Less accumulated depreciation for:							
Buildings	\$	3,715,167	\$	248,039 \$	81,808	\$	3,881,398
Improvements other than buildings		2,534,448		285,540	16,038		2,803,950
Equipment		1,160,774		126,536	176,113		1,111,197
			-				
Total accumulated depreciation	\$	7,410,389	\$	660,115 \$	273,959	\$	7,796,545
Total capital assets being depreciated, net	\$	12,273,099	s	(274,068) \$	5 487,847	Ś	11,511,184
225. 20.0000, 1100	Υ,	,_, , , , , ,	· Ť -	(2) (,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		- ~ .	,
Governmental activities capital							
assets, net	\$	12,773,048	\$	(274,068)	487,847	\$	12,011,133

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 5—Capital Assets: (Continued)

The following is a summary of changes in School Board capital assets during the year:

	_	Balance July 1, 2009	_	Additions	Deletions	_	Balance June 30, 2010
Governmental Activities: Capital assets, not being depreciated: Land	\$	99,952	\$	- \$	-	\$	99,952
Capital assets, being depreciated: Buildings Improvements other than buildings Equipment	\$	17,899,987 720,057 4,797,630	\$ -	565,645 \$ - 275,683	- - -	\$	18,465,632 720,057 5,073,313
Total capital assets being depreciated	\$	23,417,674	\$_	841,328 \$		\$	24,259,002
Less accumulated depreciation for: Buildings Improvements other than buildings Equipment	\$	9,130,378 351,701 3,249,623	\$	620,240 \$ 17,716 413,186	-	\$	9,750,618 369,417 3,662,809
Total accumulated depreciation	\$	12,731,702	\$_	1,051,142 \$		\$	13,782,844
Total capital assets being depreciated, net	\$_	10,685,972	\$_	(209,814) \$		\$	10,476,158
Governmental activities capital assets, net	\$_	10,785,924	\$_	(209,814)	<u>-</u>	\$	10,576,110

# **Enterprise Funds (Business-type) Activities**

The following is a summary of changes in Business-type capital assets during the year:

		Balance			Balance
	_	July 1, 2009	Additions	Deletions	June 30, 2010
Business-Type Activities: Capital assets, not being depreciated: Construction in progress	\$_	1,250,000 \$	2,150,784 \$	2,482,000	918,784
Capital assets, being depreciated: Utility plant in service	\$_	\$	2,482,000 \$		2,482,000
Less accumulated depreciation for: Utility plant in service	\$_	\$	49,640 \$	<	49,640
Total capital assets being depreciated, net	\$_	\$	2,432,360 \$		2,432,360
Business-type activities capital assets, net	\$_	1,250,000 \$	4,583,144 \$	2,482,000	3,351,144

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 5—Capital Assets: (Continued)

### Primary Government: (Continued)

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

#### Governmental activities:

General government administration Judicial administration Public safety Public works Health & Welfare Community development	\$	276,012 4,820 80,258 272,360 7,858 18,807
Total	\$_	660,115
Component Unit-School Board	\$_	1,051,142

#### Note 6—Defined Benefit Pension Plan:

# A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 6—Defined Benefit Pension Plan: (Continued)

### B. Funding Policy

### **Primary Government**

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2010 was 9.26% of annual covered payroll.

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

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2010 was 6.24% of annual covered payroll.

### C. Annual Pension Cost

### **Primary Government**

For fiscal year 2010, County's annual pension cost of \$430,761 (does not include employee share of \$232,592 which was assumed by the County) was equal to the County's required and actual contributions.

Three-Year Trend for County - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008 June 30, 2009 June 30, 2010	\$ 303,273 427,618 430,761	100% 100% 100%	\$ 

(1) Employer portion only

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 6—Defined Benefit Pension Plan: (Continued)

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

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

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

June 30, 2010

For fiscal year 2010, School Board's annual pension cost of \$50,279 (does not include employee share of \$41,204 which was assumed by the School Board) was equal to the School Board's required and actual contributions.

Three-Year Trend for County - Component Unit School Board

Fiscal Year Ending	 Annual Pension Cost (APC)	Percentage of APC Contributed	_	Net Pension Obligation
June 30, 2008	\$ 35,376	100%	\$	-

50,279

100%

52,167 100% June 30, 2009

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the 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 School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

### D. Funded Status and Funding Progress

### **Primary Government**

As of June 30, 2009, the most recent actuarial valuation date, the plan was 81.94% funded. The actuarial accrued liability for benefits was \$16,519,733, and the actuarial value of assets was \$13,536,023, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,983,710. The covered payroll (annual payroll of active employees covered by the plan) was \$4,607,540, and ratio of the UAAL to the covered payroll was 64.80%.

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 6—Defined Benefit Pension Plan: (Continued)

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

# <u>Discretely Presented Component Unit - School Board (Non-professional)</u>

As of June 30, 2009, the most recent actuarial valuation date, the plan was 90.95% funded. The actuarial accrued liability for benefits was \$2,997,454, and the actuarial value of assets was \$2,726,302, resulting in an unfunded actuarial accrued liability (UAAL) of \$271,152. The covered payroll (annual payroll of active employees covered by the plan) was \$836,759, and ratio of the UAAL to the covered payroll was 32.41%.

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

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

### Plan Description

The Prince Edward County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <a href="http://www.varetire.org/Pdf/publications/2009-Annual-Report.pdf">http://www.varetire.org/Pdf/publications/2009-Annual-Report.pdf</a> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Prince Edward County School Board is required to contribute at an actuarially determined rate. The current rate is 10.30% of annual covered payroll. The contribution requirements of plan members and Prince Edward County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2010, 2009, and 2008 were \$1,185,190, \$1,232,572, and \$1,386,390 respectively, equal to the required contributions for each year.

# Note 7—Compensated Absences:

In accordance with GASB statement 16 "Accounting and Financial Reporting Principal for claims and Judgments and Compensated Absences," the County has accrued the liability arising from outstanding claims and judgments and compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government

\$ 549,468

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 8—Long-Term Debt:

# **Primary Government:**

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

# **Primary Government**

	VRS Early Retirement				Bonds & I	Notes
Year	 Principal		Interest		Principal	Interest
2011	\$ 47,076	\$	16,969	\$	1,048,875 \$	513,503
2012	50,842		13,203		985,633	461,887
2013	54,909		9,136		825,156	419,808
2014	65,526		4,743		838,064	382,049
2015	-		-		831,662	344,226
2016-2020	-		-		3,273,629	1,188,729
2021-2025	-		-		1,807,259	657,490
2026-2030	-		-		700,293	391,745
2031-2035	-		-		773,534	224,026
2036-2038	-		-		516,753	38,383
	\$ 218,353	\$_	44,051	= =	11,600,858 \$	4,621,846

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

		Amounts Payable at July 1,				Amounts Payable at June 30,	Payable Due Within
	_	2009	Additions	 Deletions		2010	One Year
Primary Government:							
Revenue bonds	\$	1,365,961 \$	-	\$ 115,014	\$	1,250,947	85,741
General obligation bonds (VPSA)		3,599,040	-	501,646		3,097,394	469,539
General obligation bonds		2,800,000	-	142,669		2,657,331	148,491
Premium on bond issuance		27,023	-	3,024		23,999	2,857
Qualified zone academy bonds		2,116,857	-	-		2,116,857	-
Courthouse construction bonds		3,506,758	-	231,572		3,275,186	233,104
Early retirement obligation		263,256	-	44,903		218,353	47,076
Other long-term obligation		1,300,000	120,000	100,000		1,320,000	112,000
Landfill closure and post-closure							
monitoring		3,534,916	24,744	-		3,559,660	-
Landfill corrective action plan		327,584	2,293	-		329,877	-
Other post-employment benefits		13,800	13,919	-		27,719	-
Compensated absences	_	551,348	-	 1,880		549,468	54,947
Total Primary Government	\$	19,406,543 \$	160,956	\$ 1,140,708	\$_	18,426,791	1,153,755

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 8—Long-Term Debt: (Continued)

Primary Government: (Continued)	
General obligation bonds:	
\$1,893,607 Virginia Public School Authority Bonds 1991A, issued July 31, 1991, maturing annually through July 15, 2011 with interest payable semi-annually at rates from 4.85% to 6.60%.	\$ 241,239
\$450,000 Virginia Public School Authority Bonds, issued November 20, 1991, maturing annually through December 15, 2011 with interest payable semi-annually at rates from 5.5% to 7.5%.	35,000
\$3,800,000 Virginia Public School Authority Bonds, issued November 18, 1993, maturing annually through December 15, 2013 with interest payable semi-annually at rates from 4.475% to 7.5%.	160,000
\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%.	1,846,155
\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%.	815,000
Plus: Premium on issuance	23,999
\$2,800,000 general obligation bond issued January 27, 2009, maturing annually through June 30, 2024 with interest payable semi-annually at a rate of 3.68%.	2,657,331
Total general obligation bonds	\$ 5,778,724
Revenue bonds (payable from General Fund property rentals):	
\$1,370,000 dated July 15, 1998 issued through Rural Development, interest only on July 15, 1999 and 2000, then combined monthly payments of \$6,508 of principal and interest through May 15, 2038, includes interest at 4.75%.	\$ 1,186,502
\$1,000,000 Taxable Revenue Note dated December 17, 1998 due in combined annual installments of \$104,651 including principal and interest through December 17, 2010, includes interest at 6.25%.	 64,445
Total revenue bonds (payable from General Fund property rentals)	\$ 1,250,947

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 8—Long-Term Debt: (Continued)

Note 6—Long-Term Debt. (Continued)		
Primary Government: (Continued)		
Courthouse construction bonds: \$3,500,000 issued July 1, 1998, due in annual installments of principal through July 1, 2017, interest payable semi-annually at 3.85% to 4.85%.	\$	1,400,000
\$2,130,000 dated July 15, 1998 issued through Rural Development interest only due July 15, 1999 and 2000, then combined monthly payments of \$10,118 of principal and interest through May 15, 2038, includes interest at 4.75%.	_	1,875,186
Total Courthouse Construction Bonds	\$	3,275,186
State Literary Fund Loan: \$576,882 General Obligation Refunding Note (Retirement Obligation) dated July 30, 1998 due in combined annual installments of principal and interest of \$61,985 through July 30, 2013, includes interest at 6.66%.	\$	218,353
Qualified zone academy bonds: \$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are require to be placed in a sinking fund that will be used to pay the debt in 2020.	\$	1,116,857
\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022.		1,000,000
Total qualified zone academy bonds	\$ 	2,116,857
Other long-term obligations:		
\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021	\$	1,200,000
\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020.	_	120,000
Total other long-term obligations	\$	1,320,000
Landfill closure and post-closure care liability	\$	3,559,660
Landfill corrective action plan liability	\$_	329,877
Compensated absences payable	\$	549,468
Other post-employment benefits	\$_	27,719
Total general long-term obligation debt	\$	18,426,791
		<del></del> _

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 8—Long-Term Debt: (Continued)

# **Enterprise Activities:**

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

Primary Government						
Line of Credit						
Year		Principal	Interest			
2011	\$	- \$	74,582			
2012	_	2,500,000	37,292			
	_		_			
	\$_	2,500,000 \$	186,456			

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

	Amounts Payable at July 1, 2009	Additions	Deletions	Amounts Payable at June 30, 2010	Payable Due Within One Year
Primary Government:					
Line of credit	\$ 1,281,482 \$	1,218,518 \$	\$	2,500,000 \$	
Total Primary Government	\$ 1,281,482 \$	1,218,518	<u> </u>	2,500,000 \$	

### Line of Credit:

Line of credit not to exceed \$2,500,000, issued December 23, 2008, interest payable semi-annually beginning May 30, 2009 at a variable rate of 64% of 3-Year LIBOR plus 176 basis points. Final maturity, November 30, 2011.

\$ 2,500,000

Total enterprise long-term debt

\$ 2,500,000

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 8—Long-Term Debt: (Continued)

### Component Unit - School Board:

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

	Amounts				Amounts	Payable		
	Payable at				Payable at	Due Within		
	_	July 1, 2009	_	Addition		Deletions	June 30, 2010	One Year
Other post-employment benefits	\$	24,300	\$	24,510	\$_	- 9	48,810 \$	-

### Note 9-Litigation:

At June 30, 2010, 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 10—Contingent Liabilities:

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

# Note 11—Surety Bonds:

	_	Amount
Fidelity and Deposit Company of Maryland - Surety	\$	
Machelle J. Eppes, Clerk of the Circuit Court		360,000
Mable H. Shanaberger, Treasurer		400,000
Beverly M. Booth, Commissioner of the Revenue		3,000
Travis D. Harris, Jr., Sheriff		30,000
United State Fidelity and Guaranty Company - Surety Clerk and Deputy Clerk of the School Board		50,000
Aetna Casualty and Surety Company - Surety Roma Morris, Director of Social Services		100,000
Fidelity and Deposit Company of Maryland - Surety		
County Administrator		2,000

Notes to Financial Statements As of June 30, 2010 (Continued)

#### Note 12—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2010 were \$1,798,893 and \$1,760,768, respectively. Furthermore, the County reports \$329,877 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

# Note 13-Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 14—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.

### A. Plan Description:

In addition to the pension benefits described in Note 5, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service at age 60 or older and have 30 years of service with the County, may elect one of two health insurance options through the County's plan. On one plan the County pays 100% of the premium, up to age 65, at which time coverage ceases. The other plan requires the retiree to pay 100% of the premium; however, the retiree may remain on the plan indefinitely. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

# B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 100% of the health insurance premium for retirees up to Medicare eligibility. Retirees may opt to choose an Advantage 65 plan, which they are required to cover 100% of the premium for. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65, with the exception of the Advantage 65 plan which can continue indefinitely.

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

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

Notes to Financial Statements As of June 30, 2010 (Continued)

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

# **County: (Continued)**

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

Annual required contribution	\$	30,100
Interest on net OPEB obligation		621
Adjustment to annual required contribution	_	(502)
Annual OPEB cost (expense)	\$	30,219
Estimated contributions made	_	(16,300)
Increase in net OPEB obligation	\$	13,919
Net OPEB obligation - beginning of year	_	13,800
Net OPEB obligation - end of year	\$	27,719
	_	

For 2010, the County's expected cash payment of \$16,300 was \$13,919 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 2010 are as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
June 30, 2009	\$ 30,100	54.00% \$	13,800	
June 30, 2010	30,219	53.94%	27,719	

# Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009 is as follows:

Actuarial accrued liability (AAL)	\$ 329,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	329,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	4,435,146
UAAL as a percentage of covered payroll	7.42%

Notes to Financial Statements As of June 30, 2010 (Continued)

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

# **County: (Continued)**

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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 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 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 4.50 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 percent after 5 years. Both rates included a 2.50 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 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.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

# County: (Continued)

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

### **Interest Assumptions**

	Unfunded
Discount rate	4.5%
Health cost trend assumption	10.0%
Payroll growth	2.5%

### School Board:

### A. Plan Description:

In addition to the pension benefits described in Note 5, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 60 with 30 years of service or age 65 with 5 years of service receive a \$1.50 credit per year of service (capped at \$45 per month) toward the retiree's health insurance premium. The retiree is responsible for the remaining premium. Coverage ceases at age 65 unless a Medicare Complementary plan is chosen. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

### B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees receive a credit for each year of service (capped at \$45 per month) which offsets the cost of their premium. Retirees are responsible for the remaining premium and the premium of their spouse. Coverage ceases when retirees reach the age of 65 unless Medicare Complementary coverage is selected.

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

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

Notes to Financial Statements As of June 30, 2010 (Continued)

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

# School Board: (Continued)

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

Annual required contribution	\$	58,000
Interest on net OPEB obligation		1,094
Adjustment to annual required contribution		(884)
Annual OPEB cost (expense)	\$	58,210
Estimated contributions made		(33,700)
Increase in net OPEB obligation	\$_	24,510
Net OPEB obligation - beginning of year		24,300
Net OPEB obligation - end of year	\$_	48,810

For 2010, the School Board's expected cash payment of \$33,700 was \$24,510 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 2010 are as follows:

		Percentage		
		Annual	of Annual	Net
Fiscal		Required	OPEB Cost	OPEB
Year Ended	_	Contribution	Contributed	Obligation
June 30, 2009	\$	58,000	58.00% \$	24,300
June 30, 2010		58,210	57.89%	48,810

# Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 834,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	834,700
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	823,715
UAAL as a percentage of covered payroll	101.33%

Notes to Financial Statements As of June 30, 2010 (Continued)

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

# School Board: (Continued)

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

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

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.50 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 percent after 5 years. Both rates included a 2.50 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.

Notes to Financial Statements As of June 30, 2010 (Continued)

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

# School Board: (Continued)

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

### **Interest Assumptions**

	Unfunded
Discount rate	4.5%
Health cost trend assumption	10.0%
Payroll growth	2.5%

# Note 15—Subsequent Events:

Subsequent to June 30, 2010, the County issues an additional line of credit related to water plant construction in the amount of \$2,100,000. This line of credit is due in November 2011.

# Note 16-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 is comprised of the following:

#### A. Deferred Property Tax Revenue

Deferred revenue representing deferred property tax revenues totaled \$12,401,020 at June 30, 2010.

# B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$26,553 at June 30, 2010.

Notes to Financial Statements As of June 30, 2010 (Continued)

# Note 17—Interfund Transfers:

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

Fund		Transfers In	Transfers Out
Compared Franch	Ċ		4 457 024
General Fund	\$	- \$	1,457,934
VPA Fund		483,333	-
School Fund		128,000	-
Debt Service Fund		110,153	-
Water Fund		811,995	-
Sewer Fund		42,108	-
Retirement Benefits Fund		10,345	-
School Construction Fund	_	-	128,000
	-		
Total	\$	1,585,934 \$	1,585,934

Transfers were made for operational expenditures.



# **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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



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

	_	Budgeted A	Amounts			Variance with Final Budget -
	_	Original	Final		Actual Amounts	Positive (Negative)
REVENUES						
General property taxes	\$	9,598,624 \$	9,598,624	\$	9,911,626	•
Other local taxes		3,345,000	3,345,000		3,349,561	4,561
Permits, privilege fees, and regulatory licenses		87,170	87,170		86,207	(963)
Fines and forfeitures		30,700	30,700		47,822	17,122
Revenue from the use of money and property		427,497	427,497		320,677 566,894	(106,820)
Charges for services Miscellaneous		545,150 179,413	545,150 179,413		231,167	21,744 51,754
Recovered costs		40,000	45,642		45,111	(531)
Intergovernmental revenues:		40,000	43,042		45,111	(331)
Commonwealth		5,544,059	6,417,048		5,432,928	(984,120)
Federal		1,327,880	1,349,628		1,458,448	108,820
Total revenues	- \$	21,125,493 \$	22,025,872	 S	21,450,441	
EXPENDITURES	· -		,, -	·	,,	(* - , - ,
Current:						
General government administration	\$	1,567,553 \$	1,571,667	\$	1,453,038	118,629
Judicial administration		1,540,082	1,571,885		1,482,540	89,345
Public safety		2,746,877	2,859,688		2,516,411	343,277
Public works		1,886,058	1,896,558		1,786,034	110,524
Health and welfare		3,958,228	3,958,228		3,890,975	67,253
Education		7,980,760	7,980,760		7,451,833	528,927
Parks, recreation, and cultural		280,659	295,159		293,159	2,000
Community development		640,148	634,675		478,134	156,541
Nondepartmental		148,108	284,711		136,046	148,665
Capital projects		102,500	816,839		581,921	234,918
Debt service:						
Principal retirement		526,259	473,525		589,253	(115,728)
Interest and other fiscal charges	_	348,919	348,919		390,686	(41,767)
Total expenditures	\$_	21,726,151 \$	22,692,614	\$_	21,050,030	1,642,584
Excess (deficiency) of revenues over (under)						
expenditures	\$	(600,658) \$	(666,742)	\$	400,411	1,067,153
OTHER FINANCING SOURCES (USES)	_					
Transfers in	\$	120,000 \$	120,000	\$	- 9	(120,000)
Transfers out		(1,408,406)	(822,621)		(964,256)	(141,635)
Issuance of notes payable	_	1,218,518	-		120,000	120,000
Total other financing sources and uses	\$_	(69,888) \$	(702,621)	\$_	(844,256)	(141,635)
Net change in fund balances	\$	(670,546) \$	(1,369,363)	\$	(443,845)	925,518
Fund balances - beginning		670,546	1,369,363		9,219,311	7,849,948
Fund balances - ending	\$	- \$	-	\$	8,775,466	8,775,466

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

### County:

Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007 \$ 6/30/2008 6/30/2009	11,757,714 \$ 13,079,253 13,536,023	13,512,619 \$ 15,722,548 16,519,733	1,754,905 2,643,295 2,983,710	87.01% \$ 83.19% 81.94%	4,259,711 4,435,146 4,604,540	41.20% 59.60% 64.80%

### **School Board Non-Professionals:**

Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007 \$	2,367,416 \$	2,509,979 \$	142,563	94.32% \$	779,962	18.28%
6/30/2008	2,644,568	2,789,504	144,936	94.80%	823,715	17.60%
6/30/2009	2,726,302	2,997,454	271,152	90.95%	836,759	32.41%

Schedule of Funding Progress for Other Post-Employment Benefits Last Two Fiscal Years

Co	ur	١t١	<b>/:</b>
	u	,	

7/1/2008 \$

7/1/2009

- \$

834,700 \$

834,700

Valuation as of (1)	Actuarial Value of Assets (AVA)	 Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6)
7/1/2008 7/1/2009 School Board	\$ - -	\$ 329,000 \$ 329,000	329,000 329,000	0.00% \$ 0.00%	4,435,146 4,607,540	7.42% 7.14%
Valuation as of (1)	Actuarial Value of Assets (AVA)	 Actuarial Accrued Liability (AAL)	Unfunded	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6)

834,700

834,700

0.00% \$

0.00%

823,715

836,759

101.33%

99.75%









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

	Budgeted Amounts						Variance with Final Budget -
	_	Original	Final		Actual Amounts		Positive (Negative)
REVENUES							
Revenue from the use of money and property Charges for services	\$_	500 \$ 275,000	500 275,000	\$	619 272,928	\$	119 (2,072)
Total revenues	\$_	275,500 \$	275,500	\$_	273,547	\$_	(1,953)
EXPENDITURES Current:							
Capital projects	\$_	<u> </u>	-	\$	10,936	\$	(10,936)
Total expenditures	\$_	\$	-	\$_	10,936	\$_	(10,936)
Excess (deficiency) of revenues over (under) expenditures	\$_	275,500 \$	275,500	\$_	262,611	\$_	(12,889)
OTHER FINANCING SOURCES (USES) Transfers out	\$_	(275,500) \$	(275,500)	\$_	-	\$_	275,500
Net change in fund balances Fund balances - beginning	\$	- \$ 	-	\$	262,611 350,094	\$	262,611 350,094
Fund balances - ending	\$_	- \$	-	\$	612,705	\$	612,705

Balance Sheet Nonmajor Governmental Funds June 30, 2010

	Rec	Capital Projects reation Fund
ASSETS		
Cash and cash equivalents	\$	26,924
Total assets	\$	26,924
LIABILITIES AND FUND BALANCES Fund balances: Unreserved:		
Designated for subsequent expenditure	\$	26,924
Total fund balances	\$	26,924
Total liabilities and fund balances	\$	26,924

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

		Capital Projects Recretaion Fund
REVENUES	•	_
Revenue from the use of money and property	\$	6
Total revenues	\$	6
EXPENDITURES		
Total expenditures	\$	
Excess (deficiency) of revenues over (under)		
expenditures	\$	6
Net change in fund balances	\$	6
Fund balances - beginning		26,918
Fund balances - ending	\$	26,924

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

	Recreation Fund							
	_	Budgeted .	Amounts Final	_	Actual	,	Variance with Final Budget Positive (Negative)	
	_			-		_	(Freguerry)	
REVENUES								
Revenue from the use of money and property	\$_	- \$	-	\$_	6	\$ <u>_</u>	6	
Total revenues	\$_	\$	-	\$_	6	\$_	6	
EXPENDITURES								
Total expenditures	\$_	- \$		\$_		\$_		
Excess (deficiency) of revenues over (under)								
expenditures	\$_	- \$	-	\$_	6	\$_	6	
Net change in fund balances	\$	- \$	-	\$	6	\$	6	
Fund balances - beginning	_	-			26,918		26,918	
Fund balances - ending	\$	- \$	-	\$	26,924	\$	26,924	

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

	_				
		Special Welfare	Piedmont Court Services	Piedmont Alcohol Safety Action Program	Total
ASSETS					
Cash and cash equivalents	\$	4,362 \$	307,065	\$ 247,743 \$	559,170
Total assets	\$	4,362	307,065	\$ 247,743 \$	559,170
LIABILITIES					
Amounts held for others	\$	- \$	307,065	- \$	307,065
Amounts held for social services clients		4,362	-	-	4,362
Amounts held for Piedmont Alcohol Safety Action					
Program				247,743	247,743
Total liabilities	\$	4,362	307,065	\$ 247,743 \$	559,170

Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds
June 30, 2010

		Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:	_				
Assets:  Cash and cash equivalents	\$_	3,367 \$	17,434 \$	16,439 \$	4,362
Liabilities: Amounts held for social service clients	\$_	3,367 \$	17,434 \$	16,439 \$	4,362
Piedmont Court Services: Assets:					
Cash and cash equivalents	\$_	268,777 \$	505,851 \$	467,563 \$	307,065
Liabilities: Amounts held for others	\$_	268,777 \$	505,851 \$	467,563 \$	307,065
Undistributed local sales tax: Assets:					
Cash and cash equivalents	\$_	<u> </u>	333,936 \$	333,936 \$	-
Liabilities: Sales tax payable to towns	\$_	<u> </u>	333,936 \$	333,936 \$	-
Fiscal Agent Holdings - Piedmont ASAP: Assets:					
Cash and cash equivalents	\$_	252,008 \$	501,513 \$	505,778 \$	247,743
Liabilities: Amounts held for others:					
Piedmont ASAP	\$_	252,008 \$	501,513 \$	505,778 \$	247,743
Total Liabilities	\$_	252,008 \$	501,513 \$	505,778 \$	247,743
Totals All agency funds Assets:					
Cash and cash equivalents	\$_	524,152 \$	1,358,734 \$	1,323,716 \$	559,170
Total assets	\$	524,152 \$	1,358,734 \$	1,323,716 \$	559,170
Liabilities: Amounts held for social service clients Amounts held for others Sales tax payable to towns Amounts held for Piedmont ASAP	\$	3,367 \$ 268,777 - 252,008	17,434 \$ 505,851 333,936 501,513	16,439 \$ 467,563 333,936 505,778	4,362 307,065 - 247,743
Total liabilities	\$_	524,152 \$	1,358,734 \$	1,323,716 \$	559,170

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

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

	_	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$	- \$	216,291 \$	- \$	20,000 \$	236,291
Due from primary government		208,341	-	-	-	208,341
Due from other governmental units		967,862	-	-	-	967,862
Prepaid items	-	167,489			<del>-</del> -	167,489
Total assets	\$_	1,343,692 \$	216,291 \$	- \$	20,000 \$	1,579,983
LIABILITIES AND FUND BALANCES Liabilities:						
Accounts payable	\$	58,617 \$	- \$	- <b>\$</b>	- \$	58,617
Accrued liabilities	•	1,285,075	- '	- '	-	1,285,075
	_					
Total liabilities	\$_	1,343,692 \$	<u> </u>	- \$	\$	1,343,692
Fund balances: Unreserved:						
Designated for subsequent expenditure	\$_	- \$	216,291 \$	<u> </u>	20,000 \$	236,291
Total fund balances	\$_	\$	216,291 \$	\$	20,000 \$	236,291
Total liabilities and fund balances	\$_	1,343,692 \$	216,291 \$	- \$	20,000 \$	1,579,983
Amounts reported for governmental activ because:	ities	in the statem	nent of net as	ssets (Exhibit	1) are different	
Total fund balances per above					\$	236,291
Capital assets used in governmental activition are not reported in the funds.	es ai	re not financial	resources and,	therefore,		
Capital assets Less: accumulated depreciation				\$	24,358,954 (13,782,844)	10,576,110
Long-term liabilities, including bonds payab period and, therefore, are not reported in			payable in the	current		
Other post-employment benefits				\$	(48,810)	(48,810)
Net assets of governmental activities					\$	10,763,591

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

	School Operating Fund		School Cafeteria Fund		School Capital Projects Fund		Underground Storage Tank Fund		Total Governmental Funds
REVENUES  Revenue from the use of money and property  Charges for services  Miscellaneous	348,320 -	\$	- 247,296 -	\$	120 - -	\$	-	\$	10,674 595,616
Recovered costs	61,896		-		-		-		61,896
Intergovernmental revenues:  Local government	7,439,598				_		_		7,439,598
Commonwealth	15,452,975		16,487		-		-		15,469,462
Federal	4,223,913	-	938,290	-	-		-	_	5,162,203
Total revenues	27,537,256	_\$_	1,202,073	\$_	120	\$	-	\$_	28,739,449
EXPENDITURES  Current: Education S  Capital projects Debt service: Principal retirement Interest and other fiscal charges	5 26,925,368 - 478,324 261,564	\$	1,159,778	\$	279,821 -	\$		\$	28,085,146 279,821 478,324 261,564
Total expenditures	27,665,256	- <sub>-</sub> -	1,159,778		279,821	ς		ς_	29,104,855
Excess (deficiency) of revenues over (under) expenditures			42,295		(279,701)		-	· <del>-</del>	(365,406)
OTHER FINANCING SOURCES (USES) Transfers in Transfers out	128,000	\$	-	\$	(128,000)	\$	-	\$	128,000 (128,000)
Total other financing sources and uses	128,000	\$_	-	\$_	(128,000)	\$	-	\$_	<u>-</u> _
Net change in fund balances Fund balances - beginning	; - 	\$	42,295 173,996	\$	(407,701) 407,701	\$	20,000	\$	(365,406) 601,697
Fund balances - ending	-	\$_	216,291	\$	-	\$	20,000	\$	236,291
Amounts reported for governmental activities in different because:	the statement	of	activities (I	Exh	ibit 2) are				
Net change in fund balances - total governmental fur	ds - per above							\$	(365,406)
Governmental funds report capital outlays as expend activities the cost of those assets is allocated over the depreciation expense. This is the amount by which the current period.	eir estimated u	sef	ul lives and re	еро	rted as				
Capital asset additions						\$	275,683		
Net transfer of joint tenancy assets							483,837		
Depreciation expense						-	(969,334)	_	(209,814)
Some expenses reported in the statement of activity therefore are not reported as expenditures in govern		uire	e the use of	cur	rent financ	ial	resources and,		
(Increase) decrease in other post employment ber	nefits						(24,510)	_	(24,510)
Change in net assets of governmental activities						-		\$	(599,730)

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

			School Ope	erating Fund			School Ca	feteria Fund	
		Budgeted	Amounts		Variance with Final Budget Positive	Budgeted	Amounts		Variance with Final Budget Positive
		Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES									
Revenue from the use of									
money and property	\$	6,000 \$	6,000 \$	10,554 \$	4,554 \$	- \$	- \$	- \$	-
Charges for services		83,500	83,500	348,320	264,820	256,611	256,611	247,296	(9,315)
Miscellaneous		57,000	57,000	· -	(57,000)	-	-	-	-
Recovered costs		25,000	25,000	61,896	36,896	3,000	3,000	-	(3,000)
Intergovernmental revenues:		,,,,,,,	,,,,,,	,		,,,,,,,,	,,,,,,,		(1)111,
Local government		7,968,525	7,968,525	7,439,598	(528,927)	-	_	-	-
Commonwealth		17,557,105	17,557,105	15,452,975	(2,104,130)	15,389	15,389	16,487	-
Federal		2,092,972	2,909,807	4,223,913	1,314,106	750,000	817,256	938,290	121,034
rederat		2,072,772	2,707,007	1,223,713	1,311,100	730,000	017,230	730,270	121,031
Total revenues	\$	27,790,102 \$	28,606,937 \$	27,537,256 \$	(1,069,681)	1,025,000 \$	1,092,256 \$	1,202,073 \$	108,719
EXPENDITURES									
Current:									
Education	Ś	26,940,060 \$	27,756,895 \$	26,925,368 \$	831.527	1.025.000 \$	1,092,256 \$	1,159,778 \$	(67,522)
Capital projects		-	-	-	,	-	-	-	-
Debt service:									
Principal retirement		588,478	588,478	478,324	110,154	-	_	-	-
Interest and other fiscal		,	,	,	,				
charges		261,564	261,564	261,564	-	-	_	_	-
5.10.50				201,001			·		
Total expenditures	\$	27,790,102 \$	28,606,937 \$	27,665,256 \$	941,681	1,025,000 \$	1,092,256 \$	1,159,778 \$	(67,522)
Excess (deficiency) of revenue	es								
over (under) expenditures	\$	- \$	- \$	(128,000) \$	(128,000)	s\$	- \$	42,295 \$	41,197
OTHER FINANCING SOURCES (USES)									
Transfers in	\$	- \$	- \$	128,000 \$	128,000	- \$	- S	- \$	-
Transfers out	7	-	-	-	-	- "	-	- '	-
Total other financing									
sources and uses	\$	- \$	- \$	128,000 \$	128,000	- \$	- \$	- \$	-
				· · · · · · · · · · · · · · · · · · ·			·	·	
Net change in fund balances	\$	- \$	- \$	- \$	- \$	- \$	- \$	42,295 \$	41,197
Fund balances - beginning								173,996	173,996
Fund balances - ending	\$		- \$		- 9		- \$	216,291 \$	215,193
i unu patances - enumg	Ç	<sup>-</sup> >	<sup>-</sup> >		·	, <del>-</del>		<u>۲۱۵,۲۶۱</u> ۵	213,173

 So	chool Capital P	rojects Fund		Ur	nderground Stor	age Tank Fu	ınd
 Budgeted Ar Original	mounts Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted A Original	mounts Final	Actual	Variance with Final Budget Positive (Negative)
 		·-					, ,
\$ - \$ -	- \$ -	120 \$	120 \$	- \$ -	- \$ -	- \$ -	-
-	-	-	-	-	-		-
	- - -	-	- - -	- - -	-		-
\$ - \$	- \$	120 \$	120 \$	- \$	- \$	- \$	-
\$ - \$ -	- \$ 279,702	- \$ 279,821	- \$ (119)	- \$ -	- \$ -	- \$ -	-
	-			-	-	-	-
\$ - \$	279,702 \$	279,821 \$	(119) \$	- \$	- \$	- \$	-
\$ - \$	(279,702) \$	(279,701) \$	1 \$	- \$	- \$	- \$	-
\$ - \$ -	- \$ -	- \$ (128,000)	- \$ (128,000)	- \$ -	- \$ -	- \$ -	-
\$ - \$	- \$_	(128,000) \$	(128,000) \$	- \$	- \$	<u> </u>	-
\$ - \$		(407,701) \$ 407,701		- \$ -	- \$ -	- \$ 20,000	20,000
\$ - \$	- \$	- \$	- \$	- \$	- \$	20,000 \$	20,000







Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund:								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	6,176,725	ς	6,176,725	ς	6,062,380	ς	(114,345)
Real and personal public service corporation taxes	7	240,000	7	240,000	7	238,792	7	(1,208)
Personal property taxes		2,452,468		2,452,468		2,828,957		376,489
Mobile home taxes		57,623		57,623		39,128		(18,495)
Machinery and tools taxes		30,000		30,000		32,713		2,713
Merchants' capital taxes		431,808		431,808		461,973		30,165
Penalties		140,000		140,000		161,383		21,383
Interest		70,000		70,000		86,300		16,300
Total general property taxes	\$	9,598,624	\$	9,598,624	\$	9,911,626	\$	313,002
Other local taxes:								
Local sales and use taxes	\$	2,600,000	ς	2,600,000	Ś	2,526,302	ς	(73,698)
Consumers' utility taxes	Ψ.	280,000	7	280,000	~	297,025	~	17,025
Gross receipts tax		65,000		65,000		90,532		25,532
E-911 telephone taxes		-		-		12		12
Motor vehicle licenses		264,500		264,500		313,778		49,278
Taxes on recordation and wills	_	135,500		135,500	_	121,912		(13,588)
Total other local taxes	\$_	3,345,000	\$_	3,345,000	\$_	3,349,561	\$	4,561
Permits, privilege fees, and regulatory licenses:								
Animal licenses	\$	15,000	Ś	15,000	Ś	14,468	Ś	(532)
Permits and other licenses	Ψ.	72,170	τ.	72,170	Ψ.	71,739	Τ.	(431)
Total permits, privilege fees, and regulatory licenses	_ \$	87,170	 \$	87,170	 \$	86,207	- \$	(963)
	· <del>-</del>	•	- ' -	•		•		
Fines and forfeitures:		22 722		20 700		47.000		47.400
Court fines and forfeitures	\$_	30,700	- <sup>Ş</sup> _	30,700	- ۶_	47,822	Ş_	17,122
Revenue from use of money and property:								
Revenue from use of money	\$	162,649	\$	162,649	\$	55,829	\$	(106,820)
Revenue from use of property		264,848		264,848		264,848		-
Total revenue from use of money and property	\$	427,497	\$	427,497	\$	320,677	\$	(106,820)
Charges for services:								_
Court costs	\$	2,250	Ċ	2,250	¢	2,167	Ċ	(83)
Charges for law library	ڔ	10,000	ڔ	10,000	ڔ	11,327	ڔ	1,327
Charges for courthouse maintenance		10,000		10,000		9,071		(929)
Charges for Commonwealth's Attorney		1,000		1,000		1,160		160
Miscellaneous fees		7,000		7,000		6,187		(813)
Charges for cannery		5,000		5,000		7,326		2,326
Charges for cannery  Charges for other protection		54,900				53,553		
Charges for other protection  Charges for sanitation and waste removal		455,000		54,900 455,000		476,103		(1,347) 21,103
-	_			·				
Total charges for services	\$_	545,150	\$_	545,150	\$_	566,894	\$	21,744

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Miscellaneous revenue:								
Expenditure refunds	\$	72,000	\$	72,000	\$	75,032	\$	3,032
Insurance recoveries		-		-		10,274		10,274
Sale of property		85,000		85,000		104,287		19,287
Miscellaneous	_	22,413		22,413		41,574		19,161
Total miscellaneous revenue	\$_	179,413	\$_	179,413	\$_	231,167	\$_	51,754
Recovered costs:								
Other recovered costs	\$	5,000	\$	10,642	\$	10,111	\$	(531)
Circuit court judge	_	35,000		35,000		35,000		
Total recovered costs	\$_	40,000	\$_	45,642	\$_	45,111	\$_	(531)
Total revenue from local sources	\$_	14,253,554	\$_	14,259,196	\$_	14,559,065	\$_	299,869
Intergovernmental revenues:								
Revenue from the Commonwealth:								
Noncategorical aid:								
Motor vehicle carriers' tax	\$	50,000	\$	50,000	\$	63,722	\$	13,722
Mobile home titling tax		30,000		30,000		30,513		513
Motor vehicle rental tax		-		-		1,964		1,964
State recordation tax		35,000		35,000		39,927		4,927
Communications tax		340,000		340,000		325,958		(14,042)
Personal property tax relief funds		1,305,350		1,305,350		1,305,350		-
State budget reduction - Aid to the Commonwealth	_	-		-		(148,108)		(148,108)
Total noncategorical aid	\$_	1,760,350	\$_	1,760,350	\$_	1,619,326	\$_	(141,024)
Categorical aid:								
Shared expenses:								
Commonwealth's attorney	\$	421,768	\$	421,768	\$	385,005	\$	(36,763)
Sheriff		1,081,490		1,081,490		940,406		(141,084)
Commissioner of revenue		106,168		106,168		98,265		(7,903)
Treasurer		117,323		117,323		108,700		(8,623)
Registrar/electoral board		49,000		49,000		42,794		(6,206)
Clerk of the Circuit Court	_	290,129		316,262		267,913		(48,349)
Total shared expenses	\$_	2,065,878	\$_	2,092,011	\$_	1,843,083	\$_	(248,928)
Other categorical aid:								
Emergency medical services	\$	14,000	\$	14,000	\$	15,689	\$	1,689
Welfare administration and assistance		759,605		759,605		920,634		161,029
Litter control grant		6,000		6,000		5,924		(76)

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Revenue from the Commonwealth: (Continued) Categorical aid: (Continued)								
Record preservation grant	\$	-	\$	4,995	\$	4,995	\$	-
Comprehensive services act		815,833		815,833		649,581		(166,252)
Tobacco commission grant		-		689,358		193,510		(495,848)
Victim-witness grant		45,793		45,793		45,793		-
Fire program funds		35,000		35,000		36,817		1,817
Other categorical	_	41,600	_	194,103	-	97,576		(96,527)
Total other categorical aid	\$_	1,717,831	\$_	2,564,687	\$_	1,970,519	\$	(594,168)
Total categorical aid	\$_	3,783,709	\$_	4,656,698	\$_	3,813,602	\$	(843,096)
Total revenue from the Commonwealth	\$_	5,544,059	\$_	6,417,048	\$_	5,432,928	\$	(984,120)
Revenue from the federal government:								
Payments in lieu of taxes	\$_	15,000	\$_	15,000	\$	66,672	\$	51,672
Revenue from the Federal Government: Categorical aid:								
Welfare administration and assistance	\$	1,312,880	\$	1,312,880	\$	1,311,235	\$	(1,645)
Ed Byrne memorial justice assistance grant (JAG)		-		-		52,123		52,123
Emergency management performance grant		-		-		9,436		9,436
Bulletproof vest partnership program		-		1,948		588		(1,360)
Alcohol open container requirement grant	_	-	_	19,800		18,394		(1,406)
Total categorical aid	\$_	1,312,880	\$_	1,334,628	\$_	1,391,776	\$_	57,148
Total revenue from the federal government	\$_	1,327,880	\$_	1,349,628	\$_	1,458,448	\$_	108,820
Total General Fund	\$_	21,125,493	\$_	22,025,872	\$_	21,450,441	\$	(575,431)
Capital Projects Funds: Landfill Construction Fund: Revenue from local sources:								
Revenue from use of money and property: Revenue from the use of money	\$_	500	\$_	500	\$_	619	\$	119
Charges for services:								
Tipping fees - non-county users	\$_	275,000	\$_	275,000	\$_	272,928	\$	(2,072)
Total revenue from local sources	\$_	275,500	\$_	275,500	\$_	273,547	\$	(1,953)
Total Landfill Construction Fund	\$_	275,500	\$_	275,500	\$_	273,547	\$	(1,953)

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget	_	Final Budget	Actual	Fi	ariance with inal Budget - Positive (Negative)
Capital Projects Funds: (Continued)							
Recreation Fund:							
Revenue from local sources:							
Revenue from use of money and property:	ċ		÷	•		_	,
Revenue from the use of money	\$_	-	۶_	- \$	6 9	<sup>ې</sup> —	6
Total revenue from local sources	\$_		\$_	- \$	6	\$	6
Total Recreation Fund	\$_	-	\$_	- \$	6 9	\$ <u></u>	6
Debt Service Fund:							
School Debt Service							
Revenue from use of money and property:							
Revenue from the use of money	\$_	-	\$_	<u> </u>	8,204	\$	8,204
Total revenue from local sources	\$_	-	\$_	- \$	8,204	\$	8,204
Total School Debt Service Fund	\$_	-	\$_	- \$	8,204	\$ <u></u>	8,204
Total Primary Government	\$_	21,400,993	\$_	22,301,372 \$	21,732,198	\$ <u></u>	(569,174)
Discretely Presented Component Unit - School Board: Special Revenue Funds: School Operating Fund: Revenue from local sources:							
Revenue from use of money and property:							
Revenue from the use of property	\$_	6,000	\$_	6,000 \$	10,554	\$	4,554
Charges for services:							
Charges for education	\$_	83,500	\$_	83,500 \$	348,320	\$	264,820
Miscellaneous revenue:							
Other miscellaneous	\$_	57,000	\$_	57,000 \$		\$	(57,000)
Recovered costs:							
Other recovered costs	\$_	25,000	\$_	25,000 \$	61,896	\$	36,896
Total revenue from local sources	\$_	171,500	\$_	171,500 \$	420,770	\$	249,270
Intergovernmental revenues:							
Revenues from local governments:							
Contribution from County of Prince Edward, Virginia	\$_	7,968,525	\$_	7,968,525 \$	7,439,598	\$	(528,927)
Total revenues from local governments	\$_	7,968,525	\$_	7,968,525 \$	7,439,598	\$	(528,927)

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	. <u>-</u>	Actual		Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board Special Revenue Funds: (Continued) School Operating Fund: (Continued) Revenue from the Commonwealth:	d: (Cor	itinued)						
Categorical aid:								
Share of state sales tax	\$	2,687,309	\$	2,687,309	\$	2,564,534	\$	(122,775)
Basic school aid		7,886,187		7,886,187		7,490,296		(395,891)
Other state funds	_	6,983,609		6,983,609	-	5,398,145		(1,585,464)
Total categorical aid	\$_	17,557,105	\$_	17,557,105	\$_	15,452,975	\$_	(2,104,130)
Revenue from the federal government:								
Categorical aid:								
Title I	\$	978,224	\$	1,083,104	\$	986,659	\$	(96,445)
Title I, neglected and delinquent children		-		-		92,570		92,570
Title I - ARRA		-		259,228		181,738		(77,490)
Title II		187,173		187,173		105,251		(81,922)
Title VI-B, special education flow-through		761,555		761,555		711,167		(50,388)
Title VI-B, special education flow-through - ARRA		-		365,378		297,267		(68,111)
Safe and drug free schools		15,839		15,839		11,141		(4,698)
Title II - part D		7,974		7,974		-		(7,974)
Title VI-B, pre-school		20,394		20,394		19,728		(666)
Title IV-A		-		75,045		24,679		(50,366)
Title VI-B, pre-school - ARRA		-		12,304		12,304		-
Title V-A		6,813		6,813		6,941		128
JROTC		50,000		50,000		61,830		11,830
State fiscal stabilization funds		-		-		1,575,360		1,575,360
Vocational education		65,000		65,000		137,278		72,278
Total categorical aid	\$	2,092,972	\$	2,909,807	\$	4,223,913	\$	1,314,106
Total School Operating Fund	\$_	27,790,102	\$	28,606,937	\$_	27,537,256	\$	(1,069,681)
School Cafeteria Fund: Revenue from local sources: Charges for services: Cafeteria sales	\$_	256,611	\$_	256,611	\$_	247,296	\$	(9,315)
Recovered costs:								
Other recovered costs	\$_	3,000	\$_	3,000	\$_	-	\$_	(3,000)
Total revenue from local sources	\$_	259,611	\$_	259,611	\$_	247,296	\$_	(12,315)
Intergovernmental revenues: Revenue from the Commonwealth: Categorical aid: School food program grant	\$	15,389	Ś	15,389	Ś	16,487	\$	1,098
,	_	•			_			
Total categorical aid	\$_	15,389		15,389	_	16,487		1,098
Total revenue from the Commonwealth	\$_	15,389	_\$_	15,389	\$_	16,487	\$_	1,098

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget	_	Final Budget	_	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board Special Revenue Funds: (Continued) School Cafeteria Fund: (Continued) Revenue from the federal government: Categorical aid: School nutrition program	<b>d: (Co</b> n	750,000	Ś	817,256	Ś	938,290	5 121,034
· -	Ť-	·	_		_	<u> </u>	
Total federal categorical aid	\$_	750,000	\$_	817,256	\$_	938,290	121,034
Total School Cafeteria Fund	\$_	1,025,000	\$_	1,092,256	\$_	1,202,073	109,817
Capital Projects Fund: School Capital Improvements Fund: Revenue from local sources: Revenue from use of money and property:							
Revenue from the use of money	\$	-	\$	-	\$	120	120
Total revenue from use of money and property	\$	-	\$	-	\$	120	120
Total revenue from local sources	\$_	-	\$_	-	\$_	120 \$	120
Total School Capital Improvements Fund	\$_	-	\$_	-	\$_	120	120
Total Discretely Presented Component Unit - School Board	\$ <u></u>	28,815,102	\$_	29,699,193	\$_	28,739,449	(959,744)

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

Fund, Major and Minor Revenue Source		Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: General government administration:		_			
Legislative: Board of supervisors	\$_	119,534 \$	123,034 \$	109,075 \$	13,959
General and financial administration: County administrator Legal services Commissioner of revenue Treasurer Independent Auditor		498,505 66,471 277,947 369,074 36,000	498,505 66,471 283,961 363,060 36,000	470,513 43,164 264,728 350,998 33,000	27,992 23,307 19,233 12,062 3,000
Assessor		15,000	15,000	3,761	11,239
Other general and financial administration		74,000	74,000	61,910	12,090
Total general and financial administration	\$_	1,336,997 \$	1,336,997 \$	1,228,074 \$	108,923
Board of elections: Electoral board and officials Registrar	\$	19,425 \$ 91,597	19,425 \$ 92,211	24,370 \$ 91,519	(4,945) 692
Total board of elections	\$ \$	111,022 \$	111,636 \$	115,889 \$	(4,253)
Total general government administration	\$_	1,567,553 \$	1,571,667 \$	1,453,038 \$	118,629
Judicial administration: Courts: Circuit court General district court Office of the magistrates Clerk of the circuit court Law library Sheriff - courts Victim and witness assisstance	\$	53,094 \$ 18,700 4,575 448,483 4,750 340,285 56,673	53,094 \$ 18,700 4,575 480,286 4,750 340,285 56,673	49,795 \$ 16,923 4,680 449,933 5,464 321,475 56,139	3,299 1,777 (105) 30,353 (714) 18,810 534
	_				
Total courts	\$_	926,560 \$	958,363 \$	904,409 \$	53,954
Commonwealth's attorney: Commonwealth's attorney	\$_	613,522 \$	613,522 \$	578,131 \$	35,391
Total judicial administration	\$_	1,540,082 \$	1,571,885 \$	1,482,540 \$	89,345
Public safety: Law enforcement and traffic control: Sheriff Emergency operations center Terrorism prevention Other law enforcement	\$	1,661,161 \$ 25,000 - -	1,685,451 \$ 25,000 - 5,000	1,686,212 \$ 17,185 290 5,000	(761) 7,815
Total law enforcement and traffic control	\$	1,686,161 \$	1,715,451 \$	1,708,687 \$	7,054

Schedule of Expenditures - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Public safety: (Continued) Fire and rescue services: Fire department Ambulance and rescue services	\$	487,800 76,500	\$	567,518 \$ 76,500	382,359 76,500	\$ 185,159 -
Forestry service	_	12,829	_	12,829	12,040	789
Total fire and rescue services	\$_	577,129	\$_	656,847 \$	470,899	\$ 185,948
Correction and detention: County operated institutions	\$_	270,000	\$_	273,803 \$	120,170	\$ 153,633
Inspections: Building	\$_	95,350	\$_	95,350 \$	94,142	\$1,208
Other protection: Animal control Medical examiner (coroner)	\$	117,737 500	\$	117,737 \$ 500	122,233 280	\$ (4,496)
Total other protection	\$_	118,237	\$_	118,237 \$	122,513	\$ (4,276)
Total public safety	\$_	2,746,877	\$_	2,859,688 \$	2,516,411	\$ 343,567
Public works: Sanitation and waste removal: Refuse collection and disposal Litter control Biosolids	\$	1,142,468 5,000 63,603	\$	1,142,468 \$ 5,000 63,603	1,120,114 6,003 62,675	\$ 22,354 (1,003) 928
Total sanitation and waste removal	\$_	1,211,071	\$_	1,211,071 \$	1,188,792	\$ 22,279
Maintenance of general buildings and grounds: General properties	\$_	674,987	\$_	685,487 \$	597,242	\$88,245_
Total public works	\$_	1,886,058	\$_	1,896,558 \$	1,786,034	\$ 110,524
Health and welfare: Health: Supplement of local health department	\$_	165,218	\$_	165,218 \$	137,393	\$ 27,825
Mental health and mental retardation: Chapter X board	\$_	62,643	\$_	62,643 \$	62,643	\$
Welfare: Welfare administration and assistance Comprehensive services act Other welfare programs	\$	2,555,625 1,101,000 73,742	\$	2,555,625 \$ 1,101,000 73,742	2,730,247 887,450 73,242	\$ (174,622) 213,550 500
Total welfare	\$	3,730,367	\$	3,730,367 \$	3,690,939	\$ 39,428
Total health and welfare	\$_	3,958,228	\$_	3,958,228 \$	3,890,975	\$ 67,253

Schedule of Expenditures - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Education: Other instructional costs:						
Contributions to community college Contribution to County School Board	\$	12,235 7,968,525	\$	12,235 \$ 7,968,525	12,235 \$ 7,439,598	528,927
Total education	\$	7,980,760	\$	7,980,760 \$	7,451,833 \$	528,927
Parks, recreation, and cultural: Parks and recreation: Supervision of parks and recreation	\$	98,100	\$	98,100 \$	98,100 \$	_
Cultural enrichment:			_			
Museums	\$_	30,500	\$_	30,500 \$	28,500 \$	2,000
Contribution to regional library	\$	152,059	\$	166,559 \$	166,559 \$	-
Total parks, recreation, and cultural	\$	280,659	\$	295,159 \$	293,159 \$	2,000
Community development: Planning and community development: Planning Community development Contribution to Industrial Development Auth. Economic development Tourism	\$	187,747 44,250 75,440 215,018	\$	187,747 \$ 44,250 75,440 180,656 39,390	176,522 \$ 44,250 - 131,456 28,016	11,225 - 75,440 49,200 11,374
Total planning and community development	\$	522,455	\$	527,483 \$	380,244 \$	147,239
Environmental management: Soil and water conservation	\$_	11,465	\$	11,465 \$	11,465 \$	-
Cooperative extension program: Cooperative extension program Cannery	\$	62,312 43,916	\$	51,812 \$ 43,915	46,219 \$ 40,206	5,593 3,709
Total cooperative extension program	\$	106,228	\$	95,727 \$	86,425 \$	9,302
Total community development	\$_	640,148	\$	634,675 \$	478,134 \$	156,541
Nondepartmental: Other nondepartmental	\$_	148,108	\$_	284,711 \$	136,046	148,665
Total nondepartmental	\$	148,108	\$_	284,711 \$	136,046 \$	148,665
Capital projects: Sandy River reservoir project Morton Museum Other capital projects	\$	40,000 - 62,500	\$	40,000 \$ - 776,839	29,526 \$ 6,100 546,295	10,474 (6,100) 230,544
Total capital projects	\$	102,500	\$	816,839 \$	581,921 \$	234,918

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

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)			_			_	
Debt service:							
Principal retirement Interest and other fiscal charges	\$	526,259 348,919	Ş	473,525 \$ 348,919	589,253 390,686	Ş	(115,728)
Total debt service	- ح	875,178		822,444 \$		<u>_</u>	(41,767) (157,495)
Total General Fund	- ڊ S	21,726,151	-	22,692,614			1,642,874
Capital Projects Fund: Landfill Construction Fund Capital projects expenditures: Landfill construction	· =		=			: =	
	\$_		· -	\$ \$		-	(10,936)
Total Landfill Construction Fund	\$_		۵_	- \$		۵_	(10,936)
Total Capital Projects Fund	_=	-	_=	-	10,936	_=	(10,936)
Total Primary Government	\$ =	21,726,151	\$ =	22,692,614 \$	21,060,966	\$ =	1,631,938
Discretely Presented Component Unit - School Boat Special revenue funds: School Operating Fund: Education: Instruction Administration, attendance, and health Pupil transportation services Operation and maintenance services School food program Facilities	\$ \$ -	21,474,190 1,513,615 1,835,500 1,968,450 10,580 137,725	_	22,198,326 \$ 1,513,615 1,928,199 1,968,450 10,580 137,725	1,538,657 2,045,763 1,764,497 9,695 137,725		769,295 (25,042) (117,564) 203,953 885
Total education	\$_	26,940,060	\$_	27,756,895 \$	26,925,368	\$_	831,527
Debt service: Principal retirement Interest and other fiscal charges	\$_	588,478 261,564	\$_	588,478 \$ 261,564	478,324 261,564	\$	110,154 -
Total debt service	\$_	850,042	\$_	850,042 \$	739,888	\$_	110,154
Total School Operating Fund	\$_	27,790,102	\$_	28,606,937 \$	27,665,256	\$_	941,681
Cafeteria Fund: Education: School food services:	_		_				
Administration of school food program	\$_	1,025,000		1,092,256 \$	1,159,778	\$_	(67,522)
Total Cafeteria Fund	\$_	1,025,000	\$_	1,092,256 \$	1,159,778	\$_	(67,522)
School Capital Projects Fund: Capital projects expenditures: Capital projects expenditures	\$	_	\$	279,702 \$	279,821	¢	(119)
Total School Capital Projects Fund	ς_		۰ د	279,702 \$		-	(119)
Total Discretely Presented Component Unit - School Board	`= \$_	28,815,102	* = \$ _		29,104,855	=	874,040

#### **Statistical Section**

Contents	Tables
Financial Trends  These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity  These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity  These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information  This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13
Operating Information  These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	14-15

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



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

	_	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	Ś	1,065,286 \$	1,304,995\$	1,993,396 \$	1.975.166 \$	2,339,985 \$	2,912,203 \$	2,459,199\$	2,534,819
Restricted	•	328,102	383,489	78,102	-	-	-	-	-
Unrestricted	-	8,133,619	6,463,558	5,262,386	3,658,083	6,428,310	3,215,901	1,428,178	1,538,199
Total governmental activitie	S								
net assets	\$	9,527,007 \$	8,152,042 \$	7,333,884 \$	5,633,249 \$	8,768,295 \$	6,128,104 \$	3,887,377 \$	4,073,018
Business-type activities									
Invested in capital assets,									
net of related debt	\$	- \$	- \$	- \$	- \$	- \$	- \$	(31,482) \$	851,144
Unrestricted	-	<u> </u>	<u> </u>		<u> </u>			821	(149,653)
Total business-type activitie	S .								
net assets	\$ <u>_</u>	<u> </u>	(30,661) \$	701,491					
Primary government									
Invested in capital assets, i	net								
net of related debt	\$	1,065,286 \$	1,304,995\$	1,993,396 \$	1,975,166 \$	2,339,985 \$	2,912,203 \$	2,427,717 \$	3,385,963
Restricted		328,102	383,489	78,102	-	-	-	-	-
Unrestricted	-	8,133,619	6,463,558	5,262,386	3,658,083	6,428,310	3,215,901	1,428,999	1,388,546
Total primary government									
net assets	\$	9,527,007 \$	8,152,042 \$	7,333,884 \$	5,633,249 \$	8,768,295 \$	6,128,104 \$	3,856,716 \$	4,774,509

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

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

		2003		2004		2005	2006
Expenses	_		_		_		
Governmental activities:		4 470 400		4 250 502		4 5 40 5 47 . 6	4 552 520
General government administration  Judicial administration	\$	1,479,482 1,087,424	\$	1,359,503 1,083,127	>	1,542,517 \$ 1,239,534	1,553,538 1,337,676
Public safety		2,011,592		2,242,895		2,449,038	2,714,749
Public works		1,998,378		2,858,160		2,203,917	2,555,224
Health and welfare		2,408,468		2,889,853		3,343,298	3,331,152
Education		5,729,449		6,076,565		5,920,107	7,571,463
Parks, recreation and cultural		166,063		252,780		189,991	237,633
Community development		337,413		603,178		458,214	1,237,317
Interest on long-term debt	_	702,790		710,252		575,931	556,628
Total governmental activities expenses	\$_	15,921,059	. \$ _	18,076,313	<sup>&gt;</sup> —	17,922,547 \$	21,095,380
Business-type activities: Water	\$	_	\$	_	\$	- \$	_
Sewer	Ÿ	-	Ą	-	J	-	_
Total business-type activities expenses	\$	-	\$	-	ş <u> </u>	- \$	-
Total primary government expenses	\$	15,921,059	\$	18,076,313	\$	17,922,547 \$	21,095,380
Program Revenues	_		_		_		
Governmental activities:							
Charges for services:							
General government administration	\$	50,306	\$	56,590	\$	51,368 \$	93,202
Judicial administration Public safety		102,336 4,864		131,772 8,515		117,534 6,165	92,089 2,472
Public works		782,863		774,880		583,083	722,738
Community development		3,015		5,340		6,624	4,680
Operating grants and contributions		3,787,838		4,055,742		4,808,345	4,683,367
Capital grants and contributions		283,683	_		_	<u> </u>	-
Total governmental activities program revenues	\$	5,014,905	\$	5,032,839	\$	5,573,119 \$	5,598,548
Business-type activities:							
Charges for services:							
Water	\$	-	\$	-	\$	- \$	-
Sewer		-		-		-	-
Capital grants and contributions	. —	<u>-</u>	–	<u>-</u>	. —		
Total business-type activities program revenues	\$	-	. \$ <u> </u>		\$ <u> </u>	<u> </u>	-
Total primary government program revenues	\$ <u></u>	5,014,905	\$	5,032,839	\$	5,573,119 \$	5,598,548
Net (expense) / revenue							
Governmental activities	\$_	(10,906,154)	-	(13,043,474)	_	(12,349,428) \$	(15,496,832)
Total primary government net expense	\$ <u></u>	(10,906,154)	\$ <u> </u>	(13,043,474)	<sup>\$</sup> =	(12,349,428) \$	(15,496,832)
General Revenues and Other Changes in Net Assets Governmental activities:							
Taxes							
Property taxes	\$	6,180,542	Ś	6,427,034	Ś	6,335,709 \$	8,197,655
Local sales and use taxes	·	2,019,229		2,217,895		2,258,289	2,402,247
Taxes on recordation and wills		92,022		106,792		162,805	207,670
Motor vehicle licenses taxes		211,787		224,999		231,477	232,757
Consumer utility taxes		463,849		477,800		474,912	476,527
Other local taxes		130,972		99,681		80,675	86,162
Unrestricted grants and contributions		1,600,560		1,607,274		1,391,668	1,655,009
Unrestricted revenues from use of money and property		454,866		422,119		427,756	493,043
Miscellaneous		176,139		84,915		167,979	45,126
Gain (loss) on disposal of capital assets		129,547		-		-	-
Transfers		<u> </u>	_		_	<u> </u>	-
Total governmental activities	\$	11,459,513	\$	11,668,509	\$	11,531,270 \$	13,796,196
Business-type activities:							
Miscellaneous	\$	-	\$	-	\$	- \$	-
Transfers		-		-	_	<u> </u>	-
Total business-type activities	\$	-	\$	-	\$	\$	-
Total primary government	\$	11,459,513	\$	11,668,509	\$	11,531,270 \$	13,796,196
Change in Net Assets	_						
Governmental activities	\$	553,359	\$	(1,374,965)	\$	(818,158) \$	(1,700,636)
Business-type activities	_	-	_		_	<u> </u>	<u>-</u>
Total primary government	\$	553,359	\$	(1,374,965)	\$	(818,158) \$	(1,700,636)
			_		_		

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

	2007	-	2008	_	2009	_	2010
\$	1,613,434	\$	1,888,328	\$	1,878,951	\$	1,795,153
Ş	1,060,878	Ş	1,247,739	Ş	1,557,012	Ş	1,175,955
	2,886,070		2,920,779		2,718,405		2,910,454
	2,745,353		4,498,020		2,641,623		2,105,782
	3,699,915		4,009,487		3,948,690		3,894,723
	5,517,861		7,558,263		7,039,437		7,082,604
	253,326		1,842,051		3,274,724		293,485
	556,620		1,201,635		1,618,525		721,676
	559,142	_	521,152		701,954		676,992
\$	18,892,599	\$	25,687,454	\$	25,379,321	\$	20,656,824
\$	-	\$	-	\$	31,512	\$	69,875
_	-	_	-		29,800	_	83,078
\$	-	\$_	-	\$	61,312	\$_	152,953
\$ _	18,892,599	\$ =	25,687,454	\$_	25,440,633	\$ _	20,809,777
\$	92,490	\$	100	\$	100	\$	100
~	80,026	7	62,306	7	79,865	7	77,250
	99,282		207,114		161,311		135,014
	740,406		888,006		758,965		749,031
	5,319		12,044		19,396		12,456
	4,885,349		5,567,251		5,662,902		5,272,050
	,000,0		180,000		-		5,2,2,000
5_	5,902,872	\$	6,916,821	\$	6,682,539	\$	6,245,901
5	-	\$	-	\$	-	\$	1,289
	-		-		6,000		7,713
_			<u>-</u>	. –		. –	21,750
\$	-	\$_	-	\$_	6,000	\$ <u> </u>	30,752
-	5,902,872	\$	6,916,821	\$	6,688,539	\$_	6,276,653
\$	(12,989,727)	\$	(18,770,633)	\$	(18,696,782)	\$	(14,410,923
					. , , ,	_	
<sup>\$</sup> —	(12,989,727)	\$ _	(18,770,633)	\$	(18,752,094)	\$	(14,533,124
		. =		. =	(18,752,094)	_	(14,533,124
	8,988,258	\$ <u>=</u> \$	9,898,122	\$ <u></u>	(18,752,094)	\$ <u></u>	9,925,117
	8,988,258 2,555,696	. =	9,898,122 2,890,586	. =	(18,752,094) 10,338,674 2,683,336	_	9,925,117 2,526,302
	8,988,258 2,555,696 276,472	. =	9,898,122 2,890,586 201,608	. =	(18,752,094) 10,338,674 2,683,336 159,537	_	9,925,117 2,526,307 121,912
	8,988,258 2,555,696	. =	9,898,122 2,890,586	. =	(18,752,094) 10,338,674 2,683,336	_	9,925,117 2,526,307 121,917 313,778
	8,988,258 2,555,696 276,472 223,727	. =	9,898,122 2,890,586 201,608 201,203	. =	10,338,674 2,683,336 159,537 276,176	_	9,925,117 2,526,307 121,912 313,778 387,557
	8,988,258 2,555,696 276,472 223,727 438,853	. =	9,898,122 2,890,586 201,608 201,203 344,009	. =	10,338,674 2,683,336 159,537 276,176 371,824	_	9,925,11; 2,526,30; 121,91; 313,776; 387,55;
	8,988,258 2,555,696 276,472 223,727 438,853 190,653	. =	9,898,122 2,890,586 201,608 201,203 344,009 357,262	. =	(18,752,094) 10,338,674 2,683,336 159,537 276,176 371,824 324,603	_	9,925,117 2,526,307 121,917 313,776 387,55; 12 1,619,326
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888	. =	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887	. =	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103	_	9,925,117 2,526,307 121,917 313,776 387,55; 12 1,619,326
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476	. =	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887	. =	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103	_	9,925,117 2,526,307 121,917 313,778 387,557 1,619,326
_	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476 116,470	\$	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887 639,211 130,554	\$	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103 450,348 451,992 99,113 (24,651)	\$	9,925,117 2,526,307 121,917 313,778 387,557 17 1,619,320 329,500 126,880 100,277 (854,103
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476	\$	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887	\$ \$	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103 450,348 451,992 99,113	\$ \$ - \$_	9,925,117 2,526,302 121,912 313,778 387,557 12 1,619,326 329,506 126,886 100,277 (854,103
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476 116,470	\$	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887 639,211 130,554	\$	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103 450,348 451,992 99,113 (24,651) 16,456,055	\$	9,925,117 2,526,300 121,912 313,778 387,557 12 1,619,326 329,506 126,880 100,277 (854,103 14,596,564
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476 116,470	\$	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887 639,211 130,554	\$ \$	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103 450,348 451,992 99,113 (24,651)	\$ \$ - \$_	9,925,117 2,526,307 121,912 313,778 387,557 12 1,619,326 329,506 126,886 100,277 (854,10) 14,596,564
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476 116,470	\$ \$ \$ \$	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887 639,211 130,554	\$ \$ \$_ \$_	(18,752,094)  10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103  450,348 451,992 99,113 (24,651) 16,456,055	\$ \$ \$ \$	9,925,117 2,526,302 121,912 313,778 387,557 12 1,619,326 329,506 126,886 100,277 (854,103 14,596,564
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476 116,470 16,470,493	\$ \$ - \$ - \$ -	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887 639,211 130,554 - - 16,130,442	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103 450,348 451,992 99,113 (24,651) 16,456,055	\$ \$ \$ \$ \$ \$	9,925,117 2,526,302 121,912 313,778 387,557 12 1,619,326 329,506 126,886 100,277 (854,103 14,596,564 256 854,103 854,353
	8,988,258 2,555,696 276,472 223,727 438,853 190,653 3,086,888 593,476 116,470 - 16,470,493	\$ \$ \$ \$ \$	9,898,122 2,890,586 201,608 201,203 344,009 357,262 1,467,887 639,211 130,554 - - - 16,130,442	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	10,338,674 2,683,336 159,537 276,176 371,824 324,603 1,325,103 450,348 451,992 99,113 (24,651) 16,456,055	\$ \$ \$ \$ \$ \$	



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

Fiscal Year	 Property Tax	<u>-</u>	Local sales and use Tax	 Consumer Utility Tax	_	Motor Vehicle License Tax	. <u>-</u>	Recordation and Wills Tax	_	Total
2010	\$ 9,925,117	\$	2,526,302	\$ 387,557	\$	313,778	\$	121,912	\$	13,274,666
2009	10,338,674		2,683,336	371,824		276,176		159,537		13,829,547
2008	9,898,122		2,890,586	344,009		201,203		201,608		13,535,528
2007	8,988,258		2,555,696	438,853		223,727		276,472		12,483,006
2006	8,197,655		2,402,247	476,527		232,757		207,670		11,516,856
2005	6,335,709		2,258,289	474,912		231,477		162,805		9,463,192
2004	6,427,034		2,217,895	477,800		224,999		106,792		9,454,520
2003	6,180,542		2,019,229	463,849		211,787		92,022		8,967,429

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

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

		2001		2002		2003		2004	_	2005
General fund										
Reserved	\$	-	\$	78,096	\$	328,102	\$	383,489	\$	78,102
Unreserved	_	7,308,688		7,317,871	_	7,293,997	_	5,509,187		5,119,772
Total general fund	\$	7,308,688	\$	7,395,967	\$_	7,622,099	\$	5,892,676	\$	5,197,874
All other governmental funds										
Reserved	\$	-	\$	-	\$	-	\$	-	\$	-
Unreserved, reported in:										
Capital projects funds		755,996	_	1,190,891	_	1,622,573		1,649,621		806,100
Total all other governmental funds	\$	755,996	\$	1,190,891	\$	1,622,573	\$	1,649,621	\$	806,100

Table 4

_	2006		2007	 2008		2009	 2010
\$	- 6,009,170	\$	8,074 8,765,971	\$ 11,486 8,788,927	\$	12,078 9,207,233	\$ 1,106 8,774,360
\$_	6,009,170	\$_	8,774,045	\$ 8,800,413	\$_	9,219,311	\$ 8,775,466
\$	-	\$	61,153	\$ 174,097	\$	289,712	\$ 408,069
_	129,375		425,644	 77,047		377,012	 639,629
\$_	129,375	\$	486,797	\$ 251,144	\$	666,724	\$ 1,047,698

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

		2001		2002	2003	2004
Revenues			_			
General property taxes	\$	6,225,800	\$	6,079,463 \$	6,054,082 \$	6,330,673
Other local taxes		2,808,137		2,808,410	2,917,859	3,127,167
Permits, privilege fees and regulatory licenses		48,966		63,239	50,306	56,590
Fines and forfeitures		2,107		15,312	79,411	107,077
Revenue from use of money and property		764,259		598,207	454,866	422,119
Charges for services		810,167		807,846	813,667	813,430
Miscellaneous		67,092		34,931	176,139	84,915
Recovered costs		28,225		28,050	900	46,437
Intergovernmental:						
Commonwealth		4,218,447		4,344,252	4,720,867	4,403,526
Federal	_	1,612,154		1,019,173	951,214	1,259,490
Total revenues	\$	16,585,354	\$	15,798,883 \$	16,219,311 \$	16,651,424
Expenditures						
General government administration	\$	920,519	\$	1,078,789 \$	1,110,602 \$	1,136,088
Judicial administration		1,049,819		1,046,627	1,084,838	1,091,812
Public safety		1,863,432		2,271,557	2,056,274	2,252,676
Public works		1,235,853		1,230,497	1,318,370	1,958,893
Health and welfare		2,371,188		2,250,466	2,386,741	2,872,126
Education		4,961		5,215	6,157,120	6,433,828
Parks, recreation and cultural		122,040		157,526	166,063	252,780
Community development		356,377		321,141	339,302	600,203
Capital projects		1,616,236		368,481	296,641	893,222
Nondepartmental		-		-	-	-
Debt service						
Principal		316,773		527,039	531,491	540,477
Interest and other fiscal charges		504,319	_	351,881	339,055	321,694
Total expenditures	\$_	10,361,517	\$	9,609,219 \$	15,786,497 \$	18,353,799
Excess of revenues over (under) expenditures	\$_	6,223,837	\$	6,189,664 \$	432,814 \$	(1,702,375)
Other financing sources (uses)						
Transfers in	\$	590,148	\$	14,000 \$	13,625 \$	13,250
Transfers out		(6,284,859)		(5,985,525)	(13,625)	(13,250)
Issuance of debt	_	-	. <u> </u>	304,035	225,000	-
Total other financing sources (uses)	\$	(5,613,292)	\$	(5,667,490) \$	225,000 \$	<u>-</u>
Net change in fund balances	\$	610,545	\$	522,174 \$	657,814 \$	(1,702,375)
Debt service as a percentage of						
noncapital expenditures		9.39%		9.51%	5.62%	4.94%

Note: Does not include discretely presented component unit.

Table 5

_	2005	2006	_	2007	_	2008	_	2009	_	2010
\$	6,386,661 \$	8,201,124	\$	8,781,315	\$	9,869,179	\$	10,097,051	\$	9,911,626
	3,208,158	3,405,363		3,672,974		3,994,668		3,815,476		3,349,561
	51,368	93,202		107,344		100,805		106,200		86,207
	85,142	59,473		46,112		29,824		44,006		47,822
	427,756	493,044		593,477		639,211		450,348		329,506
	628,264	762,506		818,345		985,037		869,431		839,822
	167,979	45,126		1,674,879		201,265		1,041,105		231,167
	44,837	60,363		51,218		236,973		99,018		45,111
	5,043,573	5,171,085		5,079,154		5,744,492		5,674,148		5,432,928
_	1,156,441	1,190,522	_	1,392,823	_	1,290,645	_	1,313,858	_	1,458,448
\$_	17,200,179 \$	19,481,808	\$_	22,217,641	\$_	23,092,099	\$_	23,510,641	\$_	21,732,198
ċ	1 242 224 6	1 220 425	ċ	1 416 441	ċ	1 626 024	ċ	1 (20 (00 )	ċ	1 452 020
\$	1,243,224 \$	1,238,135	Þ	1,416,441 1,084,329	<b>&gt;</b>	1,626,034	<b>&gt;</b>	1,620,699	<b>&gt;</b>	1,453,038
	1,266,333 2,343,621	1,404,563 2,651,956		2,815,986		1,178,889 3,020,666		1,382,779 2,846,153		1,482,540 2,516,411
	1,582,784	1,688,418		1,723,931		2,033,140		1,864,186		1,786,034
	3,356,131	3,377,252		3,714,420		4,061,932		3,915,282		3,890,975
	6,270,528	6,600,608		6,669,651		7,749,894		7,446,574		7,451,833
	189,991	237,633		243,368		230,159		307,159		293,159
	455,360	449,727		501,123		1,018,825		1,409,598		478,134
	1,381,092	1,062,351		324,432		1,675,064		3,911,158		592,857
	-	-		-		1,517		-		136,046
	339,822	330,766		323,958		431,078		438,613		589,253
_	309,616	305,828	_	277,705	_	274,186		309,311		390,686
\$_	18,738,502 \$	19,347,237	\$_	19,095,344	\$_	23,301,384	\$_	25,451,512	\$_	21,060,966
\$_	(1,538,323) \$	134,571	\$_	3,122,297	\$_	(209,285)	\$_	(1,940,871)	\$_	671,232
\$	11,163 \$	_	ς	60,425	ς	310,153	ς	332,153	ς	110,153
Ÿ	(11,163)	-	Ÿ	(60,425)	7	(310,153)	Ÿ	(356,804)	7	(964,256)
_		-		-	. <u>-</u>	-	_	2,800,000	_	120,000
\$_	- \$	-	\$_	-	\$_	-	\$_	2,775,349	\$_	(734,103)
\$_	(1,538,323) \$	134,571	\$_	3,122,297	\$_	(209,285)	\$_	834,478	\$_	(62,871)
	3.74%	3.48%		3.21%		3.17%		3.06%		4.89%



General Governmental Tax Revenues by Source Last Ten Fiscal Years (modified accrual basis of accounting)

							Motor					
			Local sales		(	Consumer	Vehicle	Recordation			Gross	
Fiscal		Property	and use	Communication		Utility	License	and	E911	I	Receipts	
Year	_	Tax	Tax	Taxes (1)(2)	_	Tax (1)	Tax	Wills Tax	Tax (1)	_	Tax	Total
2010	\$	9,911,626 \$	2,526,302 \$	-	\$	297,025 \$	313,778 \$	121,912	\$ 12	\$	90,532 \$	13,261,187
2009		10,097,051	2,683,336	324,603		306,766	276,176	159,537	-		65,058	13,912,527
2008		9,869,179	2,890,586	357,262		281,464	201,203	201,608	-		-	13,801,302
2007		8,781,315	2,555,696	153,199		382,290	223,727	276,472	19,542		-	12,392,241
2006		8,201,124	2,402,247	-		476,527	232,757	207,670	33,792		-	11,554,117
2005		6,386,661	2,258,289	-		474,912	231,477	162,805	31,204		-	9,545,348
2004		6,330,673	2,217,895	-		477,800	224,999	106,792	47,294		-	9,405,453
2003		6,054,082	2,019,229	-		463,849	211,787	92,022	66,620		-	8,907,589
2002		6,079,463	1,958,214	-		442,177	211,526	73,902	66,361		-	8,831,643
2001		6,225,800	1,964,305	-		459,177	203,715	51,470	59,556		-	8,964,023

<sup>(1)</sup> Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commonwealth representing the respective share of the communication taxes.

<sup>(2)</sup> Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

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

Fiscal Year	 Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2010	\$ 1,528,365,240 \$	94,930,963 \$	10,293,720 \$	770,925
2009	1,042,385,745	104,258,239	12,209,314	879,950
2008	1,068,933,045	94,814,825	12,224,444	1,058,750
2007	1,024,107,050	93,758,150	11,698,180	1,714,300
2006	997,370,300	89,093,880	11,629,405	1,653,500
2005	959,147,690	78,767,055	12,733,114	4,208,100
2004	946,718,690	81,415,295	12,963,864	4,890,600
2003	670,116,679	78,911,086	11,803,479	4,580,050
2002	645,903,795	78,059,631	11,688,459	6,770,400
2001	624,380,855	73,982,080	11,349,709	4,098,050

<sup>(1)</sup> Real estate and personal property are assessed at 100% of fair market value.

Source: Commissioner of Revenue

<sup>(2)</sup> Assessed values are established by the State Corporation Commission.

_	Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	65,748,650 \$	67,095,810 \$	1,767,205,308 \$	1,767,205,308	100.00%
	50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%
	64,869,815	46,056,568	1,287,957,447	1,287,957,447	100.00%
	62,842,849	47,870,560	1,241,991,089	1,241,991,089	100.00%
	52,094,300	58,424,956	1,204,266,341	1,204,266,341	100.00%
	49,215,525	59,024,452	1,163,095,936	1,163,095,936	100.00%
	49,462,150	64,434,722	1,159,885,321	1,159,885,321	100.00%
	42,548,400	48,985,337	856,945,031	856,945,031	100.00%
	50,320,367	49,153,652	841,896,304	841,896,304	100.00%
	45,769,680	50,063,311	809,643,685	809,643,685	100.00%

Property Tax Rates (1) Direct Governments Last Ten Fiscal Years

## **Direct Rates**

Fiscal Years	 Real Estate	 Personal Property	 Mobile Homes	 Machinery and Tools	 Merchants' Capital
2010	\$ 0.40	\$ 4.50	\$ 0.40	\$ 4.20	\$ 0.70
2009	0.57	4.50	0.57	4.20	0.70
2008	0.57	4.50	0.57	4.20	0.70
2007	0.50	4.20	0.50	4.20	0.70
2006	0.50	4.20	0.50	4.20	0.70
2005	0.43	3.20	0.43	3.20	0.70
2004	0.43	3.20	0.43	3.20	0.70
2003	0.59	3.20	0.59	3.20	0.70
2002	0.59	3.20	0.59	3.20	0.70
2001	0.59	3.20	0.59	3.20	0.70

<sup>(1)</sup> Per \$100 of assessed value

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2010 \$	11,443,731 \$	10,682,795	93.35% \$	379,748 \$	11,062,543	96.67%\$	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%
2008	11,278,872	10,651,203	94.44%	277,008	10,928,211	96.89%	730,041	6.47%
2007	9,946,229	9,704,342	97.57%	215,446	9,919,788	99.73%	669,701	6.73%
2006	9,565,060	9,100,303	95.14%	316,083	9,416,386	98.45%	572,612	5.99%
2005	7,479,811	7,186,612	96.08%	271,698	7,458,310	99.71%	317,312	4.24%
2004	7,543,391	7,205,591	95.52%	238,777	7,444,368	98.69%	388,357	5.15%
2003	7,329,472	6,954,555	94.88%	355,504	7,310,059	99.74%	370,848	5.06%
2002	7,174,125	6,774,216	94.43%	303,613	7,077,829	98.66%	449,036	6.26%
2001	6,883,157	6,444,453	93.63%	342,510	6,786,963	98.60%	514,308	7.47%

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

<sup>(2)</sup> Includes twenty years real estate and four years personal property taxes.

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

Principal Property Taxpayers Current Year and the Period Nine Years Prior

		Fiscal Year	r 2010		Fiscal Year	2001
Taxpayer		2009 Assessed Valuation	% of Total Assessed Valuation		2000 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$	3,118,900	0.25%	\$	962,500	N/A
Southside Community Nursing		12,739,500	0.99%		5,562,700	N/A
Statewide Realty Co.		960,300	0.08%		1,820,100	N/A
Southgate Associates II		4,733,200	0.39%		4,130,600	N/A
Wright, Shelton		2,001,200	0.17%		1,268,200	N/A
Davis, Clyde J.		4,152,200	0.36%		3,849,400	N/A
Garnett, James		1,493,400	0.17%		1,351,900	N/A
Landon G. Atkins Revocable Trust		793,700	0.09%		3,880,800	N/A
Longwood Village Shopping Center		6,832,300	0.84%		7,076,700	N/A
Farmville Partners, LLC	_	4,778,400	0.61%	_	914,150	N/A
	\$_	41,603,100	3.96%	\$	30,817,050	N/A

Note: Information regarding total assssment for 2001 is unavailable.

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

			Governmenta	lΑ	ctivities		Business- Type Activities				
Fiscal Years	_	General Obligation Bonds	Literary Fund Loans		Other Notes/ Bonds	 Capital Leases	 Other Notes/ Bonds	_	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2010	\$	5,778,724	\$ - 9	\$	8,181,343	\$ -	\$ 2,500,000	\$	16,460,067	4.06%	736
2009		6,426,063	-		8,552,832	-	1,281,482		16,260,377	4.01%	745
2008		7,890,333	52,500		5,296,677	-	-		13,239,510	3.49%	623
2007		8,654,633	105,000		4,036,409	-	-		12,796,042	3.37%	614
2006		9,380,224	157,500		2,444,551	-	-		11,982,275	4.44%	587
2005		9,105,504	210,000		1,764,512	13,536	-		11,093,552	3.01%	581
2004		9,852,024	262,500		1,850,708	30,819	-		11,996,051	3.48%	615
2003		10,614,315	315,000		1,933,824	47,265	-		12,910,404	3.82%	659
2002		11,390,182	458,300		2,010,352	62,916	-		13,921,750	4.14%	706
2001		12,171,702	601,600		2,093,547	77,810	-		14,944,659	4.66%	747

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

<sup>(1)</sup> See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	 Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2010	\$ 11,170,767 \$	406,089 \$	10,764,678	0.61%	481
2009	12,049,678 \$	301,790 \$	11,747,888	0.94%	538
2008	10,059,690	174,097	9,885,593	0.77%	453
2007	10,876,490	69,227	10,807,263	0.87%	508
2006	11,982,275	-	11,982,275	0.96%	575
2005	11,080,017	-	11,080,017	0.95%	580
2004	11,965,235	-	11,965,235	1.03%	614
2003	13,540,048	-	13,540,048	1.58%	691
2002	14,768,495	-	14,768,495	1.75%	749
2001	15,394,882	-	15,394,882	1.90%	770

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

<sup>(2)</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

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

Demographic and Economic Statistics Last Ten Fiscal Years

			Per Capita			
Fiscal Year	Population	Personal Income (1)	Personal Income (1)	Median Age	School Enrollment	Unemploy- ment Rate
2010	22,370 \$	405,000,000 \$	18,105	31.4	2,666	9.30%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%
2008	21,254	379,316,000	18,557	31.9	2,548	6.20%
2007	20,846	379,316,000	18,557	31.9	2,577	5.20%
2006	19,100	368,157,000	17,971	31.5	2,621	5.20%
2005	19,500	344,234,000	17,653	31.5	2,617	3.90%
2004	19,600	338,059,000	17,248	31.5	2,624	3.40%
2003	19,720	336,641,000	17,071	31.9	2,616	4.00%
2002	20,000	320,610,000	16,031	31.9	2,649	5.80%
2001	20,200	306,255,000	15,161	31.9	2,669	5.90%

Souce: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

<sup>(1)</sup> Information is not updated annually

Full-time Equivalent Government Employees by Function Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005
General government	18.0	18.0	18.0	18.0	18.0
Judicial administration	19.0	19.0	18.0	19.0	21.0
Public safety					
Sheriffs department	24.0	22.0	25.0	25.0	25.0
Animal control	1.0	1.0	1.0	2.0	2.0
Building official	-	-	-	-	-
Public works					
General maintenance	7.0	7.0	7.0	7.0	7.0
Refuse Collection & Disposal	2.0	2.0	2.0	2.0	2.0
Biosolids	-	-	-	-	-
Health and welfare					
Department of social services	29.0	30.0	32.0	31.0	30.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development	1.0	1.0	-	1.0	1.0
Planning	1.0	1.0	1.0	1.0	1.0
Economic Development	-	-	-	1.0	1.0
Cannery	-	-	-	1.5	1.5
Extension	1.0	1.0	1.0		
Totals	103.0	102.0	105.0	108.5	109.5

Source: Individual County departments

Table 14

2006	2007	2008	2009	2010
19.0	17.0	17.0	17.0	17.0
23.0	25.0	25.0	25.0	22.5
26.0	30.5	30.5	30.5	31.0
2.0	2.0	2.0	2.0	2.0
-	2.0	2.0	2.0	2.0
7.0	7.5	7.5	7.5	6.5
2.0	15.5	15.5	15.5	13.0
-	1.0	1.0	1.0	1.0
31.0	31.0	31.0	31.0	32.0
-		-	-	-
1.0	-	-	-	-
1.0	2.0	2.0	2.0	2.0
1.0	1.5	2.0	2.0	2.0
1.5	1.5	1.5	1.5	1.5
<u> </u>	1.0	1.0	1.0	1.0
114.5	137.5	138.0	138.0	133.5

Operating Indicators by Function Last Ten Fiscal Years (1)

Function	2001	2002	2003	2004	2005
Public safety					
Sheriffs department:					
Physical arrests	-	-	-	628.0	825.0
Civil papers	-	-	-	13,894.0	9,982.0
Building inspections:					
Permits issued (2)	352.0	386.0	301.0	360.0	322.0
Public works					
Landfill:					
Refuse collected (tons/day)	80.1	78.3	80.6	90.0	70.5
Recycling (tons/day)	5.4	5.1	4.3	9.3	10.3
Health and welfare					
Department of Social Services:					
Caseload	-	-	3,835.0	4,735.0	5,194.0
Community development					
Planning:					
Zoning permits issued	-	-	-	-	266.0
Component Unit - School Board					
Education:					
Number of teachers	213.0	216.0	212.0	211.0	232.0
Local expenditures per pupil	-	-	-	-	-

Source: Individual County departments

<sup>(1)</sup> Information has been reported where available.

<sup>(2)</sup> The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2006	2007	2008	2009	2010
1,167.0	1,127.0	1,629.0	2,164.0	1,396.0
9,660.0	9,700.0	7,718.0	9,890.0	9,124.0
420.0	446.0		70.4.0	
430.0	416.0	558.0	784.0	642.0
76.9	91.0	89.0	80.0	78.0
12.0	11.0	9.0	13.0	13.0
5,114.0	5,298.0	7,065.0	8,100.0	8,817.0
246.0	242.0	194.0	119.0	112.0
238.0	229.5	235.7	228.0	224.0
2,506.2	2,623.0	2,840.0	2,718.0	2,858.0







# 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 Prince Edward, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Prince Edward, Virginia's basic financial statements and have issued our report thereon dated December 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## Internal Control over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether County of Prince Edward, 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, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Charlottesville, Virginia

Robinson, Jarmer, Car Associates

December 28, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Honorable Members of the Board of Supervisors County of Prince Edward, Virginia

### Compliance

We have audited County of Prince Edward, 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 Prince Edward, Virginia's major federal programs for the year ended June 30, 2010. County of Prince Edward, 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 Prince Edward, Virginia's management. Our responsibility is to express an opinion on County of Prince Edward, 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 Prince Edward, 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 Prince Edward, Virginia's compliance with those requirements.

In our opinion, County of Prince Edward, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of County of Prince Edward, 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 Prince Edward, 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 Prince Edward, 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.

Charlottesville, Virginia December 28, 2010

Polinson, Farmer, Car Associates

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	<u>E</u>	Federal xpenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting safe and stable families	93.556	0950109/0950110	\$	10,854
Temporary Assistance to Needy Families (TANF)	93.558	0400109/0400110		242,530
Refugee and Entrant Assistance - state administered programs	93.566	0500109/0500110		711
Low-income Home Energy Assistance	93.568	0600409/0600410		14,997
Child Care and Development Cluster:				
Child Care and Development Block Grant	93.575	0770109/0770110		94,039
Child Care Mandatory and Matching Funds of the Child Care and				
Development Fund	93.596	0760109/0760110		98,576
ARRA - Child care and development block grant	93.713	0740109/0780109		36,968
Chafee Education and Training Vouchers Program	93.599	09160108		1,664
Child Welfare Services - State Grants	93.645	0900109/0900110		631
Foster Care - Title IV-E	93.658	1100109/1100110		147,550
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110		10,563
Adoption Assistance	93.659	1120109/1120110		45,317
ARRA - Adoption Assistance	93.659	1120109/1120110		4,130
Social Services Block Grant	93.667	1000109/1000110		74,400
Chafee Foster Care Independence Program	93.674	9150109/9150110		2,396
Children's Health Insurance Program	93.767	0540109/0540110		14,254
Medical Assistance Program	93.778	1200109/1200110	_	180,782
Total Department of Health and Human Services			\$_	980,362
Pass Through Payments:				
Department of Agriculture:				
Food Distribution - Child Nutrition Cluster	10.555	10.555/2010	\$	98,235
Department of Education:				
Child Nutrition Cluster:				
National school breakfast program	10.553	10.553/2010		175,698
National school lunch program	10.555	10.555/2010		600,080
Fresh fruits and vegetables program	10.582	10.582/2010		64,277
Department of Carial Comisses				
Department of Social Services:		0010109/0010110		
State Administrative Matching Grants for the Supplemental Nutrition	10 E41	0040109/0040110		220 242
Assistance Program	10.561	0010109/0010110		320,313
ARRA - State Administrative Matching Grants for the Supplemental	10 541	0040109/0040110		10 540
Nutrition Assistance Program	10.561	004010970040110	_	10,560
Total Department of Agriculture			\$_	1,269,163
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
Payments in Lieu of Taxes	15.226		\$_	66,672
Total Department of the Interior			\$_	66,672

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	<u>E</u>	Federal xpenditures
Department of Justice:				
Direct payments: Bulletproof Vest Partnership Program	16.607		\$	588
Pass Through Payments: Department of Criminal Justice Services: ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	09SUB9033	\$	52,123
Total Department of Justice			\$	52,711
Department of Transportation: Pass through payments: National Highway Traffic Safety Administration (NHTSA): Alcohol open container requirements	20.607	154AL 10 50221	\$	18,394
Total Department of Transportation - pass-through			\$	18,394
Department of Homeland Security Pass Through Payments: Department of Homeland Security: Emergency Management Performance Grant	97.042	n/a	\$_	9,436
Total Department of Homeland Security			\$	9,436
Department of Education: Pass Through Payments: Department of Education: Title I, part A Cluster: Title I: Grants to local educational agencies ARRA - Title I: Grants to local educational agencies	84.010 84.389	S010A080046 S389A090046	\$	986,659 181,738
Title I: State agency program for neglected and delinquent children Special Education Cluster: Special education grants to states	84.013 84.027	S013A080046 H027A090107		92,570 711,167
ARRA - Special education grants to states Special education - preschool grants ARRA - Special education - preschool grants Career and Technical Education: Basic grants to states Safe and Drug-free schools and communities - state grants Twenty-first century community learning centers State grants for innovative programs Improving teacher quality state grant ARRA - State fiscal stabilization fund - education state grants JROTC	84.391 84.392 84.048 84.186 84.287 84.298 84.367 84.394 84.000	H391A090107 H173A090112 H392A090112 V047A090046 Q186A070048 S287C090047 S298A070047 S367A080044 S394A090047 n/a	_	297,267 19,728 12,304 137,278 11,141 24,679 6,941 105,251 1,575,360 61,830
Total Department of Education			\$_	4,223,913
Total Expenditures of Federal Awards			\$	6,620,651

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

#### Note 1 - General

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

#### Note 2 - Basis of Accounting

of Federal Awards

- (1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-81, *Cost Principles for State*, *Local*, *and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

### Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund	\$	1,458,448
Total primary government	\$_	1,458,448
Component Unit Public Schools:		
School Operating Fund	\$	4,223,913
School Cafeteria Fund	_	938,290
Total component unit public schools	\$	5,162,203
Total federal expenditures per basic financial	_	
statements	\$_	6,620,651
Total federal expenditures per the Schedule of Expenditures		

6,620,651

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

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

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?

Identification of major programs:

CFDA #	CFDA # Name of Federal Program or Cluster				
	SNAP Cluster:				
10.561	State administrative matching grants for the supplemental nutrition assistance program				
10.561	ARRA - State administrative matching grants for the				
	supplemental nutrition assistance program - ARRA				
	Title I, part A Cluster:				
84.010	Title I: Grants to local educational agencies				
84.389	ARRA - Title I: Grants to local educational agencies				
	Special Education Cluster:				
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				
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants				

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?

### 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 Federal Award Findings and Questioned Costs

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