



COUNTY
OF
SHENANDOAH, VIRGINIA

FINANCIAL REPORT

YEAR ENDED
JUNE 30, 2010

COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

**COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

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INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF SHENANDOAH, 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 Shenandoah, 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 Shenandoah, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Shenandoah, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2010 on our consideration of the County of Shenandoah, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison schedule, and schedules of funding progress as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis and schedules of funding progress. However, we did not audit the information and express no opinion on it.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 26, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$14,920,572 (net assets). Of this amount, \$6,609,116 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$14,920,572, a decrease of \$1,967,800 in comparison with the prior year. Approximately sixty-four percent of this total amount, \$9,520,866 is available for spending at the Shenandoah's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,520,866 or 17.5% percent of total general fund expenditures.
- The County of Shenandoah, Virginia's total debt increased by \$12,876,442 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, parks and recreation and cultural, and community development. Business-type activities of the County include the Toms Brook-Maurertown Sanitary District and the Stoney Creek Sanitary District.

Overview of the Financial Statements (Continued)

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

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

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

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

The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, both of which are considered to be major funds. Data from the other five government funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds - The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Toms Brook-Maurertown Sanitary District and Stoney Creek Sanitary District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Toms Brook-Maurertown Sanitary District and Stoney Creek Sanitary District, both of which are considered to be major funds of the County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report.

Overview of the Financial Statements (Continued)

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

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in the connection with non-major governmental funds are also presented as required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$14,920,572 at the close of the end of the fiscal year. The County's net assets are divided into three categories: (1) invested in capital assets, net of debt; (2) restricted; and (3) unrestricted.

Shenandoah County's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 53 percent of total net assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 51,002,642	\$ 26,133,194	\$ 1,987,956	\$ 2,192,658	\$ 52,990,598	\$ 28,325,852
Capital assets	<u>44,366,614</u>	<u>42,000,707</u>	<u>5,492,735</u>	<u>5,370,386</u>	<u>49,859,349</u>	<u>47,371,093</u>
Total assets	<u>\$ 95,369,256</u>	<u>\$ 68,133,901</u>	<u>\$ 7,480,691</u>	<u>\$ 7,563,044</u>	<u>\$ 102,849,947</u>	<u>\$ 75,696,945</u>
Long-term liabilities outstanding	\$ 65,691,405	\$ 52,188,208	\$ 2,490,599	\$ 2,765,209	\$ 68,182,004	\$ 54,953,417
Current liabilities	<u>19,265,966</u>	<u>3,621,774</u>	<u>481,405</u>	<u>233,382</u>	<u>19,747,371</u>	<u>3,855,156</u>
Total liabilities	<u>\$ 84,957,371</u>	<u>\$ 55,809,982</u>	<u>\$ 2,972,004</u>	<u>\$ 2,998,591</u>	<u>\$ 87,929,375</u>	<u>\$ 58,808,573</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 4,902,912	\$ 3,525,823	\$ 3,093,376	\$ 2,686,610	\$ 7,996,288	\$ 6,212,433
Restricted	315,168	315,168	-	59,736	315,168	374,904
Unrestricted	<u>5,193,805</u>	<u>8,482,928</u>	<u>1,415,311</u>	<u>1,818,107</u>	<u>6,609,116</u>	<u>10,301,035</u>
Total net assets	<u>\$ 10,411,885</u>	<u>\$ 12,323,919</u>	<u>\$ 4,508,687</u>	<u>\$ 4,564,453</u>	<u>\$ 14,920,572</u>	<u>\$ 16,888,372</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets, both for the County as a whole and for its separate governmental and business-type activities.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities decreased the County's net assets by \$1,912,034. Key elements of this increase are as follows:

County of Shenandoah, Virginia's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,765,848	\$ 2,795,620	\$ 1,446,521	\$ 1,468,721	\$ 4,212,369	\$ 4,264,341
Operating grants and contributions	8,116,656	9,364,373	-	-	8,116,656	9,364,373
Capital grants and contributions	-	-	175,383	307,694	175,383	307,694
General Revenues:						
Property taxes	31,119,938	30,598,287	541,459	522,155	31,661,397	31,120,442
Other local taxes	6,154,087	6,524,847	-	-	6,154,087	6,524,847
Other	4,419,929	4,505,506	135,620	155,977	4,555,549	4,661,483
Total revenues	\$ 52,576,458	\$ 53,788,633	\$ 2,298,983	\$ 2,454,547	\$ 54,875,441	\$ 56,243,180
Expenses:						
General government	\$ 2,694,098	\$ 2,817,148	\$ -	\$ -	\$ 2,694,098	\$ 2,817,148
Judicial administration	1,563,538	1,686,886	-	-	1,563,538	1,686,886
Public safety	11,327,324	11,121,538	-	-	11,327,324	11,121,538
Public works	3,669,994	5,686,960	-	-	3,669,994	5,686,960
Health and welfare	6,147,406	6,331,863	-	-	6,147,406	6,331,863
Education	24,147,779	27,122,413	-	-	24,147,779	27,122,413
Parks, recreation and culture	1,820,175	1,465,416	-	-	1,820,175	1,465,416
Community development	965,207	1,151,216	-	-	965,207	1,151,216
Interest	2,152,971	2,003,040	-	-	2,152,971	2,003,040
Business-type activities	-	-	2,354,749	2,600,989	2,354,749	2,600,989
Total expenses	\$ 54,488,492	\$ 59,386,480	\$ 2,354,749	\$ 2,600,989	\$ 56,843,241	\$ 61,987,469
Increase (decrease) in net assets	\$ (1,912,034)	\$ (5,597,847)	\$ (55,766)	\$ (146,442)	\$ (1,967,800)	\$ (5,744,289)
Net assets-beginning	12,323,919	17,921,766	4,564,453	4,710,895	16,888,372	22,632,661
Net assets-ending	\$ 10,411,885	\$ 12,323,919	\$ 4,508,687	\$ 4,564,453	\$ 14,920,572	\$ 16,888,372

- Property taxes increased \$521,651 during the year. In FY10, the County completed a reassessment, which adjusted assessments and the corresponding tax rate from \$0.51 to \$0.47. In addition, public service corporation(s) generated additional tax revenue. The housing market has continued to decline.
- Other local taxes decreased by \$370,760 and were primarily from losses in sales taxes.
- Other revenues decreased by \$85,577.
- Operating grants and contributions decreased \$1,247,717. This was primarily the result of several large Department of Justice grants which concluded in FY09.

Government-wide Financial Analysis (Continued)

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

Business-type activities. Business-type activities decreased the Shenandoah County Government's net assets by \$55,766. This was a decrease of \$155,564 from the previous fiscal year. Key elements of this increase are as follows.

Stoney Creek Sanitary District had a decline in the number of connection fees as residential growth slowed in the Bayse area. In addition, charges for services decreased by \$22,200 and capital gains and contribution declined by \$132,311.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,470,562 an increase of \$8,311,854 in comparison with the prior year. Approximately thirty-two percent of the total fund balance, \$9,520,866 constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it is committed to various County projects.

The general fund is the operating fund of the County. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$9,520,866, while the total fund balance was \$10,747,591. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 17.5 percent of total general fund expenditures, while total fund balance represents 54.1 percent of that same amount.

The general fund balance decreased \$ 874,206 during the current fiscal year.

The capital projects fund has a total fund balance of \$18,057,082, all of which is reserved for future capital projects. Of this fund balance, \$8,000,000 is considered the "rainy day" fund. The remaining fund balance is designated for the construction of the new Courthouse and Human Services buildings.

Proprietary funds. The Shenandoah County Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Authority at the end of the year amounted to \$1,415,311. Overall, net assets decreased \$402,796 from the previous year. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Shenandoah County Government's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$7,023,897 increase in appropriations) and can be briefly summarized as follows:

- \$353,433 increases in public safety expenditures from Department of Justice grants and funding for roadside safety checks.
- \$792,761 increases in education expenditures which was primarily the result of FY09 fund balance returned to schools to encourage teacher retirements to reduce expenditures in FY10.
- \$5,649,211 increases capital projects, which includes the Courthouse and Human Services buildings and the Fire Training Center.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2010 amounts to \$44,366,614 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was \$2,681,075.

County of Shenandoah, Virginia's Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 1,831,189	\$ 1,831,189	\$ 121,298	\$ 121,298	\$ 1,952,487	\$ 1,952,487
Building and improvements	40,459,506	42,430,727	-	-	40,459,506	42,430,727
Utility plant in service	-	-	16,436,767	15,821,780	16,436,767	15,821,780
Equipment	11,425,330	10,547,477	-	-	11,425,330	10,547,477
Construction in progress	<u>6,359,917</u>	<u>1,657,767</u>	<u>169,267</u>	<u>298,992</u>	<u>6,529,184</u>	<u>1,956,759</u>
Subtotal	<u>\$ 60,075,942</u>	<u>\$ 56,467,160</u>	<u>\$ 16,727,332</u>	<u>\$ 16,242,070</u>	<u>\$ 76,803,274</u>	<u>\$ 72,709,230</u>
Less:						
accumulated depreciation	<u>(15,709,328)</u>	<u>(14,781,621)</u>	<u>(11,234,597)</u>	<u>(10,871,684)</u>	<u>(26,943,925)</u>	<u>(25,653,305)</u>
Net capital assets	<u>\$ 44,366,614</u>	<u>\$ 41,685,539</u>	<u>\$ 5,492,735</u>	<u>\$ 5,370,386</u>	<u>\$ 49,859,349</u>	<u>\$ 47,055,925</u>

Additional information on the County's capital assets can be found in Note 9.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$57,623,933. The bonded debt outstanding comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt increased by \$12,876,442.

Additional information on the County of Shenandoah, Virginia's long-term debt can be found in Note 12 of this report.

Economic Factors and Next Year's Budgets and Rates

- The June 2010 unemployment rate for the County was 8.3 percent, which is a decrease from a rate of 8.8 percent in June 2009. This compares unfavorably to the region's average unemployment rate of 7.6 and the state average of 7.1 percent but is lower than the national average rate of 9.6 percent
- Despite low interest rates for home mortgages, the residential building market has continued to decline.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

The proposed FY11 budget was \$92,538,675 which is less than the amended FY10 budget of \$100,361,543 and it reflects a plan to balance increasing needs in a year of declining revenues. It is well documented that significant portions of the state's budget woes have been passed onto the localities.

Requests for Information

This financial report is designed to provide a general overview of the County of Shenandoah, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Shenandoah Administration, 600 N. Main Street; Suite 102, Woodstock, Virginia 22664.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Assets
June 30, 2010

Exhibit 1

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	Library
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 15,260,283	\$ 1,062,116	\$ 16,322,399	\$ 5,964,228	\$ 240,352
Cash in custody of others	29,847	-	29,847	-	10,623
Receivables (net of allowance for uncollectibles):					
Taxes receivable	17,608,096	385,346	17,993,442	-	-
Accounts receivable	647,729	233,154	880,883	1,237,942	14,205
Due from other funds	124,186	173,924	298,110	-	-
Due from component unit	2,738,108	-	2,738,108	-	-
Due from other governmental units	2,004,158	-	2,004,158	1,275,516	-
Inventories	-	-	-	86,254	-
Prepaid items	150,589	34,648	185,237	13,151	9,707
Deposits	-	-	-	5,000	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	12,229,619	60,035	12,289,654	-	-
Bond issue costs (net of amortization)	210,027	38,733	248,760	-	-
Capital assets (net of accumulated depreciation):					
Land	1,831,189	121,298	1,952,487	5,634,105	-
Buildings and system	32,150,200	-	32,150,200	31,498,540	229,930
Utility plant in service	-	5,202,170	5,202,170	-	-
Machinery and equipment	4,025,308	-	4,025,308	1,606,021	46,309
Construction in progress	6,359,917	169,267	6,529,184	-	-
Total assets	<u>\$ 95,369,256</u>	<u>\$ 7,480,691</u>	<u>\$ 102,849,947</u>	<u>\$ 47,320,757</u>	<u>\$ 551,126</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,575,758	\$ 47,566	\$ 2,623,324	\$ 5,025,735	\$ 5,623
Accrued interest payable	913,221	18,790	932,011	-	-
Due to other funds	170,565	127,545	298,110	-	-
Due to primary government	-	-	-	2,738,108	-
Unearned revenue	15,606,422	276,554	15,882,976	-	-
Deposits payable	-	10,950	10,950	-	-
Long-term liabilities:					
Due within one year	4,093,050	293,195	4,386,245	-	-
Due in more than one year	61,598,355	2,197,404	63,795,759	1,383,155	-
Total liabilities	<u>\$ 84,957,371</u>	<u>\$ 2,972,004</u>	<u>\$ 87,929,375</u>	<u>\$ 9,146,998</u>	<u>\$ 5,623</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 4,902,912	\$ 3,093,376	\$ 7,996,288	\$ 38,738,666	\$ 276,239
Restricted for:					
Debt service	315,168	-	315,168	-	-
Unrestricted (deficit)	5,193,805	1,415,311	6,609,116	(564,907)	269,264
Total net assets	<u>\$ 10,411,885</u>	<u>\$ 4,508,687</u>	<u>\$ 14,920,572</u>	<u>\$ 38,173,759</u>	<u>\$ 545,503</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,694,098	\$ 23,382	\$ 327,359	\$ -
Judicial administration	1,563,538	269,943	674,848	-
Public safety	11,327,324	122,681	3,513,197	-
Public works	3,669,961	1,005,193	15,276	-
Health and welfare	6,147,406	-	3,580,976	-
Education	24,147,779	469,308	-	-
Parks, recreation, and cultural	1,820,208	534,855	5,000	-
Community development	965,207	340,486	-	-
Interest on long-term debt	2,152,971	-	-	-
Total governmental activities	<u>\$ 54,488,492</u>	<u>\$ 2,765,848</u>	<u>\$ 8,116,656</u>	<u>\$ -</u>
Business-type activities:				
Sanitary Districts	\$ 2,354,749	\$ 1,446,521	\$ -	\$ 175,383
Total business-type activities	<u>2,354,749</u>	<u>1,446,521</u>	<u>-</u>	<u>175,383</u>
Total primary government	<u>\$ 56,843,241</u>	<u>\$ 4,212,369</u>	<u>\$ 8,116,656</u>	<u>\$ 175,383</u>
COMPONENT UNITS:				
School Board	\$ 60,083,175	\$ 2,903,818	\$ 36,014,073	\$ 416,527
Library	932,780	34,348	914,820	-
Total component units	<u>\$ 61,015,955</u>	<u>\$ 2,938,166</u>	<u>\$ 36,928,893</u>	<u>\$ 416,527</u>

General revenues:
General property taxes
Local sales tax
Consumer utility taxes
Motor vehicle licenses
Tax on recordation and wills
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Gain (loss) on sale of capital assets
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Library	
\$ (2,343,357)	\$ -	\$ (2,343,357)	\$ -	\$ -	
(618,747)	-	(618,747)	-	-	
(7,691,446)	-	(7,691,446)	-	-	
(2,649,492)	-	(2,649,492)	-	-	
(2,566,430)	-	(2,566,430)	-	-	
(23,678,471)	-	(23,678,471)	-	-	
(1,280,353)	-	(1,280,353)	-	-	
(624,721)	-	(624,721)	-	-	
(2,152,971)	-	(2,152,971)	-	-	
<u>\$ (43,605,988)</u>	<u>\$ -</u>	<u>\$ (43,605,988)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (732,845)	\$ (732,845)	\$ -	\$ -	
-	(732,845)	(732,845)	-	-	
<u>\$ (43,605,988)</u>	<u>\$ (732,845)</u>	<u>\$ (44,338,833)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (20,748,757)	\$ -	
-	-	-	-	16,388	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,748,757)</u>	<u>\$ 16,388</u>	
\$ 31,119,938	\$ 541,459	\$ 31,661,397	\$ -	\$ -	
2,909,578	-	2,909,578	-	-	
1,995,591	-	1,995,591	-	-	
815,279	-	815,279	-	-	
325,862	-	325,862	-	-	
107,777	-	107,777	-	-	
121,661	21,019	142,680	2,737	539	
455,690	112,711	568,401	170,945	8,714	
3,842,578	-	3,842,578	22,628,380	8,798	
-	1,890	1,890	-	-	
<u>\$ 41,693,954</u>	<u>\$ 677,079</u>	<u>\$ 42,371,033</u>	<u>\$ 22,802,062</u>	<u>\$ 18,051</u>	
\$ (1,912,034)	\$ (55,766)	\$ (1,967,800)	\$ 2,053,305	\$ 34,439	
12,323,919	4,564,453	16,888,372	36,120,454	511,064	
<u>\$ 10,411,885</u>	<u>\$ 4,508,687</u>	<u>\$ 14,920,572</u>	<u>\$ 38,173,759</u>	<u>\$ 545,503</u>	

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FUND FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
 Balance Sheet
 Governmental Funds
 June 30, 2010

Exhibit 3

	Primary Government			Total Governmental Funds
	General	Capital Projects	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 6,935,620	\$ 7,665,537	\$ 659,126	\$ 15,260,283
Cash in custody of others	29,847	-	-	29,847
Receivables (net of allowance for uncollectibles):				
Taxes receivable	17,608,096	-	-	17,608,096
Accounts receivable	640,966	-	6,763	647,729
Due from other funds	124,186	-	-	124,186
Due from component unit	2,738,108	-	-	2,738,108
Due from other governmental units	1,984,401	19,757	-	2,004,158
Prepaid items	150,589	-	-	150,589
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	315,168	11,914,451	-	12,229,619
Total assets	<u>\$ 30,526,981</u>	<u>\$ 19,599,745</u>	<u>\$ 665,889</u>	<u>\$ 50,792,615</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,033,095	\$ 1,542,663	\$ -	\$ 2,575,758
Due to other funds	170,565	-	-	170,565
Deferred revenue	18,575,730	-	-	18,575,730
Total liabilities	<u>\$ 19,779,390</u>	<u>\$ 1,542,663</u>	<u>\$ -</u>	<u>\$ 21,322,053</u>
Fund balances:				
Unreserved, reported in:				
General fund-undesignated	\$ 9,520,866	\$ -	\$ -	\$ 9,520,866
General fund-designated	1,226,725	-	-	1,226,725
Special revenue funds	-	-	566,016	566,016
Capital projects funds	-	18,057,082	99,873	18,156,955
Total fund balances	<u>\$ 10,747,591</u>	<u>\$ 18,057,082</u>	<u>\$ 665,889</u>	<u>\$ 29,470,562</u>
Total liabilities and fund balances	<u>\$ 30,526,981</u>	<u>\$ 19,599,745</u>	<u>\$ 665,889</u>	<u>\$ 50,792,615</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2010

Exhibit 4

Primary
Government

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	29,470,562
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		44,366,614
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		3,179,335
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(66,604,626)</u>
Net assets of governmental activities	\$	<u>10,411,885</u>

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

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

Exhibit 5

	Primary Government				Total Governmental Funds
	General	Debt Service	Capital Projects	Other Governmental Funds	
REVENUES					
General property taxes	\$ 30,805,595	\$ -	\$ -	\$ -	\$ 30,805,595
Other local taxes	6,154,087	-	-	-	6,154,087
Permits, privilege fees, and regulatory licenses	340,486	-	-	-	340,486
Fines and forfeitures	114,651	-	-	-	114,651
Revenue from the use of money and property	99,287	-	22,364	10	121,661
Charges for services	2,197,908	-	-	112,803	2,310,711
Miscellaneous	375,122	-	76,856	3,712	455,690
Recovered costs	312,420	-	-	-	312,420
Intergovernmental revenues:					
Commonwealth	10,116,001	-	-	-	10,116,001
Federal	1,632,754	-	210,479	-	1,843,233
Total revenues	\$ 52,148,311	\$ -	\$ 309,699	\$ 116,525	\$ 52,574,535
EXPENDITURES					
Current:					
General government administration	\$ 2,637,070	\$ -	\$ -	\$ -	\$ 2,637,070
Judicial administration	1,553,936	-	-	-	1,553,936
Public safety	10,965,435	-	-	-	10,965,435
Public works	2,686,143	-	-	33	2,686,176
Health and welfare	6,127,943	-	-	-	6,127,943
Education	21,303,551	-	-	-	21,303,551
Parks, recreation, and cultural	1,669,471	-	-	110,572	1,780,043
Community development	965,488	-	-	-	965,488
Nondepartmental	196,308	-	-	-	196,308
Capital projects	754,474	-	6,008,469	-	6,762,943
Debt service:					
Principal retirement	1,081,421	3,349,515	-	-	4,430,936
Interest and other fiscal charges	210,495	1,664,714	575,596	-	2,450,805
Total expenditures	\$ 50,151,735	\$ 5,014,229	\$ 6,584,065	\$ 110,605	\$ 61,860,634
Excess (deficiency) of revenues over (under) expenditures	\$ 1,996,576	\$ (5,014,229)	\$ (6,274,366)	\$ 5,920	\$ (9,286,099)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 1,046,622	\$ 5,014,229	\$ -	\$ 18,125	\$ 6,078,976
Transfers out	(5,032,354)	-	(1,046,622)	-	(6,078,976)
Issuance of general obligation bonds	-	-	15,760,000	-	15,760,000
Premium on long term debt	-	-	723,003	-	723,003
Capital leases	452,301	-	-	-	452,301
Issuance of notes payable	662,649	-	-	-	662,649
Total other financing sources and uses	\$ (2,870,782)	\$ 5,014,229	\$ 15,436,381	\$ 18,125	\$ 17,597,953
Net change in fund balances	\$ (874,206)	\$ -	\$ 9,162,015	\$ 24,045	\$ 8,311,854
Fund balances - beginning	11,621,797	-	8,895,067	641,844	21,158,708
Fund balances - ending	\$ 10,747,591	\$ -	\$ 18,057,082	\$ 665,889	\$ 29,470,562

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

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

Exhibit 6

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 8,311,854
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.	2,681,075
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	314,343
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.	(13,122,473)
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.	<u>(96,833)</u>
Change in net assets of governmental activities	\$ <u><u>(1,912,034)</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Assets
Proprietary Funds
June 30, 2010

Exhibit 7

	Enterprise Funds		
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 669,979	\$ 392,137	\$ 1,062,116
Taxes receivable, net of allowances for uncollectibles	355,118	30,228	385,346
Accounts receivable, net of allowances for uncollectibles	171,113	62,041	233,154
Due from other funds	156,696	17,228	173,924
Prepaid items	25,102	9,546	34,648
Total current assets	<u>\$ 1,378,008</u>	<u>\$ 511,180</u>	<u>\$ 1,889,188</u>
Noncurrent assets:			
Designated cash-septage	\$ -	\$ 60,035	\$ 60,035
Bond issue costs, net of amortization	-	38,733	38,733
Capital assets:			
Land	37,251	84,047	121,298
Utility plant in service	10,079,895	6,356,873	16,436,768
Construction in progress	169,267	-	169,267
Less accumulated depreciation	<u>(7,199,329)</u>	<u>(4,035,269)</u>	<u>(11,234,598)</u>
Total noncurrent assets	<u>\$ 3,087,084</u>	<u>\$ 2,504,419</u>	<u>\$ 5,591,503</u>
Total assets	<u>\$ 4,465,092</u>	<u>\$ 3,015,599</u>	<u>\$ 7,480,691</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 30,313	\$ 17,253	\$ 47,566
Accrued interest payable	16,853	1,937	18,790
Due to other funds	-	127,545	127,545
Unearned revenue	251,394	25,160	276,554
Deposits payable	3,800	7,150	10,950
Long-term liabilities:			
Due within one year	233,899	59,296	293,195
Due in more than one year	1,385,509	811,895	2,197,404
Total liabilities	<u>\$ 1,921,768</u>	<u>\$ 1,050,236</u>	<u>\$ 2,972,004</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,533,801	\$ 1,559,575	\$ 3,093,376
Unrestricted	1,009,523	405,788	1,415,311
Total net assets	<u>\$ 2,543,324</u>	<u>\$ 1,965,363</u>	<u>\$ 4,508,687</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit 8

	Enterprise Funds		
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	Total
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 380,672	\$ 206,495	\$ 587,167
Sewer sales	491,525	323,601	815,126
Septage income	-	44,228	44,228
Total operating revenues	<u>\$ 872,197</u>	<u>\$ 574,324</u>	<u>\$ 1,446,521</u>
OPERATING EXPENSES			
Treatment and purification	\$ 504,638	\$ 257,805	\$ 762,443
Maintenance	196,041	105,032	301,073
Administration	447,270	161,367	608,637
Other	43,515	93,017	136,532
Depreciation and amortization	265,316	164,006	429,322
Total operating expenses	<u>\$ 1,456,780</u>	<u>\$ 781,227</u>	<u>\$ 2,238,007</u>
Operating income (loss)	<u>\$ (584,583)</u>	<u>\$ (206,903)</u>	<u>\$ (791,486)</u>
NONOPERATING REVENUES (EXPENSES)			
General property taxes	\$ 492,479	\$ 48,980	\$ 541,459
Gain (loss) on sale of asset	1,890	-	1,890
Investment earnings	19,036	1,983	21,019
Other	95,189	17,522	112,711
Interest expense	(74,259)	(42,483)	(116,742)
Total nonoperating revenues (expenses)	<u>\$ 534,335</u>	<u>\$ 26,002</u>	<u>\$ 560,337</u>
Income before contributions and transfers	<u>\$ (50,248)</u>	<u>\$ (180,901)</u>	<u>\$ (231,149)</u>
Capital contributions	\$ 97,500	\$ 77,883	\$ 175,383
Change in net assets	\$ 47,252	\$ (103,018)	\$ (55,766)
Total net assets - beginning	<u>\$ 2,496,072</u>	<u>\$ 2,068,381</u>	<u>\$ 4,564,453</u>
Total net assets - ending	<u>\$ 2,543,324</u>	<u>\$ 1,965,363</u>	<u>\$ 4,508,687</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

Exhibit 9

	Enterprise Funds		
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 872,077	\$ 567,496	\$ 1,439,573
Payments to suppliers	(361,256)	(310,066)	(671,322)
Payments to employees	(836,444)	(305,958)	(1,142,402)
Net cash provided (used) by operating activities	<u>\$ (325,623)</u>	<u>\$ (48,528)</u>	<u>\$ (374,151)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
General property taxes	\$ 478,166	\$ 41,845	\$ 520,011
Other income	95,189	17,522	112,711
Net cash provided (used) by noncapital financing activities	<u>\$ 573,355</u>	<u>\$ 59,367</u>	<u>\$ 632,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ (523,692)	\$ (25,608)	\$ (549,300)
Proceeds from sales of capital assets	1,890	-	1,890
Principal paid on capital debt	(222,461)	(61,954)	(284,415)
Repayment of debt due to County	-	(2,140)	(2,140)
Interest paid on capital debt	(75,697)	(40,546)	(116,243)
Connection fees	97,500	77,883	175,383
Net cash provided (used) by capital and related financing activities:	<u>\$ (722,460)</u>	<u>\$ (52,365)</u>	<u>\$ (774,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 19,036	\$ 1,983	\$ 21,019
Net cash provided (used) by investing activities	<u>\$ 19,036</u>	<u>\$ 1,983</u>	<u>\$ 21,019</u>
Net increase (decrease) in cash and cash equivalents	\$ (455,692)	\$ (39,543)	\$ (495,235)
Cash and cash equivalents (including restricted cash)- beginning	1,125,671	491,715	1,617,386
Cash and cash equivalents (including restricted cash)- ending	<u>\$ 669,979</u>	<u>\$ 452,172</u>	<u>\$ 1,122,151</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (584,583)	\$ (206,903)	\$ (791,486)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation and amortization expense	265,316	164,006	429,322
(Increase) decrease in accounts receivable	19,146	(7,433)	11,713
(Increase) decrease in prepaid items	(19,866)	(2,477)	(22,343)
(Increase) decrease in due from other funds	3,221	(3,221)	-
Increase (decrease) in accounts payable	(14,852)	6,045	(8,807)
Increase (decrease) in accrued payroll	3,656	561	4,217
Increase (decrease) in OPEB liability	5,318	2,271	7,589
Increase (decrease) in compensated absences payable	(3,579)	(1,982)	(5,561)
Increase (decrease) in prepaid water and sewer charges	-	(45)	(45)
Increase (decrease) in security deposits	600	650	1,250
Total adjustments	<u>\$ 258,960</u>	<u>\$ 158,375</u>	<u>\$ 417,335</u>
Net cash provided (used) by operating activities	<u>\$ (325,623)</u>	<u>\$ (48,528)</u>	<u>\$ (374,151)</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

Exhibit 10

	<u>Private- Purpose Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 14,080	\$ 13,781
Cash in custody of others	-	51,094
Receivables:		
Other receivables	-	-
Total assets	<u>\$ 14,080</u>	<u>\$ 64,875</u>
LIABILITIES		
Amounts held for social service clients	\$ -	\$ 13,781
Amounts held for inmates	-	51,094
Total liabilities	<u>\$ -</u>	<u>\$ 64,875</u>
NET ASSETS		
Restricted for scholarships	<u>\$ 14,080</u>	<u>\$ -</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

Exhibit 11

	<u>Private-Purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 13
Total additions	<u>\$ 13</u>
DEDUCTIONS	
Scholarships	\$ 200
Total deductions	<u>\$ 200</u>
Change in net assets	\$ (187)
Net assets - beginning	14,267
Net assets - ending	<u><u>\$ 14,080</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The County of Shenandoah, Virginia (government) is a municipal corporation governed by an elected six-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units. The Stoney Creek and Toms Brook-Maurertown Sanitary Districts 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. The Sanitary Districts are governed by the County Board of Supervisors, and are reported as blended component units.

Discretely presented component units. The Shenandoah County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Board is presented as a governmental fund type.

The Shenandoah County Library operates to provide services to the citizens of the County. The Board of Supervisors appoints the Library Trustees as well as provides significant funding to the Library. Complete financial statements for the Library can be obtained from their offices in Edinburg, Virginia.

B. Government-wide and fund financial statements

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

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

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

B. Government-wide and fund financial statements (continued)

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

C. Measurement focus, basis of accounting, and financial statement presentation

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 the 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities for Virginia Public Assistance, E-911, Forfeited Drug Assets, Law Library, Transient Occupancy, Gypsy Moth, Spay/Neuter, Pump and Haul, Seven Bends Day Care, Jail Telephone, Purchase Development Rights, Project Lifesaver, Triad, Crime Prevention, DARE, Sludge Disposal and Landfill Recovery Funds.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The County Debt Service Fund is a major fund of the County.

The *capital projects fund* accounts for the resources to be used for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The County Capital Projects Fund is a major fund of the County.

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

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major proprietary funds:

The *Stoney Creek Sanitary District and Toms Brook-Maurertown Sanitary District funds* account for the activities of the Districts blended component units of the government. The Districts operate the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution systems of the County.

Additionally, the government reports the following fund types:

Special revenue funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Parks and Recreation and Landfill Contingency Funds are special revenue funds of the County.

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Industrial Park Water and Sewer Fund is a non-major capital projects fund of the County.

The *private-purpose trust fund* is used to account for resources legally held in trust to be used to award scholarships to selected recipients. Private-purpose funds consist of the Scholarship funds. All resources of the fund, including any earnings on invested resources, may be used to support the County's scholarship activities.

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare and jail inmate accounts are the County's agency funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 Sanitary Districts, and government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

State statutes authorize the government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

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

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property taxes

Property is assessed at its value on January 1. Property taxes attached as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5th and December 5th. The County bills and collects its own property taxes.

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

D. Assets, liabilities, and net assets or equity (continued)

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,190,662 at June 30, 2010 and is comprised solely of property taxes. This allowance represents .6383% of the total levies for the previous six years.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$4,622 for Toms Brook-Maurertown Sanitary District and \$8,359 for Stoney Creek Sanitary District at June 30, 2010.

5. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

6. Restricted assets

Restricted assets in the Toms Brook-Maurertown Sanitary District consist of funds restricted for septage expenses. The restricted assets in the General Fund consist of rural development reserves maintained in separate bank accounts.

7. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets 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. There was not capitalized interest during the current fiscal year.

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

D. Assets, liabilities, and net assets or equity (continued)

7. Capital assets (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	40-50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

8. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received 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.

10. 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.

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

D. Assets, liabilities, and net assets or equity (continued)

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. Investments

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents.

F. Use of Estimates

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

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (48,009,617)	\$ -
Unamortized bond premium	(1,449,553)	-
Literary loans payable	(3,459,500)	-
Accrued interest payable	(913,221)	-
Capital leases payable	(1,865,903)	-
Notes Payable	(440,000)	-
Landfill closure and post-closure costs	(9,383,542)	-
Other post employment benefits	(167,634)	(636,000)
Compensated absences	(915,656)	(747,155)
<i>Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities</i>	<u>\$ (66,604,626)</u>	<u>\$ (1,383,155)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED):

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 6,266,124	\$ 2,039,704
Depreciation expense	(1,095,546)	(2,245,329)
Primary government capital asset allocation	(2,489,503)	2,489,503
<i>Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 2,681,075</u>	<u>\$ 2,283,878</u>

Another element of that reconciliation states that “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.” The details of these differences are as follows:

	Primary Government
Debt issued or incurred:	
Proceeds of general obligation bonds	\$ (16,483,003)
Proceeds of notes payable	(662,649)
Bond issuance costs	224,029
Amortization of premium on bond issue	102,160
Amortization of bond issue costs	(14,002)
Capital lease financing	(452,301)
Increase in landfill closure and post-closure costs	(267,643)
Principal repayments:	
General obligation bonds	3,280,446
Notes payable	222,649
Capital leases	927,841
<i>Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (13,122,473)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these differences are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (3,063)	\$ 49,653
Accrued interest	(14,353)	-
Other post employment benefitis	(79,417)	(287,000)
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (96,833)</u>	<u>\$ (237,347)</u>

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. 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 activity level within each department. The appropriation for each department or activity can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30.

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

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The County of Shenandoah sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Shenandoah shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

Credit Risk of Debt Securities

The County of Shenandoah may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
5. Local Government Investment Pool (LGIP) Fund is comprised of legal investments authorized for public funds and has an average maturity of 30 days.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):

Credit Risk of Debt Securities (Continued)

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 11,715,667	\$ -	\$ -	\$ -	\$ -
Total	\$ 11,715,667	\$ -	\$ -	\$ -	\$ -

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury.

NOTE 5—INTERFUND OBLIGATIONS:

	Interfund Receivable Primary Government/ Component Unit	Interfund Payable Primary Government/ Component Unit	Due from Other Funds	Due to Other Funds
Primary Government:				
General Fund	\$ 2,738,108	\$ -	\$ 124,186	\$ 170,565
Toms Brook-Maurertown Sanitary District	-	-	17,228	127,545
Stoney Creek Sanitary District	-	-	156,696	-
Sub-total	\$ 2,738,108	\$ -	\$ 298,110	\$ 298,110
Discretely Presented Component Units:				
School Fund	\$ -	\$ 2,738,108	\$ 151,304	\$ -
School Cafeteria Fund	-	-	-	151,304
Sub-total	\$ -	\$ 2,738,108	\$ 151,304	\$ 151,304
Total reporting entity	\$ 2,738,108	\$ 2,738,108	\$ 449,414	\$ 449,414

Balances due to/from component units resulted from the time lag between the dates that interfund goods and services were provided.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 6—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 1,046,622	\$ 5,032,354
County Debt Service Fund	5,014,229	-
Landfill Contingency Fund	18,125	-
Capital Projects Fund	-	1,046,622
Total	<u>\$ 6,078,976</u>	<u>\$ 6,078,976</u>

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

NOTE 7—DUE FROM TOMS BROOK-MAURERTOWN SANITARY DISTRICT:

During fiscal year 1994, the General Fund built a septage handling facility at the Toms Brook-Maurertown Sanitary District location for \$235,240. This amount is being repaid to the General Fund from tipping fees that are collected by Toms Brook and from septic application fees collected by the General Fund on behalf of the District. The balance as of June 30, 2010 was \$124,186.

NOTE 8—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 891,195
Local sales taxes	555,229	-
Comprehensive Services Act funds	310,658	-
Public assistance and welfare	85,976	-
Other funds	898,109	-
Federal Government:		
Public assistance and welfare	105,219	-
Other funds	29,210	-
Homeland security	19,757	-
School funds	-	338,309
Cafeteria funds	-	46,012
Total	<u>\$ 2,004,158</u>	<u>\$ 1,275,516</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 9—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,831,189	\$ -	\$ -	\$ 1,831,189
Construction in progress	1,657,767	6,008,469	(1,306,319)	6,359,917
Total capital assets not being depreciated	<u>\$ 3,488,956</u>	<u>\$ 6,008,469</u>	<u>\$ (1,306,319)</u>	<u>\$ 8,191,106</u>
Capital assets being depreciated:				
Buildings	\$ 42,430,727	\$ 274,038	\$ (2,245,259)	\$ 40,459,506
Machinery and equipment	10,547,477	1,293,480	(415,627)	11,425,330
Total capital assets being depreciated	<u>\$ 52,978,204</u>	<u>\$ 1,567,518</u>	<u>\$ (2,660,886)</u>	<u>\$ 51,884,836</u>
Less accumulated depreciation for:				
Buildings	\$ (7,935,555)	\$ (926,675)	\$ 552,924	\$ (8,309,306)
Machinery and equipment	(6,846,066)	(874,520)	320,564	(7,400,022)
Total accumulated depreciation	<u>\$ (14,781,621)</u>	<u>\$ (1,801,195)</u>	<u>\$ 873,488</u>	<u>\$ (15,709,328)</u>
Total capital assets being depreciated, net	<u>\$ 38,196,583</u>	<u>\$ (233,677)</u>	<u>\$ (1,787,398)</u>	<u>\$ 36,175,508</u>
Governmental activities capital assets, net	<u>\$ 41,685,539</u>	<u>\$ 5,774,792</u>	<u>\$ (3,093,717)</u>	<u>\$ 44,366,614</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 121,298	\$ -	\$ -	\$ 121,298
Construction in progress	298,992	500,791	(630,516)	169,267
Total capital assets not being depreciated	<u>\$ 420,290</u>	<u>\$ 500,791</u>	<u>\$ (630,516)</u>	<u>\$ 290,565</u>
Capital assets being depreciated:				
Utility plant in service	\$ 15,821,780	\$ 679,024	\$ (64,037)	\$ 16,436,767
Less accumulated depreciation	<u>\$ (10,871,684)</u>	<u>\$ (426,950)</u>	<u>\$ 64,037</u>	<u>\$ (11,234,597)</u>
Total capital assets being depreciated, net	<u>\$ 4,950,096</u>	<u>\$ 252,074</u>	<u>\$ -</u>	<u>\$ 5,202,170</u>
Business-type activities capital assets, net	<u>\$ 5,370,386</u>	<u>\$ 752,865</u>	<u>\$ (630,516)</u>	<u>\$ 5,492,735</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 9—CAPITAL ASSETS (CONTINUED):

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

Governmental activities:	
General government	\$ 182,343
Judicial administration	827
Public safety	498,951
Public works	367,038
Health and welfare	15,696
Education	705,646
Culture and recreation	<u>30,694</u>
Total depreciation expense-governmental activities	<u>\$ 1,801,195</u>
Business-type activities:	
Stoney Creek Sanitary District	\$ 265,316
Toms Brook-Maurertown Sanitary District	<u>161,634</u>
Total depreciation expense business-type activities	<u>\$ 426,950</u>

Discretely presented component units:

Activity for the School Board for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,897,668	\$ 736,437	\$ -	\$ 5,634,105
Construction in progress	<u>136,788</u>	<u>-</u>	<u>(136,788)</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 5,034,456</u>	<u>\$ 736,437</u>	<u>\$ (136,788)</u>	<u>\$ 5,634,105</u>
Capital assets being depreciated:				
Buildings	\$ 47,834,354	\$ 3,052,734	\$ -	\$ 50,887,088
Machinery and equipment	<u>5,772,166</u>	<u>931,653</u>	<u>(104,296)</u>	<u>6,599,523</u>
Total capital assets being depreciated	<u>\$ 53,606,520</u>	<u>\$ 3,984,387</u>	<u>\$ (104,296)</u>	<u>\$ 57,486,611</u>
Less accumulated depreciation for:				
Buildings	\$ (17,838,956)	\$ (2,253,140)	\$ 703,548	\$ (19,388,548)
Machinery and equipment	<u>(4,347,232)</u>	<u>(748,024)</u>	<u>101,754</u>	<u>(4,993,502)</u>
Total accumulated depreciation	<u>\$ (22,186,188)</u>	<u>\$ (3,001,164)</u>	<u>\$ 805,302</u>	<u>\$ (24,382,050)</u>
Total capital assets being depreciated, net	<u>\$ 31,420,332</u>	<u>\$ 983,223</u>	<u>\$ 701,006</u>	<u>\$ 33,104,561</u>
School Board capital assets, net	<u>\$ 36,454,788</u>	<u>\$ 1,719,660</u>	<u>\$ 564,218</u>	<u>\$ 38,738,666</u>

Depreciation expense for the Component Unit School Board was \$2,245,329 and a net transfer of \$50,187 was transferred to the primary government due to debt repayments for the year ended June 30, 2010.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 9—CAPITAL ASSETS (CONTINUED):

Activity for the Shenandoah County Library for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Buildings and system	\$ 285,197	\$ -	\$ -	\$ 285,197
Machinery and equipment	488,005	16,437	(257,143)	247,299
Total capital assets being depreciated	\$ 773,202	\$ 16,437	\$ (257,143)	\$ 532,496
Less accumulated depreciation for:				
Buildings and system	\$ (48,196)	\$ (7,130)	\$ -	\$ (55,326)
Machinery and equipment	(440,232)	(17,842)	257,143	(200,931)
Total accumulated depreciation	\$ (488,428)	\$ (24,972)	\$ 257,143	\$ (256,257)
Total capital assets being depreciated, net	\$ 284,774	\$ (8,535)	\$ -	\$ 276,239

NOTE 10—OTHER ASSETS – ENTERPRISE FUNDS:

The other assets of the Sanitary Districts at June 30, 2010 consist of the following:

	Toms Brook - Maurertown
Bond issue and organizational costs - net of amortization	\$ 38,733
Total	\$ 38,733

NOTE 11—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$15,822,976 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$1,203,869 in the general fund and \$14,426 in the enterprise funds at June 30, 2010.
- B. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$243,656 was outstanding at June 30, 2010. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee's personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 11—UNEARNED REVENUE (CONTINUED):

C. Unbilled Property Taxes—Property taxes for the second half of 2010 that had not been billed as of June 30, 2010 amounted to \$14,158,897 in the general fund and \$262,128 in the enterprise funds.

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES:

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

Years Ending June 30,	Governmental Activities					
	Capital Leases		Lease Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 784,230	\$ 65,437	\$ 145,648	\$ 188,865	\$ 220,000	\$ 11,000
2012	630,464	34,252	152,567	181,946	220,000	5,500
2013	348,239	12,541	159,813	174,700	-	-
2014	100,442	2,320	167,404	167,109	-	-
2015	2,528	43	175,356	159,157	-	-
2016	-	-	183,686	150,827	-	-
2017	-	-	192,410	142,103	-	-
2018	-	-	201,550	132,963	-	-
2019	-	-	211,124	123,389	-	-
2020	-	-	221,151	113,362	-	-
2021	-	-	231,656	102,857	-	-
2022	-	-	242,660	91,853	-	-
2023	-	-	254,186	80,327	-	-
2024	-	-	266,260	68,253	-	-
2025	-	-	278,907	55,605	-	-
2026	-	-	292,155	42,358	-	-
2027	-	-	302,361	28,480	-	-
2028	-	-	77,647	14,129	-	-
2029	-	-	81,334	10,442	-	-
2030	-	-	60,447	6,579	-	-
Total	\$ 1,865,903	\$ 114,593	\$ 3,898,322	\$ 2,035,304	\$ 440,000	\$ 16,500

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

Primary government – Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Years Ending June 30,	Governmental Activities			
	General Obligation Bonds		State Literary Loans	
	Principal	Interest	Principal	Interest
2011	\$ 2,526,512	2,105,784	\$ 314,500	\$ 103,786
2012	2,223,784	1,972,275	314,500	94,350
2013	2,541,129	1,844,533	314,500	84,914
2014	2,459,190	1,725,693	314,500	75,480
2015	2,532,560	1,611,741	314,500	66,046
2016	2,641,250	1,490,360	314,500	56,610
2017	2,765,277	1,361,900	314,500	47,174
2018	2,899,655	1,224,234	314,500	37,740
2019	3,029,398	1,084,972	314,500	28,306
2020	3,169,519	937,568	314,500	18,870
2021	3,308,879	779,015	314,500	9,434
2022	3,452,565	612,534	-	-
2023	3,592,128	438,394	-	-
2024	1,682,468	309,095	-	-
2025	1,733,180	227,334	-	-
2026	1,547,314	143,714	-	-
2027	1,609,789	57,720	-	-
2028	262,490	9,947	-	-
2029	134,208	2,013	-	-
Total	\$ <u>44,111,295</u>	\$ <u>17,938,826</u>	\$ <u>3,459,500</u>	\$ <u>622,710</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

Primary government – Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Years Ending June 30,	Business-Type Activities Debt			
	Stoney Creek Sanitary District Bonds		Stoney Creek Capital Lease	
	Principal	Interest	Principal	Interest
2011	210,000	63,735	23,899	1,974
2012	210,000	56,280	25,084	789
2013	210,000	47,250	4,301	12
2014	220,000	36,500	-	-
2015	240,000	25,000	-	-
2016	260,000	12,500	-	-
2017	150,000	3,000	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
Total	\$ 1,500,000	\$ 244,265	\$ 53,284	\$ 2,775

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

Primary government – Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Years Ending June 30,	Business-Type Activities Debt			
	Toms Brook-Maurertown Sanitary District Bonds		Toms Brook-Maurertown Notes Payable	
	Principal	Interest	Principal	Interest
2011	\$ 54,072	\$ 37,596	\$ 5,223	\$ 375
2012	37,434	35,574	1,665	31
2013	34,988	33,868	-	-
2014	36,665	32,192	-	-
2015	38,422	30,434	-	-
2016	40,264	28,592	-	-
2017	42,194	26,663	-	-
2018	44,217	24,638	-	-
2019	46,337	22,519	-	-
2020	48,560	20,297	-	-
2021	50,889	17,967	-	-
2022	53,330	15,525	-	-
2023	55,889	12,968	-	-
2024	49,411	10,369	-	-
2025	37,212	8,532	-	-
2026	38,922	6,822	-	-
2027	40,709	5,035	-	-
2028	42,580	3,164	-	-
2029	29,960	1,289	-	-
2030	7,690	614	-	-
2031	8,438	260	-	-
2032	1,005	6	-	-
Total	\$ <u>839,188</u>	\$ <u>374,924</u>	\$ <u>6,888</u>	\$ <u>406</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities transactions of the Primary Government for the year ended June 30, 2010:

	Balance July 1, 2009	Issuances/ Increases	Retirements	Balance June 30, 2010
<u>Governmental activities:</u>				
General obligation bonds	\$ 31,170,651	\$ 15,760,000	\$ 2,819,356	\$ 44,111,295
Bond Premium	828,710	723,003	102,160	1,449,553
Literary loan funds	3,774,000	-	314,500	3,459,500
Compensated Absences	912,593	3,063	-	915,656
Net OPEB Obligation	88,217	79,417	-	167,634
Capital Leases	2,341,443	452,301	927,841	1,865,903
Note Payable	-	662,649	222,649	440,000
Lease Revenue Bonds	4,044,912	-	146,590	3,898,322
Landfill Closure and Post Closure Care	9,115,899	267,643	-	9,383,542
Total Long-Term Liabilities	<u>\$ 52,188,208</u>	<u>\$ 17,948,076</u>	<u>\$ 4,533,096</u>	<u>\$ 65,691,405</u>
<u>Business-type activities:</u>				
General Obligation/Revenue Bonds	\$ 2,596,309	\$ -	\$ 257,121	\$ 2,339,188
Note Payable	11,721	400	5,233	6,888
Capital Leases	75,745	-	22,461	53,284
Net OPEB Obligation	7,783	7,583	-	15,366
Compensated Absences	81,434	-	5,561	75,873
Total Business-type Activities	<u>\$ 2,765,209</u>	<u>\$ 7,983</u>	<u>\$ 290,376</u>	<u>\$ 2,490,599</u>
Total	<u>\$ 54,953,417</u>	<u>\$ 17,956,059</u>	<u>\$ 4,823,472</u>	<u>\$ 68,182,004</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT

Details of Long-term liabilities:

Governmental Activities:

Capital leases:

	Total Amount Due	Amount Due Within One Year
\$16,741 issued December 11, 2006, due in quarterly installments of \$1,166 beginning March 11, 2007, through December 11, 2010, for the purchase of a truck	\$ 2,287	\$ 2,287
\$308,440 issued June 15, 2005, due in quarterly installments of \$17,095 beginning November 15, 2005, through August 15, 2010, for the purchase of six school buses	16,477	16,477
\$381,930 issued June 15, 2006, due in quarterly installments of \$16,199 beginning September 15, 2006, through September 15, 2011, for the purchase of six school buses	104,425	83,070
\$30,900 issued November 7, 2007, due in quarterly installments of \$2,143 beginning February 15, 2008, through November 15, 2011 for the purchase of an ambulance	12,313	8,106
\$22,048 issued December 3, 2007, due in monthly installments of \$1,515 beginning March 3, 2008, through December 3, 2011 for the purchase of a Ford truck	8,739	5,760
\$41,200 issued November 19, 2007, due in quarterly installments of \$2,857 beginning February 19, 2008 through November 19, 2011, for the purchase of an ambulance	16,417	10,808
\$111,137 issued August 20, 2006, due in quarterly installments of \$6,354 beginning November 20, 2006, through August 20, 2011, for the purchase of a roll-off truck	30,557	24,286
\$111,137 issued January 23, 2007, due in quarterly installments of \$6,370 beginning April 23, 2007, through January 23, 2012, for the purchase of a roll-off truck	42,297	23,687
\$69,171 issued February 9, 2007, due in monthly installments of \$4,821 beginning May 9, 2007, through February 9, 2011, for the purchase of three sheriff vehicles	9,709	9,709

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

Capital leases: (continued)

	Total Amount Due	Amount Due Within One Year
\$449,875 issued June 9, 2008 , due in semi-annually installments of \$38,738 beginning December 8, 2008, through December 8, 2013, for the purchase of six school buses	\$ 279,129	\$ 89,478
\$21,358 issued May 1, 2007, due in quarterly installments of \$1,484 beginning August 1, 2007, through May 1, 2011, for the purchase of a vehicle	5,752	5,752
\$389,280 issued June 20, 2007, due in quarterly installments of \$15,421 beginning November 15, 2003, through August 15, 2008, for the purchase of five school buses	187,264	80,930
\$38,707 issued August 1, 2007, due in quarterly installments of \$2,677 beginning November 1, 2007, through August 1, 2011, for the purchase of a tractor	12,923	10,276
\$185,400 issued February 1, 2008, due in quarterly installments of \$12,636 beginning May 1, 2008, through February 1, 2012, for the purchase of a dump truck	84,891	47,756
\$16,586 issued February 1, 2008, due in quarterly installments of \$1,051 beginning May 1, 2008, through February 1, 2012, for the purchase of a truck	7,061	3,973
\$12,512 issued February 1, 2008, due in quarterly installments of \$983 beginning May 1, 2008, through February 1, 2012, for the purchase of a truck	6,262	3,523
\$184,481 issued January 23, 2008, due in quarterly installments of \$12,624 beginning April 23, 2008, through January 23, 2012, for the purchase of 8 vehicles	84,651	47,586
\$23,310 issued September 1, 2007, due in quarterly installments of \$1,612 beginning December 1, 2007, through September 1, 2011, for the purchase of a Ford Explorer	7,773	6,181

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

Capital leases (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
\$437,927 issued April 1, 2008, due in quarterly installments of \$24,510 beginning July 1, 2007, through April 1, 2013, for the purchase of a compactor	\$ 254,117	\$ 89,205
\$195,600 issued June 9, 2008, due in semi-annual installments of \$19,369 beginning July 21, 2009, through July 21, 2014, for the purchase of three school buses	119,886	38,443
\$351,990 issued May 21, 2009, due in quarterly installments of \$19,331 beginning December 8, 2008, through December 8, 2013, for the purchase of six school buses	286,454	67,762
\$162,831 issued December 16, 2009, due in quarterly installments of \$10,177 beginning March 16, 2010, through December 16, 2013, for the purchase of six vehicles	131,381	35,508
\$20,834 issued November 18, 2009, due in quarterly installments of \$1,285 beginning February 18, 2010, through November 18, 2014, for the purchase of a trailer	20,834	4,274
\$280,840 issued April 23, 2010, due in annual installments of \$73,919 beginning June 15, 2010, through June 15, 2012, for the purchase of a two modular buildings	<u>134,304</u>	<u>69,393</u>
Total capital leases	\$ <u>1,865,903</u>	\$ <u>784,230</u>
 Notes Payable		
\$692,649 issued August 19, 2009, due in three installments, commencing August 19, 2009, through September 15, 2011, bearing interest at 2.5% for the purchase of real property	\$ <u>440,000</u>	\$ <u>220,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Lease Revenue Bonds:		
\$2,240,700 Series 97-01 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on May 27, 1999. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$142,512 July 1, 2001, through July 1, 2007, bearing interest at 4.75%	\$ 1,636,545	\$ 64,783
\$1,575,000 Series 97-02 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on May 27, 1999. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$100,225 July 1, 2001 through July 1, 2027, bearing interest at 4.75%	1,150,383	45,587
\$693,000 Series 97-04 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on May 12, 2000. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$4,077 July 1, 2002 through July 1, 2031, bearing interest at 4.75%	527,253	16,943
\$750,000 Series 97-03 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on February 22, 2001. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$47,700 March 22, 2002 through March 22, 2031, bearing interest at 4.75%	<u>584,141</u>	<u>18,335</u>
Total lease revenue bonds	\$ <u>3,898,322</u>	\$ <u>145,648</u>
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, maturing semi-annually on January 1, 2029, with interest payable at 3%.	\$ 3,846,419	\$ 158,222
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments commencing April 1, 2010, and maturing October 1, 2026, with interest payable at 5.125%	<u>15,760,000</u>	<u>-</u>
Total general obligation bonds	\$ <u>19,606,419</u>	\$ <u>158,222</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
General Obligation School Bonds:		
\$2,944,404 Virginia Public School Authority Bonds 1991A, issued July 1, 1991, maturing annually through July 15, 2011, with interest payable semi-annually at rates of 4.85% to 6.60%	\$ 346,508	\$ 171,092
\$5,485,000 Virginia Public School Authority Bonds 1993A, issued April 29, 1993, maturing annually through December 15, 2012, with interest payable semi-annually at rates of 5.1% to 5.5%	655,000	240,000
\$5,615,000 Virginia Public School Authority Bonds 1993B, issued December 1, 1993, maturing annually through December 15, 2013, with interest payable semi-annually at rates of 4.475% to 5.0%	235,000	105,000
\$16,930,000 Virginia Public School Authority Bonds 1994A, issued December 15, 1993, maturing annually through December 15, 2011, with interest payable semi-annually at rates of 6.31% to 6.69%	885,000	605,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, maturing annually through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	19,160,000	1,055,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	<u>3,223,368</u>	<u>192,198</u>
Total general obligation bonds	<u>\$ 44,111,295</u>	<u>\$ 2,526,512</u>
Literary Fund Loans		
\$1,290,000 issued April 1, 2001 for the renovation of Ashby Lee Elementary School, due in annual installments of \$64,500 from April 1, 2002 through April 1, 2021, plus interest at 3%	\$ 709,500	\$ 64,500
\$1,931,000 issued April 1, 2001 for the renovation of Sandy Hook Elementary School, due in annual installments of \$96,550 from April 1, 2002 through April 1, 2021, plus interest at 3%	1,062,050	96,550
\$3,069,000 issued April 1, 2001 for the renovation of W. W. Robinson Elementary School, due in annual installments of \$153,450 from April 1, 2002 through April 1, 2021, plus interest at 3%	<u>1,687,950</u>	<u>153,450</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Total Literary Fund Loans	\$ 3,459,500	\$ 314,500
Unamortized Bond Premium	\$ 1,449,553	\$ 102,160
Compensated absences	\$ 915,656	\$ -
Net OPEB obligation	\$ 167,634	\$ -
Accrued landfill closure and post-closure monitoring costs	\$ 9,383,542	\$ -
Total Long-term Debt	<u>\$ 65,691,405</u>	<u>\$ 4,093,050</u>

Business-type Activities:

Stoney Creek Sanitary District

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Revenue bond:		
\$2,660,000 Water and Sewer Revenue Bonds issued August 7, 2003, due in annual principal installments of \$35,000 to \$260,000 from October 1, 2003, through October 1, 2016, interest rates from 2.0% to 5.0% payable semi-annually	\$ 1,500,000	\$ 210,000
\$114,368 capital lease payable, issued September 7, 2007, payable in monthly installments of \$2,156.04, at 4.85% interest beginning October 1, 2007 and ending October 1, 2012	53,284	23,899
Compensated absences	54,949	-
Net OPEB obligation	<u>11,175</u>	<u>-</u>
Total Stoney Creek Sanitary District	<u>\$ 1,619,408</u>	<u>\$ 233,899</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Business-type Activities:

Toms Brook-Maurertown Sanitary District

	Total Amount Due	Amount Due Within One Year
\$300,000 Water Revenue Bond Series of 1971, amended July 17, 1984, payable in monthly installments of \$2,091, including principal and interest at 5% per annum beginning April 1, 1984, and ending March 1, 2011	\$ 18,773	18,773
\$60,000 Water Revenue Bond Series of 1972, amended March 22, 1984, payable in monthly installments of \$310, including principal and interest at 5% per annum beginning April 1, 1984, and ending June 1, 2012	7,484	3,438
\$398,700 Sewer Revenue Bond Series of 1984, payable in monthly installments of \$1,926, including principal and interest a 5% per annum beginning Mary 1, 1984, and ending April 1, 2024	228,311	12,019
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029	471,392	16,567
\$68,000 General Obligation Bond Series of 1997, with interest only payable through December 22, 1998, and thereafter payable in monthly installments of \$331, including principal and interest at 4.5% per annum beginning January 1999, and ending January 2032	54,290	1,561
\$42,000 Water Revenue Bond Series of 1997, with interest only payable through December 22, 1998, and thereafter payable in monthly installments of \$205, including principal and interest at 4.55 per annum beginning in January 1999 and ending January 2032	33,432	976
\$32,000 Water Revenue Bond Series of 1997, with interest only payable on December 22, 1998, and thereafter payable in monthly installments of \$156, including principal and interest at 4.5% per annum beginning in January 1999 and ending January 2032	25,506	739
Total general obligation revenue bonds	\$ 839,188	\$ 54,073

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 12—PRIMARY GOVERNMENT LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Business-type Activities:

Toms Brook-Maurertown Sanitary District (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Note Payable		
\$23,169 note payable, issued December 19, 2006, payable in monthly installments of \$467, at 8% interest beginning January 2007 and ending November 2011	\$ 6,888	\$ 5,223
Compensated absences	\$ 20,924	\$ -
Net OPEB obligation	\$ 4,191	\$ -
Total Toms Brook-Maurertown Sanitary District	\$ 871,191	\$ 59,296
Total Business-type Activities	<u>\$ 2,490,599</u>	<u>\$ 293,195</u>

DISCRETLY PRESENTED COMPONENT UNIT-SCHOOL BOARD

Changes in Long-term liabilities:

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

	<u>Balance July 1, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>	<u>Amount Due Within One Year</u>
Compensated absences	\$ 796,808	\$ -	\$ (49,653)	\$ 747,155	\$ -
Net OPEB obligation	349,000	287,000	-	636,000	-
Total	<u>\$ 1,145,808</u>	<u>\$ 287,000</u>	<u>\$ (49,653)</u>	<u>\$ 1,383,155</u>	<u>\$ -</u>

NOTE 13—OTHER LIABILITIES – ENTERPRISE FUNDS:

The other liabilities of the Sanitary Districts at June 30, 2010, consist of the following:

	<u>Stoney Creek</u>	<u>Toms-Brook Maurertown</u>	<u>Total</u>
Security deposits	\$ 3,800	\$ 7,150	\$ 10,950
Total	<u>\$ 3,800</u>	<u>\$ 7,150</u>	<u>\$ 10,950</u>

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

NOTE 14—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The County does not match the employee's contributions. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Under the provisions of the Small business Job Protection Act of 1996, all amounts currently or thereafter held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan participants and beneficiaries in annuity contracts, or in trust or in one or more custodial accounts pursuant to one or more separate written instruments.

Investments are managed by the plan's trustee under one of twenty-seven investment options, or a combination thereof. The choice of the investment option is made solely by the participants.

NOTE 15—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 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 our web site at <http://www.varetire.org/PDF/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

NOTE 15—DEFINED BENEFIT PENSION PLAN:

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their 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 participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2010 were 9.18% and 8.49%, respectively, of annual covered payroll.

The School Board's contributions for professional employees were \$1,958,090, \$2,735,027, and \$3,070,573, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81% of covered payroll for July 2009 through March 2010 and zero (0.00%) for April through June 2010, 8.81%, and 10.3% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of \$1,036,977 was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the board's non-professional employees was \$532,902 which was equal to the Board's required and actual contributions.

Three-Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2010	\$ 1,036,977	100%	\$ -
June 30, 2009	1,026,270	100%	-
June 30, 2008	894,627	100%	-
School Board Non-Professional:			
June 30, 2010	\$ 532,902	100%	\$ -
June 30, 2009	308,722	100%	-
June 30, 2008	249,765	100%	-

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

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

NOTE 15—DEFINED BENEFIT PENSION PLAN (CONTINUED):

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 84.35% funded. The actuarial accrued liability for benefits was \$30,764,183, and the actuarial value of assets was \$25,949,614, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,814,569. The covered payroll (annual payroll of active employees covered by the plan) was \$11,203,944, and ratio of the UAAL to the covered payroll was 42.97%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's plan was 84.99% funded. The actuarial accrued liability for benefits was \$9,947,201, and the actuarial value of assets was \$8,454,294, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,492,907. The covered payroll (annual payroll of active employees covered by the plan) was \$3,776,032, and ratio of the UAAL to the covered payroll was 39.54%.

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

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

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 other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

County

A. Plan Description

A retired employee of the County, who is participating in the employer's medical and dental program is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 30 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental insurance. The employee is responsible for 100% of the cost.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County (Continued)

B. Funding Policy

The Shenandoah County Government establishes employer medical contribution rates for all medical 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. Retirees pay 100% of spousal premiums. Coverage ceases when the retiree reaches the age of 65 unless the retiree has selected a specific medical plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$128,000 for fiscal year 2010. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 128,000
Interest on OPEB Obligation	4,000
Adjustment to ARC	<u>(4,000)</u>
Annual OPEB cost	\$ 128,000
Estimated Contributions Made During FY10	<u>(41,000)</u>
Increase in Net OPEB Obligation	\$ 87,000
New OPEB Obligation - beginning of year	<u>96,000</u>
Net OPEB Obligation - end of year	<u>\$ 183,000</u>

The County's net OPEB obligation was reported as \$167,634 and \$15,366 in the governmental and business-type activities, respectively.

For 2010, the County made an OPEB contribution of \$41,000 during fiscal year 2010. 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:

Primary Government:			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 128,000	32%	\$ 183,000
June 30, 2009	\$ 120,000	20%	\$ 96,000

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008 is as follows:

	Primary Government
Actuarial accrued liability (AAL)	\$ 949,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	949,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	n/a
UAAL as a percentage of covered payroll	n/a

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this 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 this method, inactive Participants have no normal cost, and the 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. Date is net of any retiree contributions.

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County (Continued)

E. Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions

	<u>Unfunded</u>
Discount rate	4.25%
Payroll growth	2.50%

VRS Health Insurance Credit Program

A. Plan Description (continued)

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 15.

B. Funding Policy

The County is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .150% of annual covered payroll. The County's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$16,945, \$16,773, and \$43,507, respectively and equaled the required contributions for each year.

Component Unit School Board:

Health Insurance Plan

A. Plan Description

A retired employee of the Component Unit School Board, who is participating in the employer's medical and dental program is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 5 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental insurance. The employee is responsible for 100% of the cost.

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

Component Unit School Board: (Continued)

B. Funding Policy

The Shenandoah County Government establishes employer medical contribution rates for all medical 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. Retirees pay 100% of spousal premiums. Coverage ceases when the retiree reaches the age of 65 unless the retiree has selected a specific medical plan.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$610,000 for fiscal year 2010. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

Annual Required Contribution (ARC)	\$	610,000
Interest on OPEB Obligation		15,000
Adjustment to ARC		(15,000)
Annual OPEB cost	\$	610,000
Estimated Contributions Made During FY10		(323,000)
Increase in Net OPEB Obligation	\$	287,000
New OPEB Obligation - beginning of year		349,000
Net OPEB Obligation - end of year	\$	<u>636,000</u>

Annual OPEB Cost.

For 2010, the Component Unit School Board made an OPEB contribution of \$323,000 during fiscal year 2010. The Component Unit 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:

Component Unit School Board:			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$ 610,000	53%	\$ 636,000
June 30, 2009	\$ 580,000	40%	\$ 349,000

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

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

Component Unit School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008 is as follows:

	<u>Component Unit School Board</u>
Actuarial accrued liability (AAL)	\$ 5,582,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	5,582,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	n/a
UAAL as a percentage of covered payroll	n/a

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this 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 this method, inactive Participants have no normal cost, and the 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. Date is net of any retiree contributions.

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

Component Unit School Board: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions

	<u>Unfunded</u>
Discount rate	4.25%
Payroll growth	2.50%

VRS Health Insurance Credit Program

A. Plan Description

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

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is the greater of \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 15.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$231,148, \$335,281, and \$345,812, respectively and equaled the required contributions for each year.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 17—CONTINGENT LIABILITIES:

Federal programs in which the county and its component units participate were audited in accordance with the provisions of the U. S. Office of Management and Budget (OMB) A-133 Compliance Supplement. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures, if any, would be immaterial.

While \$525,683 of the General Obligation Bond Series of 1995 and 1997 have been recorded in the Toms Brook-Maurertown Sanitary District, from which repayment is anticipated, the General Fund has a contingent liability for the repayment of this amount should the Sanitary District be unable to do so.

NOTE 18—RISK MANAGEMENT:

The County is a member the Virginia Municipal Group Self Insurance Association for worker's compensation insurances. 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. These amounts are deposited into a designated cash reserve fund of the association out of which expenses, claims and awards are to be paid. In the event of a catastrophic loss which creates an equity deficit and for which all available excess insurance is depleted, the Association may assess all members in proportion to 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 form these risks have not exceeded commercial coverage.

NOTE 19—LANDFILL CLOSURE AND POSTCLOSURE CARE COST:

State and federal laws and regulations require the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and postclosure care costs has a balance of \$9,383,542 as of June 30, 2010, which is based on the estimated number of years remaining, which is zero for the old landfill and five years for the new landfill cells. The estimated total current cost of the landfill closure and postclosure care of \$10,399,582 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2010. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Vrrginia Administrative Code.

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE 20—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Stoney Creek Sanitary District	Toms Brook Sanitary District	Total Enterprise Funds
Operating revenue	\$ 872,197	\$ 574,324	\$ 1,446,521
Depreciation and amortization	265,316	164,006	429,322
Operating income (loss)	(584,583)	(206,903)	(791,486)
Current connection fees	97,500	77,883	175,383
Property, plant and equipment additions, net of retirements	(523,692)	(25,608)	(549,300)
Net working capital	1,064,473	327,944	1,392,417
Total assets	4,465,092	3,015,599	7,480,691
Long-term liabilities	1,608,233	867,000	2,475,233
Net assets	2,543,324	1,965,363	4,508,687

NOTE 21—GENERAL FUND UNRESERVED DESIGNATED FUND BALANCE:

General Fund unreserved designated fund balance consists of the following at June 30, 2010:

Law library	\$ 52,329
Gypsy moth	10,633
Drug assets	68,071
Transient occupancy	230,669
Seven Bends Student Center	132,947
Spay and neuter	64,332
Pump and haul	18,605
Sludge disposal	313,963
Landfill recovery	214,649
Project lifesaver	7,700
Triad	1,874
DARE	1,348
Purchase development rights	2,500
Crime prevention	5,225
Telephone commissions	101,880
Total unreserved designated fund balance	\$ <u><u>1,226,725</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 30,268,328	\$ 30,268,328	\$ 30,805,595	\$ 537,267
Other local taxes	5,798,000	5,798,000	6,154,087	356,087
Permits, privilege fees, and regulatory licenses	459,350	459,557	340,486	(119,071)
Fines and forfeitures	47,000	47,000	114,651	67,651
Revenue from the use of money and property	380,000	394,251	99,287	(294,964)
Charges for services	2,190,239	2,386,540	2,197,908	(188,632)
Miscellaneous	981,000	929,498	375,122	(554,376)
Recovered costs	150,000	4,631,765	312,420	(4,319,345)
Intergovernmental revenues:				
Commonwealth	10,521,163	10,671,475	10,116,001	(555,474)
Federal	1,362,337	1,704,473	1,632,754	(71,719)
Total revenues	<u>\$ 52,157,417</u>	<u>\$ 57,290,887</u>	<u>\$ 52,148,311</u>	<u>\$ (5,142,576)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,710,183	\$ 2,734,989	\$ 2,637,070	\$ 97,919
Judicial administration	1,706,446	1,607,258	1,553,936	53,322
Public safety	11,152,869	11,506,302	10,965,435	540,867
Public works	3,305,046	3,339,713	2,686,143	653,570
Health and welfare	6,428,904	6,403,904	6,127,943	275,961
Education	21,470,573	22,263,334	21,303,551	959,783
Parks, recreation, and cultural	1,530,126	1,685,567	1,669,471	16,096
Community development	866,880	1,052,513	965,488	87,025
Nondepartmental	80,215	32,348	196,308	(163,960)
Capital projects	366,219	366,219	754,474	(388,255)
Debt service:				
Principal retirement	-	-	1,081,421	(1,081,421)
Interest and other fiscal charges	-	-	210,495	(210,495)
Total expenditures	<u>\$ 49,617,461</u>	<u>\$ 50,992,147</u>	<u>\$ 50,151,735</u>	<u>\$ 840,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,539,956</u>	<u>\$ 6,298,740</u>	<u>\$ 1,996,576</u>	<u>\$ (4,302,164)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,046,622	\$ 1,046,622
Transfers out	\$ (3,365,256)	\$ (4,314,801)	\$ (5,032,354)	\$ (717,553)
Capital leases	-	-	452,301	452,301
Proceeds of notes payable	-	-	662,649	662,649
Total other financing sources and uses	<u>\$ (3,365,256)</u>	<u>\$ (4,314,801)</u>	<u>\$ (2,870,782)</u>	<u>\$ 1,444,019</u>
Net change in fund balances	\$ (825,300)	\$ 1,983,939	\$ (874,206)	\$ (2,858,145)
Fund balances - beginning	825,300	(1,983,939)	11,621,797	13,605,736
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,747,591</u>	<u>\$ 10,747,591</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Pension Funding Progress
 As of June 30, 2010

Exhibit 13

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/09	\$ 25,949,614	\$ 30,764,183	\$ 4,814,569	84.35%	\$ 11,203,944	42.97%
06/30/08	24,462,153	28,736,933	4,274,780	85.12%	10,991,821	38.89%
06/30/07	21,535,964	25,662,855	4,126,891	83.92%	9,712,763	42.49%
06/30/06	18,699,107	22,237,571	3,538,464	84.09%	8,825,826	40.09%
06/30/05	16,964,840	21,101,865	4,137,025	80.39%	7,842,965	52.75%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/09	\$ 8,454,294	\$ 9,947,201	\$ 1,492,907	84.99%	\$ 3,776,032	39.54%
06/30/08	8,158,880	9,014,921	856,041	90.50%	3,649,993	23.45%
06/30/07	7,249,573	8,181,620	932,047	88.61%	3,461,497	26.93%
06/30/06	6,302,425	7,316,357	1,013,932	86.14%	3,275,562	30.95%
06/30/05	5,726,965	6,706,820	979,855	85.39%	2,961,295	33.09%

Other Post-Employment Benefit Program
 Schedule of Funding Progress
 As of June 30, 2010

PRIMARY GOVERNMENT:

County Other Post-Employment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/09	\$ -	\$ 949,000	\$ 949,000	0.00%	\$ n/a	n/a
06/30/08	-	852,000	852,000	0.00%	n/a	n/a

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Post-Employment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/09	\$ -	\$ 5,582,000	\$ 5,582,000	0.00%	\$ n/a	n/a
06/30/08	-	5,234,000	5,234,000	0.00%	n/a	n/a

Note:

Fiscal Year 2009 is the first year of implementation of GASB 45 for the Primary Government and Discretely Presented Component Unit School Board.

OTHER SUPPLEMENTARY INFORMATION

County Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,930,586	\$ 2,930,586	\$ 3,349,515	\$ (418,929)
Interest and other fiscal charges	1,857,895	1,857,895	1,664,714	193,181
Total expenditures	<u>\$ 4,788,481</u>	<u>\$ 4,788,481</u>	<u>\$ 5,014,229</u>	<u>\$ (225,748)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,788,481)</u>	<u>\$ (4,788,481)</u>	<u>\$ (5,014,229)</u>	<u>\$ (225,748)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 4,788,481</u>	<u>\$ 4,788,481</u>	<u>\$ 5,014,229</u>	<u>\$ 225,748</u>
Total other financing sources and uses	<u>\$ 4,788,481</u>	<u>\$ 4,788,481</u>	<u>\$ 5,014,229</u>	<u>\$ 225,748</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SHENANDOAH, VIRGINIA
 County Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 22,364	\$ 22,364
Miscellaneous	-	-	76,856	76,856
Intergovernmental revenues:				
Federal	-	-	210,479	210,479
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,699</u>	<u>\$ 309,699</u>
EXPENDITURES				
Capital projects	\$ -	\$ 5,649,211	\$ 6,008,469	\$ (359,258)
Debt service:				
Interest and other fiscal charges	-	-	575,596	(575,596)
Total expenditures	<u>\$ -</u>	<u>\$ 5,649,211</u>	<u>\$ 6,584,065</u>	<u>\$ (934,854)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (5,649,211)</u>	<u>\$ (6,274,366)</u>	<u>\$ (625,155)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 5,649,211	\$ -	\$ (5,649,211)
Transfers out			(1,046,622)	(1,046,622)
Proceeds of general obligation bonds	-	-	15,760,000	15,760,000
Premium on debt issuance	-	-	723,003	723,003
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 5,649,211</u>	<u>\$ 15,436,381</u>	<u>\$ 9,787,170</u>
Net change in fund balances	\$ -	\$ -	\$ 9,162,015	\$ 9,162,015
Fund balances - beginning	-	-	8,895,067	8,895,067
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,057,082</u>	<u>\$ 18,057,082</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

Exhibit 17

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 559,253	\$ 99,873	\$ 659,126
Receivables (net of allowance for uncollectibles):			
Accounts receivable	<u>6,763</u>	<u>-</u>	<u>6,763</u>
 Total assets	 <u>\$ 566,016</u>	 <u>\$ 99,873</u>	 <u>\$ 665,889</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 99,873	\$ 99,873
Undesignated	<u>566,016</u>	<u>-</u>	<u>566,016</u>
Total fund balances	<u>\$ 566,016</u>	<u>\$ 99,873</u>	<u>\$ 665,889</u>
 Total liabilities and fund balances	 <u>\$ 566,016</u>	 <u>\$ 99,873</u>	 <u>\$ 665,889</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 10	\$ 10
Charges for services	112,803	-	112,803
Miscellaneous	3,712	-	3,712
Total revenues	<u>\$ 116,515</u>	<u>\$ 10</u>	<u>\$ 116,525</u>
EXPENDITURES			
Current:			
Public works	\$ 33	\$ -	\$ 33
Parks, recreation, and cultural	110,572	-	110,572
Total expenditures	<u>\$ 110,605</u>	<u>\$ -</u>	<u>\$ 110,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,910</u>	<u>\$ 10</u>	<u>\$ 5,920</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 18,125	\$ -	\$ 18,125
Total other financing sources and uses	<u>\$ 18,125</u>	<u>\$ -</u>	<u>\$ 18,125</u>
Net change in fund balances	\$ 24,035	\$ 10	\$ 24,045
Fund balances - beginning	541,981	99,863	641,844
Fund balances - ending	<u>\$ 566,016</u>	<u>\$ 99,873</u>	<u>\$ 665,889</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2010

Exhibit 19

	<u>Parks and Recreation Fund</u>	<u>Landfill Contingency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,908	\$ 557,345	\$ 559,253
Receivables (net of allowance for uncollectibles):			
Accounts receivable	3,107	3,656	6,763
Total assets	<u>\$ 5,015</u>	<u>\$ 561,001</u>	<u>\$ 566,016</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Unreserved:			
Undesignated	\$ 5,015	\$ 561,001	\$ 566,016
Total fund balances	<u>\$ 5,015</u>	<u>\$ 561,001</u>	<u>\$ 566,016</u>
Total liabilities and fund balances	<u>\$ 5,015</u>	<u>\$ 561,001</u>	<u>\$ 566,016</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2010

	Parks and Recreation Fund	Landfill Contingency Fund	Total
REVENUES			
Charges for services	\$ 112,803	\$ -	\$ 112,803
Miscellaneous	-	3,712	3,712
Total revenues	<u>\$ 112,803</u>	<u>\$ 3,712</u>	<u>\$ 116,515</u>
EXPENDITURES			
Current:			
Public works	\$ -	\$ 33	\$ 33
Parks, recreation, and cultural	110,572		110,572
Total expenditures	<u>\$ 110,572</u>	<u>\$ 33</u>	<u>\$ 110,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,231</u>	<u>\$ 3,679</u>	<u>\$ 5,910</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ -</u>	<u>\$ 18,125</u>	<u>\$ 18,125</u>
Net change in fund balances	\$ 2,231	\$ 21,804	\$ 24,035
Fund balances - beginning	2,784	539,197	541,981
Fund balances - ending	<u><u>\$ 5,015</u></u>	<u><u>\$ 561,001</u></u>	<u><u>\$ 566,016</u></u>

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 13,781	\$ -	\$ 13,781
Cash in custody of others	-	51,094	51,094
Total assets	<u>\$ 13,781</u>	<u>\$ 51,094</u>	<u>\$ 64,875</u>
LIABILITIES			
Amounts held for social services clients	\$ 13,781	\$ -	\$ 13,781
Amounts held for inmates	-	51,094	51,094
Total liabilities	<u>\$ 13,781</u>	<u>\$ 51,094</u>	<u>\$ 64,875</u>

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

Exhibit 22

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare				
ASSETS				
Cash and cash equivalents	\$ 8,896	\$ 19,694	\$ 14,809	\$ 13,781
Accounts receivable	2,922	-	2,922	-
Total assets	<u>\$ 11,818</u>	<u>\$ 19,694</u>	<u>\$ 17,731</u>	<u>\$ 13,781</u>
LIABILITIES				
Amounts held for social services clients	\$ 11,818	\$ 19,694	\$ 17,731	\$ 13,781
Total liabilities	<u>\$ 11,818</u>	<u>\$ 19,694</u>	<u>\$ 17,731</u>	<u>\$ 13,781</u>
Jail Inmate Accounts				
ASSETS				
Cash in custody of others	\$ 24,686	\$ 481,286	\$ 454,878	\$ 51,094
Total assets	<u>\$ 24,686</u>	<u>\$ 481,286</u>	<u>\$ 454,878</u>	<u>\$ 51,094</u>
LIABILITIES				
Amounts held for inmates	\$ 24,686	\$ 481,286	\$ 454,878	\$ 51,094
Total liabilities	<u>\$ 24,686</u>	<u>\$ 481,286</u>	<u>\$ 454,878</u>	<u>\$ 51,094</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 8,896	\$ 19,694	\$ 14,809	\$ 13,781
Cash in custody of others	24,686	481,286	454,878	51,094
Accounts receivable	2,922	-	2,922	-
Total assets	<u>\$ 38,551</u>	<u>\$ 500,980</u>	<u>\$ 472,609</u>	<u>\$ 64,875</u>
LIABILITIES				
Amounts held for social services clients	\$ 11,818	\$ 19,694	\$ 17,731	\$ 13,781
Amounts held for inmates	24,686	481,286	454,878	51,094
Total liabilities	<u>\$ 38,551</u>	<u>\$ 500,980</u>	<u>\$ 472,609</u>	<u>\$ 64,875</u>

**DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD**

COUNTY OF SHENANDOAH, VIRGINIA
 Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2010

Exhibit 23

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,994,151	\$ 970,077	\$ 5,964,228
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,237,942	-	1,237,942
Due from other funds	151,304	-	151,304
Due from other governmental units	1,229,504	46,012	1,275,516
Inventories	-	86,254	86,254
Prepaid expense	13,151	-	13,151
Deposits	5,000	-	5,000
Total assets	<u>\$ 7,631,052</u>	<u>\$ 1,102,343</u>	<u>\$ 8,733,395</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 362,840	\$ -	\$ 362,840
Accrued payroll	4,530,104	132,791	4,662,895
Due to other funds	-	151,304	151,304
Due to primary government	2,738,108	-	2,738,108
Total liabilities	<u>\$ 7,631,052</u>	<u>\$ 284,095</u>	<u>\$ 7,915,147</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 818,248	\$ 818,248
Total fund balances	<u>\$ -</u>	<u>\$ 818,248</u>	<u>\$ 818,248</u>
Total liabilities and fund balances	<u>\$ 7,631,052</u>	<u>\$ 1,102,343</u>	<u>\$ 8,733,395</u>

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

Total fund balances per above \$ 818,248

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 38,738,666

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (1,383,155)

Net assets of governmental activities \$ 38,173,759

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	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 2,737	\$ 2,737
Charges for services	2,005,050	898,768	2,903,818
Miscellaneous	142,772	28,173	170,945
Recovered costs	56,566	-	56,566
Intergovernmental revenues:			
Local government	20,138,877	-	20,138,877
Commonwealth	28,016,489	34,149	28,050,638
Federal	7,269,491	1,110,471	8,379,962
Total revenues	<u>\$ 57,629,245</u>	<u>\$ 2,074,298</u>	<u>\$ 59,703,543</u>
EXPENDITURES			
Current:			
Education	\$ 57,629,245	\$ 2,067,524	\$ 59,696,769
Total expenditures	<u>\$ 57,629,245</u>	<u>\$ 2,067,524</u>	<u>\$ 59,696,769</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 6,774	\$ 6,774
Net change in fund balances	\$ -	\$ 6,774	\$ 6,774
Fund balances - beginning	-	811,474	811,474
Fund balances - ending	<u>\$ -</u>	<u>\$ 818,248</u>	<u>\$ 818,248</u>

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

Net change in fund balances - total governmental funds	\$ 6,774
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.	2,283,878
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.	<u>(237,347)</u>
Change in net assets of governmental activities	<u>\$ 2,053,305</u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 12,600	\$ 12,600	\$ -	\$ (12,600)
Charges for services	2,889,638	3,006,898	2,005,050	(1,001,848)
Miscellaneous	103,542	142,268	142,772	504
Recovered costs	-	-	56,566	56,566
Intergovernmental revenues:				
Local government	21,066,197	21,733,958	20,138,877	(1,595,081)
Commonwealth	29,724,225	29,747,072	28,016,489	(1,730,583)
Federal	6,118,508	6,619,352	7,269,491	650,139
Total revenues	<u>\$ 59,914,710</u>	<u>\$ 61,262,148</u>	<u>\$ 57,629,245</u>	<u>\$ (3,632,903)</u>
EXPENDITURES				
Current:				
Education	\$ 59,914,710	\$ 61,262,148	\$ 57,629,245	\$ 3,632,903
Total expenditures	<u>\$ 59,914,710</u>	<u>\$ 61,262,148</u>	<u>\$ 57,629,245</u>	<u>\$ 3,632,903</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ -	\$ -	\$ 2,737	\$ 2,737
1,151,443	1,151,443	898,768	(252,675)
-	-	28,173	28,173
-	-	-	-
-	-	-	-
30,067	30,067	34,149	4,082
894,540	894,540	1,110,471	215,931
<u>\$ 2,076,050</u>	<u>\$ 2,076,050</u>	<u>\$ 2,074,298</u>	<u>\$ (1,752)</u>
\$ 2,076,050	\$ 2,076,050	\$ 2,067,524	\$ 8,526
<u>\$ 2,076,050</u>	<u>\$ 2,076,050</u>	<u>\$ 2,067,524</u>	<u>\$ 8,526</u>
\$ -	\$ -	\$ 6,774	\$ 6,774
\$ -	\$ -	\$ 6,774	\$ 6,774
-	-	811,474	811,474
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,248</u>	<u>\$ 818,248</u>

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SUPPORTING SCHEDULES AND TABLES

COUNTY OF SHENANDOAH, VIRGINIA
 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	\$ 19,639,905	\$ 19,639,905	\$ 20,252,255	\$ 612,350
Real and personal public service corporation taxes	600,000	600,000	783,495	183,495
Personal property taxes	7,160,751	7,160,751	6,930,279	(230,472)
Mobile home taxes	27,399	27,399	22,879	(4,520)
Machinery and tools taxes	2,041,649	2,041,649	2,012,673	(28,976)
Merchants capital	298,624	298,624	271,177	(27,447)
Penalties	250,000	250,000	265,309	15,309
Interest	250,000	250,000	267,528	17,528
Total general property taxes	<u>\$ 30,268,328</u>	<u>\$ 30,268,328</u>	<u>\$ 30,805,595</u>	<u>\$ 537,267</u>
Other local taxes:				
Local sales and use taxes	\$ 3,200,000	\$ 3,200,000	\$ 2,909,578	\$ (290,422)
Consumers' utility taxes	1,400,000	1,400,000	1,995,591	595,591
Utility license taxes	18,000	18,000	7,548	(10,452)
Motor vehicle licenses	700,000	700,000	815,279	115,279
Taxes on recordation and wills	400,000	400,000	325,862	(74,138)
Transient occupancy tax	80,000	80,000	100,229	20,229
Total other local taxes	<u>\$ 5,798,000</u>	<u>\$ 5,798,000</u>	<u>\$ 6,154,087</u>	<u>\$ 356,087</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 19,000	\$ 19,000	\$ 24,559	\$ 5,559
Land use application fees	75,000	75,000	5,277	(69,723)
Transfer fees	2,000	2,000	2,200	200
Permits and other licenses	363,350	363,557	308,450	(55,107)
Total permits, privilege fees, and regulatory licenses	<u>\$ 459,350</u>	<u>\$ 459,557</u>	<u>\$ 340,486</u>	<u>\$ (119,071)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 47,000	\$ 47,000	\$ 114,651	\$ 67,651
Revenue from use of money and property:				
Revenue from use of money	\$ 325,000	\$ 337,719	\$ 42,943	\$ (294,776)
Revenue from use of property	55,000	56,532	56,344	(188)
Total revenue from use of money and property	<u>\$ 380,000</u>	<u>\$ 394,251</u>	<u>\$ 99,287</u>	<u>\$ (294,964)</u>
Charges for services:				
Excess fees of clerk	\$ 135,000	\$ 135,000	\$ (17,895)	\$ (152,895)
Charges for courthouse security	120,000	120,000	115,682	(4,318)
Law library fees	-	18,000	26,467	8,467
Jail telephone commissions	-	33,000	29,933	(3,067)
Charges for Commonwealth's Attorney	1,500	1,500	1,602	102
Board of prisoners	47,232	47,342	74,463	27,121
Charges for animal protection	-	-	10,700	10,700
Charges for sanitation and waste removal	1,100,000	1,100,000	1,005,193	(94,807)
Charges for parks and recreation	267,007	412,198	422,052	9,854
Charges for spay and neuter	22,000	22,000	7,585	(14,415)
Charges for day care	465,000	465,000	469,308	4,308
Charges for courthouse maintenance	30,000	30,000	29,436	(564)
Charges for services - other	2,500	2,500	23,382	20,882
Total charges for services	<u>\$ 2,190,239</u>	<u>\$ 2,386,540</u>	<u>\$ 2,197,908</u>	<u>\$ (188,632)</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Miscellaneous revenue:				
Miscellaneous	\$ 263,000	\$ 289,349	\$ 66,083	\$ (223,266)
Refunds and recoveries	718,000	640,149	309,039	(331,110)
Total miscellaneous revenue	<u>\$ 981,000</u>	<u>\$ 929,498</u>	<u>\$ 375,122</u>	<u>\$ (554,376)</u>
Recovered costs:				
Other recovered costs	\$ 150,000	\$ 4,631,765	\$ 312,420	\$ (4,319,345)
Total recovered costs	<u>\$ 150,000</u>	<u>\$ 4,631,765</u>	<u>\$ 312,420</u>	<u>\$ (4,319,345)</u>
Total revenue from local sources	<u>\$ 40,273,917</u>	<u>\$ 44,914,939</u>	<u>\$ 40,399,556</u>	<u>\$ (4,515,383)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 6,200	\$ 6,200	\$ 30,187	\$ 23,987
Mobile home titling tax	15,800	15,800	(753)	(16,553)
Motor vehicle rental tax	15,900	15,900	16,326	426
Reduction in state aid to local governments	-	-	(245,884)	(245,884)
State recordation tax	200,000	200,000	236,438	36,438
Personal property tax relief funds	3,647,829	3,647,829	3,647,829	-
Total noncategorical aid	<u>\$ 3,885,729</u>	<u>\$ 3,885,729</u>	<u>\$ 3,684,143</u>	<u>\$ (201,586)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 341,969	\$ 341,969	330,489	\$ (11,480)
Sheriff	2,817,248	2,818,701	2,498,468	(320,233)
Commissioner of revenue	132,962	132,962	122,167	(10,795)
Treasurer	144,453	144,556	129,427	(15,129)
Registrar/electoral board	70,326	70,326	48,954	(21,372)
Clerk of the Circuit Court	281,180	310,610	295,282	(15,328)
Total shared expenses	<u>\$ 3,788,138</u>	<u>\$ 3,819,124</u>	<u>\$ 3,424,787</u>	<u>\$ (394,337)</u>
Other categorical aid:				
Litter control grant	\$ 18,000	\$ 18,000	\$ 15,276	\$ (2,724)
Welfare administration and assistance	952,427	952,427	855,818	(96,609)
Forfeited drug assets	-	-	4,216	4,216
DMV grant	-	12,143	-	(12,143)
Comprehensive services act	1,592,090	1,592,090	1,527,508	(64,582)
VJCCCA grant	42,518	42,518	40,392	(2,126)
Victim-witness grant	24,841	24,841	27,117	2,276
Wireless E-911 grant	82,664	82,664	91,764	9,100
Fire programs fund	56,247	65,772	71,851	6,079
Cultural grant	-	-	5,000	5,000
Criminal alien assistance program	-	39,455	39,455	-
Extradition of prisoners	-	454	454	-
Rent health department	-	-	7,200	7,200
Other categorical aid	78,509	136,258	321,020	184,762
Total other categorical aid	<u>\$ 2,847,296</u>	<u>\$ 2,966,622</u>	<u>\$ 3,007,071</u>	<u>\$ 40,449</u>
Total categorical aid	<u>\$ 6,635,434</u>	<u>\$ 6,785,746</u>	<u>\$ 6,431,858</u>	<u>\$ (353,888)</u>
Total revenue from the Commonwealth	<u>\$ 10,521,163</u>	<u>\$ 10,671,475</u>	<u>\$ 10,116,001</u>	<u>\$ (555,474)</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Revenues - 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):				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 79,800	\$ 79,800	\$ 158,435	\$ 78,635
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 21,395	\$ 21,395
U.S. Forest Service Patrol	-	16,667	7,793	(8,874)
Community coalition grant	-	-	4,934	4,934
Bullet proof vest grant	-	1,138	1,138	-
Welfare administration and assistance	1,211,990	1,211,990	1,115,969	(96,021)
ARRA Stimulus Funds-welfare assistance	-	-	74,481	74,481
Forfeited drug assets	-	-	1,989	1,989
Immigration custom enforcement	-	3,595	1,755	(1,840)
FEMA EOC	-	-	23,509	23,509
Project lifesaver	-	-	1,110	1,110
ATF overtime sheriff	-	38,025	55,174	17,149
Triad grant	-	-	1,500	1,500
ARRA stimulus funds-Virginia Compensation Board	-	-	134,279	134,279
ARRA stimulus funds-violence against women	-	-	9,004	9,004
Other categorical aid	70,547	353,258	20,289	(332,969)
Total categorical aid	\$ 1,282,537	\$ 1,624,673	\$ 1,474,319	\$ (150,354)
Total revenue from the federal government	\$ 1,362,337	\$ 1,704,473	\$ 1,632,754	\$ (71,719)
Total General Fund	\$ 52,157,417	\$ 57,290,887	\$ 52,148,311	\$ (5,142,576)
Special Revenue Funds:				
Parks and recreation fund:				
Revenue from local sources:				
Charges for services:				
Charges for parks and recreation	\$ -	\$ -	\$ 112,803	\$ 112,803
Total charges for services	\$ -	\$ -	\$ 112,803	\$ 112,803
Total Parks and Recreation Fund	\$ -	\$ -	\$ 112,803	\$ 112,803
Landfill contingency fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 3,712	\$ 3,712
Total revenue from local sources	\$ -	\$ -	\$ 3,712	\$ 3,712
Total Landfill Contingency Fund	\$ -	\$ -	\$ 3,712	\$ 3,712
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 22,364	\$ 22,364
Total revenue from use of money and property	\$ -	\$ -	\$ 22,364	\$ 22,364
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 76,856	\$ 76,856
Total miscellaneous revenue	\$ -	\$ -	\$ 76,856	\$ 76,856
Total revenue from local sources	\$ -	\$ -	\$ 99,220	\$ 99,220

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from the federal government:				
Categorical aid:				
State homeland security grant	\$ -	\$ -	\$ 210,479	\$ 210,479
Total categorical aid	\$ -	\$ -	\$ 210,479	\$ 210,479
Total revenue from the federal government	\$ -	\$ -	\$ 210,479	\$ 210,479
Total Capital Projects Fund	\$ -	\$ -	\$ 309,699	\$ 309,699
Industrial Park Water & Sewer Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 10	\$ 10
Total revenue from local sources	\$ -	\$ -	\$ 10	\$ 10
Total Industrial Park Water & Sewer Fund	\$ -	\$ -	\$ 10	\$ 10
Total Primary Government	\$ 52,157,417	\$ 57,290,887	\$ 52,574,535	\$ (4,716,352)
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	\$ 12,600	\$ 12,600	\$ -	\$ (12,600)
Total revenue from use of money and property	\$ 12,600	\$ 12,600	\$ -	\$ (12,600)
Charges for services:				
Tuition and other payments	\$ 2,778,839	\$ 2,893,124	\$ 1,848,620	\$ (1,044,504)
Other charges for services	110,799	113,774	156,430	42,656
Total charges for services	\$ 2,889,638	\$ 3,006,898	\$ 2,005,050	\$ (1,001,848)
Miscellaneous revenue:				
Other miscellaneous	\$ 103,542	\$ 142,268	\$ 142,772	\$ 504
Total miscellaneous revenue	\$ 103,542	\$ 142,268	\$ 142,772	\$ 504
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 56,566	\$ 56,566
Total revenue from local sources	\$ 3,005,780	\$ 3,161,766	\$ 2,204,388	\$ (957,378)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 21,066,197	\$ 21,733,958	\$ 20,138,877	\$ (1,595,081)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 5,313,048	\$ 5,313,048	\$ 5,070,311	\$ (242,737)
Basic aid	17,313,060	17,313,060	15,272,376	(2,040,684)
Remedial summer school	43,764	43,764	80,327	36,563
Foster home children	33,176	33,176	18,899	(14,277)
Adult education	2,071	2,071	-	(2,071)
GED	15,717	15,717	15,717	-
Gifted and talented	164,500	164,500	160,550	(3,950)
Remedial education	277,823	277,823	271,151	(6,672)
Special education	1,480,502	1,480,502	1,444,948	(35,554)
Textbook payments	433,257	433,257	199,467	(233,790)
Vocational education	610,795	610,795	595,427	(15,368)
Fringe benefits	2,109,258	2,109,258	1,762,479	(346,779)
Early reading intervention	80,242	80,242	76,595	(3,647)
Mentor teacher program	7,792	7,792	8,157	365
Homebound	-	-	5,436	5,436
Special education regional program	-	-	844,310	844,310
At risk program	171,085	171,085	163,755	(7,330)
Primary class size payments	489,385	489,385	465,584	(23,801)
School technology funds	336,000	336,000	310,000	(26,000)
School construction	332,181	332,181	416,527	84,346
Special education- foster children	6,403	6,403	7,655	1,252
Algebra readiness	39,078	39,078	37,255	(1,823)
English as a second language	205,220	205,220	164,032	(41,188)
Massanutten governor's school	10,220	15,235	-	(15,235)
Enrollment loss	-	-	147,185	147,185
Academic year governors school	249,648	267,480	447,054	179,574
National board certification bonus	-	-	17,500	17,500
Other categorical aid	-	-	13,792	13,792
Total categorical aid	<u>\$ 29,724,225</u>	<u>\$ 29,747,072</u>	<u>\$ 28,016,489</u>	<u>\$ (1,730,583)</u>
Total revenue from the Commonwealth	<u>\$ 29,724,225</u>	<u>\$ 29,747,072</u>	<u>\$ 28,016,489</u>	<u>\$ (1,730,583)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,491,972	\$ 1,826,378	\$ 903,903	\$ (922,475)
Title I ARRA	-	-	449,346	449,346
Literacy challenge	-	-	10,273	10,273
Forest reserve	22,584	22,584	21,352	(1,232)
Title II Part A	226,621	307,247	228,196	(79,051)
Title VI-B	2,077,348	2,077,348	1,222,376	(854,972)
Title VI-B ARRA	-	-	997,512	997,512
Vocational education	85,992	85,992	91,413	5,421
Title III Part A	32,760	71,499	-	(71,499)
Preschool	94,655	85,397	27,554	(57,843)
Drug free schools	17,653	21,635	26,397	4,762
Medicaid	100,000	135,904	99,472	(36,432)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
Revenue from the federal government: (continued)				
Categorical aid: (continued)				
State fiscal stabilization funds ARRA	\$ 1,944,084	\$ 1,944,084	\$ 3,120,845	\$ 1,176,761
Education Technology ARRA	-	-	26,010	26,010
Other	24,839	41,284	44,842	3,558
Total categorical aid	<u>\$ 6,118,508</u>	<u>\$ 6,619,352</u>	<u>\$ 7,269,491</u>	<u>\$ 650,139</u>
Total revenue from the federal government	<u>\$ 6,118,508</u>	<u>\$ 6,619,352</u>	<u>\$ 7,269,491</u>	<u>\$ 650,139</u>
Total school operating fund	<u>\$ 59,914,710</u>	<u>\$ 61,262,148</u>	<u>\$ 57,629,245</u>	<u>\$ (3,632,903)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,737	\$ 2,737
Charges for services:				
School food services	\$ 1,151,443	\$ 1,151,443	\$ 898,768	\$ (252,675)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 28,173	\$ 28,173
Total revenue from local sources	<u>\$ 1,151,443</u>	<u>\$ 1,151,443</u>	<u>\$ 929,678</u>	<u>\$ (221,765)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 30,067	\$ 30,067	\$ 34,149	\$ 4,082
Total revenue from the Commonwealth	<u>\$ 30,067</u>	<u>\$ 30,067</u>	<u>\$ 34,149</u>	<u>\$ 4,082</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 894,540	\$ 894,540	\$ 985,676	\$ 91,136
USDA commodities	-	-	124,795	124,795
Total categorical aid	<u>\$ 894,540</u>	<u>\$ 894,540</u>	<u>\$ 1,110,471</u>	<u>\$ 215,931</u>
Total revenue from the federal government	<u>\$ 894,540</u>	<u>\$ 894,540</u>	<u>\$ 1,110,471</u>	<u>\$ 215,931</u>
Total School Cafeteria Fund	<u>\$ 2,076,050</u>	<u>\$ 2,076,050</u>	<u>\$ 2,074,298</u>	<u>\$ (1,752)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 61,990,760</u>	<u>\$ 63,338,198</u>	<u>\$ 59,703,543</u>	<u>\$ (3,634,655)</u>

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

Schedule 2
 Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 285,275	\$ 295,197	\$ 371,284	\$ (76,087)
General and financial information:				
County administrator	\$ 453,411	\$ 453,486	\$ 480,843	\$ (27,357)
Budget	105,797	105,872	104,921	951
Legal services	50,000	50,000	22,482	27,518
Commissioner of revenue	549,654	539,145	527,861	11,284
Reassessment	177,583	179,090	115,850	63,240
Treasurer	581,632	584,147	570,620	13,527
Central accounting	52,782	52,782	58,550	(5,768)
Data processing	135,796	135,796	111,698	24,098
Geographic information system	96,507	96,507	88,172	8,335
Total general and financial information	<u>\$ 2,203,162</u>	<u>\$ 2,196,825</u>	<u>\$ 2,080,997</u>	<u>\$ 115,828</u>
Board of elections:				
Electoral board and officials	\$ 95,222	\$ 116,443	\$ 62,118	\$ 54,325
Registrar	126,524	126,524	122,671	3,853
Total board of elections	<u>\$ 221,746</u>	<u>\$ 242,967</u>	<u>\$ 184,789</u>	<u>\$ 58,178</u>
Total general government administration	<u>\$ 2,710,183</u>	<u>\$ 2,734,989</u>	<u>\$ 2,637,070</u>	<u>\$ 97,919</u>
Judicial administration:				
Courts:				
Circuit court	\$ 55,378	\$ 55,378	\$ 54,041	\$ 1,337
General district court	10,300	10,300	7,318	2,982
Special magistrates	3,050	3,050	2,371	679
Clerk of the circuit court	527,523	531,030	530,600	430
Sheriff	570,053	485,488	427,325	58,163
Juvenile domestic	23,000	23,040	17,304	5,736
Law library	21,500	21,500	23,285	(1,785)
Records restoration	-	-	8,249	(8,249)
Victim witness	25,604	25,604	27,064	(1,460)
Total courts	<u>\$ 1,236,408</u>	<u>\$ 1,155,390</u>	<u>\$ 1,097,557</u>	<u>\$ 57,833</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 470,038	\$ 451,868	\$ 456,379	\$ (4,511)
Total judicial administration	<u>\$ 1,706,446</u>	<u>\$ 1,607,258</u>	<u>\$ 1,553,936</u>	<u>\$ 53,322</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,091,681	\$ 3,293,763	\$ 3,301,108	\$ (7,345)
E-911 enforcement and traffic control	54,150	54,150	50,872	3,278
Total law enforcement and traffic control	<u>\$ 3,145,831</u>	<u>\$ 3,347,913</u>	<u>\$ 3,351,980</u>	<u>\$ (4,067)</u>
Fire and rescue services:				
Volunteer fire department	\$ 721,247	\$ 733,564	\$ 713,887	\$ 19,677
Ambulance and rescue services	272,524	340,503	262,779	77,724
Forest fire extinction	9,838	9,838	9,695	143
Fire and rescue services	2,345,887	2,364,908	2,395,069	(30,161)
Total fire and rescue services	<u>\$ 3,349,496</u>	<u>\$ 3,448,813</u>	<u>\$ 3,381,430</u>	<u>\$ 67,383</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Correction and detention:				
Jail	\$ 2,013,162	\$ 2,040,276	\$ 1,863,190	\$ 177,086
Juvenile probation and detention	561,255	561,275	548,852	12,423
Total correction and detention	<u>\$ 2,574,417</u>	<u>\$ 2,601,551</u>	<u>\$ 2,412,042</u>	<u>\$ 189,509</u>
Inspections:				
Building	\$ 498,740	\$ 499,372	\$ 476,837	\$ 22,535
Other protection:				
Animal control	\$ 107,124	\$ 107,124	\$ 105,202	\$ 1,922
Animal shelter	264,822	287,130	214,894	72,236
Medical examiner	600	600	320	280
Emergency services	1,211,839	1,213,799	1,022,730	191,069
Total other protection	<u>\$ 1,584,385</u>	<u>\$ 1,608,653</u>	<u>\$ 1,343,146</u>	<u>\$ 265,507</u>
Total public safety	<u>\$ 11,152,869</u>	<u>\$ 11,506,302</u>	<u>\$ 10,965,435</u>	<u>\$ 540,867</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 885,465	\$ 891,990	\$ 797,936	\$ 94,054
Refuse disposal	1,587,225	1,587,225	1,172,281	414,944
Total sanitation and waste removal	<u>\$ 2,472,690</u>	<u>\$ 2,479,215</u>	<u>\$ 1,970,217</u>	<u>\$ 508,998</u>
Maintenance of general buildings and grounds:				
General properties	\$ 832,356	\$ 860,498	\$ 715,926	\$ 144,572
Total public works	<u>\$ 3,305,046</u>	<u>\$ 3,339,713</u>	<u>\$ 2,686,143</u>	<u>\$ 653,570</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 288,760	\$ 288,760	\$ 288,760	\$ -
Mental health and mental retardation:				
Administration	\$ 230,687	\$ 230,687	\$ 230,687	\$ -
Total mental health and mental retardation	<u>\$ 230,687</u>	<u>\$ 230,687</u>	<u>\$ 230,687</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 3,022,000	\$ 2,997,000	\$ 2,914,730	\$ 82,270
ARRA stimulus welfare assistance	-	-	53,612	(53,612)
Comprehensive services act	2,664,350	2,664,350	2,341,921	322,429
State and local hospitalization	25,487	25,487	-	25,487
Area Agency on Aging	83,000	83,000	83,000	-
Tax relief for the elderly	-	-	100,162	(100,162)
Operation county/farm home	62,200	62,200	62,651	(451)
Other local health and welfare organizations	52,420	52,420	52,420	-
Total welfare	<u>\$ 5,909,457</u>	<u>\$ 5,884,457</u>	<u>\$ 5,608,496</u>	<u>\$ 275,961</u>
Total health and welfare	<u>\$ 6,428,904</u>	<u>\$ 6,403,904</u>	<u>\$ 6,127,943</u>	<u>\$ 275,961</u>

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 39,376	\$ 39,376	\$ 39,376	\$ -
Purchase of school assets	-	-	662,649	(662,649)
Contribution to County School Board	20,966,197	21,733,958	20,138,877	1,595,081
Seven Bends student center	465,000	490,000	462,649	27,351
Total education	<u>\$ 21,470,573</u>	<u>\$ 22,263,334</u>	<u>\$ 21,303,551</u>	<u>\$ 959,783</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 800,165	\$ 955,606	\$ 949,414	\$ 6,192
Cultural enrichment:				
Operation of television translators	\$ 23,000	\$ 23,000	\$ 19,253	\$ 3,747
Contributions to community programs	7,500	7,500	7,500	-
Total cultural enrichment	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 26,753</u>	<u>\$ 3,747</u>
Library:				
Contribution to County Library	\$ 699,461	\$ 699,461	\$ 693,304	\$ 6,157
Total parks, recreation, and cultural	<u>\$ 1,530,126</u>	<u>\$ 1,685,567</u>	<u>\$ 1,669,471</u>	<u>\$ 16,096</u>
Community development:				
Planning and community development:				
Community development	\$ 349,012	\$ 381,604	\$ 323,259	\$ 58,345
Economic development	129,596	129,596	105,116	24,480
Tourism	163,662	171,500	135,461	36,039
Litter Control	20,000	20,000	14,873	5,127
Total planning and community development	<u>\$ 662,270</u>	<u>\$ 702,700</u>	<u>\$ 578,709</u>	<u>\$ 123,991</u>
Environmental management:				
Soil and water conservation district	\$ 24,000	\$ 169,203	\$ 219,837	\$ (50,634)
Gypsy moth	3,800	3,800	1,256	2,544
Total environmental management	<u>\$ 27,800</u>	<u>\$ 173,003</u>	<u>\$ 221,093</u>	<u>\$ (48,090)</u>
Cooperative extension program:				
Extension office	\$ 176,810	\$ 176,810	\$ 165,686	\$ 11,124
Total community development	<u>\$ 866,880</u>	<u>\$ 1,052,513</u>	<u>\$ 965,488</u>	<u>\$ 87,025</u>
Nondepartmental:				
Judgments and Settlements	\$ 500	\$ 700	\$ 171,501	\$ (170,801)
Revenue Refunds	8,450	8,450	11,993	(3,543)
Miscellaneous	71,265	23,198	12,814	10,384
Total nondepartmental	<u>\$ 80,215</u>	<u>\$ 32,348</u>	<u>\$ 196,308</u>	<u>\$ (163,960)</u>
Capital projects:				
Other capital projects	\$ 366,219	\$ 366,219	\$ 754,474	\$ (388,255)
Total capital projects	<u>\$ 366,219</u>	<u>\$ 366,219</u>	<u>\$ 754,474</u>	<u>\$ (388,255)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,081,421	\$ (1,081,421)
Interest and other fiscal charges	-	-	210,495	(210,495)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,291,916</u>	<u>\$ (1,291,916)</u>
Total General Fund	<u>\$ 49,617,461</u>	<u>\$ 50,992,147</u>	<u>\$ 50,151,735</u>	<u>\$ 840,412</u>
Special Revenue Fund:				
Parks and Recreation Fund				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ -	\$ -	\$ 110,572	\$ (110,572)
Total Parks and Recreation Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,572</u>	<u>\$ (110,572)</u>
Landfill Contingency Fund				
Public works:				
Other sanitation and waste removal	\$ -	\$ -	\$ 33	\$ (33)
Total public works	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ (33)</u>
Total Landfill Contingency Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ (33)</u>

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
County Debt Service Fund				
Debt service:				
Principal retirement	\$ 2,930,586	\$ 2,930,586	\$ 3,349,515	\$ (418,929)
Interest and other fiscal charges	1,857,895	1,857,895	1,664,714	193,181
Total County Debt Service Fund	<u>\$ 4,788,481</u>	<u>\$ 4,788,481</u>	<u>\$ 5,014,229</u>	<u>\$ (225,748)</u>
Capital Projects Funds:				
County Capital Projects Fund				
Capital projects expenditures:				
Construction of courthouse building	\$ -	\$ 2,455,356	\$ 2,957,576	\$ (502,220)
Construction of health services building	-	1,942,317	2,250,994	(308,677)
Law enforcement records management upgrade	-	587,611	412,783	174,828
Other	-	663,927	962,712	(298,785)
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ 5,649,211</u>	<u>\$ 6,584,065</u>	<u>\$ (934,854)</u>
Debt service:				
Principal retirement				-
Interest and other fiscal charges	\$ -	\$ -	\$ 224,029	\$ (224,029)
Bond issuance costs	-	-	351,567	(351,567)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,596</u>	<u>\$ (575,596)</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 5,649,211</u>	<u>\$ 7,159,661</u>	<u>\$ (1,510,450)</u>
Total Primary Government	<u>\$ 54,405,942</u>	<u>\$ 61,429,839</u>	<u>\$ 61,860,634</u>	<u>\$ (430,795)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instructional	\$ 46,580,781	\$ 46,960,825	\$ 44,034,158	\$ 2,926,667
Operating costs:				
Attendance and health services	1,958,899	2,829,697	2,918,423	(88,726)
Pupil transportation	4,212,773	4,268,085	3,851,909	416,176
Operation and maintenance of school plant	5,981,703	5,981,703	5,661,408	320,295
Electronic technology	1,180,554	1,221,838	1,163,347	58,491
Total operating costs	<u>\$ 13,333,929</u>	<u>\$ 14,301,323</u>	<u>\$ 13,595,087</u>	<u>\$ 706,236</u>
Total School Fund	<u>\$ 59,914,710</u>	<u>\$ 61,262,148</u>	<u>\$ 57,629,245</u>	<u>\$ 3,632,903</u>
Cafeteria Fund:				
Education:				
School food services:				
School cafeteria	\$ 2,076,050	\$ 2,076,050	\$ 2,067,524	\$ 8,526
Total school cafeteria fund	<u>\$ 2,076,050</u>	<u>\$ 2,076,050</u>	<u>\$ 2,067,524</u>	<u>\$ 8,526</u>
Total Discretely Presented Component Unit School Board	<u>\$ 61,990,760</u>	<u>\$ 63,338,198</u>	<u>\$ 59,696,769</u>	<u>\$ 3,641,429</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,186,672	\$ 3,688,408	\$ 4,609,604	\$ 3,255,224
Restricted	438,819	1,028,049	1,102,692	297,723
Unrestricted	13,293,541	11,764,606	12,588,808	15,249,305
Total governmental activities net assets	\$ 15,919,032	\$ 16,481,063	\$ 18,301,104	\$ 18,802,252
Business-type activities				
Invested in capital assets, net of related debt	\$ 1,913,864	\$ 2,100,240	\$ 1,879,649	\$ 1,750,860
Restricted	-	-	-	-
Unrestricted	2,156,113	1,301,787	1,489,086	1,686,078
Total business-type activities net assets	\$ 4,069,977	\$ 3,402,027	\$ 3,368,735	\$ 3,436,938
Primary government				
Invested in capital assets, net of related debt	\$ 4,100,536	\$ 5,788,648	\$ 6,489,253	\$ 5,006,084
Restricted	438,819	1,028,049	1,102,692	297,723
Unrestricted	15,449,654	13,066,393	14,077,894	16,935,383
Total primary government net assets	\$ 19,989,009	\$ 19,883,090	\$ 21,669,839	\$ 22,239,190

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

Table 1

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,371,945	\$ 1,529,687	\$ 821,843	\$ 3,525,823	\$ 4,902,912
-	-	-	315,168	315,168
<u>14,777,373</u>	<u>18,280,691</u>	<u>17,099,923</u>	<u>8,482,928</u>	<u>5,193,805</u>
<u>\$ 18,149,318</u>	<u>\$ 19,810,378</u>	<u>\$ 17,921,766</u>	<u>\$ 12,323,919</u>	<u>\$ 10,411,885</u>
\$ 1,789,103	\$ 1,926,523	\$ 2,382,773	\$ 2,686,610	\$ 3,093,376
-	-	-	59,736	-
<u>2,600,107</u>	<u>2,500,097</u>	<u>2,308,568</u>	<u>1,818,107</u>	<u>1,415,311</u>
<u>\$ 4,389,210</u>	<u>\$ 4,426,620</u>	<u>\$ 4,691,341</u>	<u>\$ 4,564,453</u>	<u>\$ 4,508,687</u>
\$ 5,161,048	\$ 3,456,210	\$ 3,204,616	\$ 6,212,433	\$ 7,996,288
-	-	-	374,904	315,168
<u>17,377,480</u>	<u>20,780,788</u>	<u>19,408,491</u>	<u>10,301,035</u>	<u>6,609,116</u>
<u>\$ 22,538,528</u>	<u>\$ 24,236,998</u>	<u>\$ 22,613,107</u>	<u>\$ 16,888,372</u>	<u>\$ 14,920,572</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	\$ 1,666,497	\$ 1,770,226	\$ 1,741,576	\$ 2,917,362
Judicial administration	739,201	786,276	799,294	1,058,088
Public safety	5,668,543	6,045,794	5,861,236	7,403,358
Public works	3,175,845	2,970,615	2,843,559	3,942,182
Health and welfare	4,661,697	4,242,981	4,208,464	4,785,076
Education	18,205,408	17,922,501	21,507,343	21,462,122
Parks, recreation and cultural	815,596	1,322,323	1,148,548	1,188,198
Community development	695,869	817,807	1,351,464	739,321
Interest on long-term debt	1,665,385	2,769,712	2,402,577	2,454,129
Total governmental activities expenses	\$ 37,294,041	\$ 38,648,235	\$ 41,864,061	\$ 45,949,836
Business-type activities:				
Water	\$ 1,859,446	\$ 1,953,426	\$ 1,889,563	\$ 1,893,887
Total business-type activities expenses	\$ 1,859,446	\$ 1,953,426	\$ 1,889,563	\$ 1,893,887
Total primary government expenses	\$ 39,153,487	\$ 40,601,661	\$ 43,753,624	\$ 47,843,723
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 53,994	\$ 1,402	\$ -	\$ 61,594
Judicial administration	136,725	172,362	228,295	268,852
Public safety	330,994	181,395	165,957	120,217
Public works	831,017	630,831	735,973	1,097,117
Education	-	272,987	-	350,951
Parks, recreation and cultural	348,031	265,179	580,416	283,514
Community development	-	-	557,517	617,033
Operating grants and contributions	6,293,304	6,023,034	6,147,614	7,132,330
Capital grants and contributions	-	958,805	-	245,994
Total governmental activities program revenues	\$ 7,994,065	\$ 8,505,995	\$ 8,415,772	\$ 10,177,602
Business-type activities:				
Charges for services:				
Water	\$ 1,037,555	\$ 925,535	\$ 1,026,441	\$ 1,134,249
Capital grants and contributions	-	176,457	306,000	221,250
Total business-type activities program revenues	\$ 1,037,555	\$ 1,101,992	\$ 1,332,441	\$ 1,355,499
Total primary government program revenues	\$ 9,031,620	\$ 9,607,987	\$ 9,748,213	\$ 11,533,101
Net (expense) / revenue				
Governmental activities	\$ (29,299,976)	\$ (30,142,240)	\$ (33,448,289)	\$ (35,772,234)
Business-type activities	(821,891)	(851,434)	(557,122)	(538,388)
Total primary government net expense	\$ (30,121,867)	\$ (30,993,674)	\$ (34,005,411)	\$ (36,310,622)

Table 2

	2006	2007	2008	2009	2010
\$	2,321,080	\$ 2,421,199	\$ 2,359,284	\$ 2,817,148	\$ 2,694,098
	1,375,534	1,384,331	1,797,846	1,686,886	1,563,538
	8,546,482	9,493,390	10,872,246	11,121,538	11,327,324
	4,040,447	4,893,094	6,661,832	5,686,960	3,669,994
	6,188,101	6,588,118	6,589,034	6,331,863	6,147,406
	21,717,115	21,503,186	22,671,491	27,122,413	24,147,779
	1,424,007	1,440,098	1,992,628	1,465,416	1,820,175
	772,629	1,251,165	883,431	1,151,216	965,207
	2,401,070	2,176,372	2,017,426	2,003,040	2,152,971
\$	<u>48,786,465</u>	<u>\$ 51,150,953</u>	<u>\$ 55,845,218</u>	<u>\$ 59,386,480</u>	<u>\$ 54,488,492</u>
\$	<u>1,939,384</u>	<u>\$ 2,201,825</u>	<u>\$ 2,439,706</u>	<u>\$ 2,600,989</u>	<u>\$ 2,354,749</u>
\$	<u>1,939,384</u>	<u>\$ 2,201,825</u>	<u>\$ 2,439,706</u>	<u>\$ 2,600,989</u>	<u>\$ 2,354,749</u>
\$	<u>50,725,849</u>	<u>\$ 53,352,778</u>	<u>\$ 58,284,924</u>	<u>\$ 61,987,469</u>	<u>\$ 56,843,241</u>
\$	16,334	\$ 6,174	\$ 524	\$ 48,746	\$ 23,382
	364,093	340,234	308,142	315,354	269,943
	113,108	93,359	123,461	122,117	122,681
	1,254,582	1,207,667	1,195,032	1,075,280	1,005,193
	-	486,364	494,698	522,635	469,308
	752,049	290,833	320,960	357,904	534,855
	620,580	509,206	477,440	353,584	340,486
	8,548,607	8,604,101	8,803,623	9,364,373	8,116,656
	-	-	-	-	-
\$	<u>11,669,353</u>	<u>\$ 11,537,938</u>	<u>\$ 11,723,880</u>	<u>\$ 12,159,993</u>	<u>\$ 10,882,504</u>
\$	1,152,365	\$ 1,339,808	\$ 1,414,774	\$ 1,468,721	\$ 1,446,521
	1,081,559	207,745	563,500	307,694	175,383
\$	<u>2,233,924</u>	<u>\$ 1,547,553</u>	<u>\$ 1,978,274</u>	<u>\$ 1,776,415</u>	<u>\$ 1,621,904</u>
\$	<u>13,903,277</u>	<u>\$ 13,085,491</u>	<u>\$ 13,702,154</u>	<u>\$ 13,936,408</u>	<u>\$ 12,504,408</u>
\$	(37,117,112)	\$ (39,613,015)	\$ (44,121,338)	\$ (47,226,487)	\$ (43,605,988)
	294,540	(654,272)	(461,432)	(824,574)	(732,845)
\$	<u>(36,822,572)</u>	<u>\$ (40,267,287)</u>	<u>\$ (44,582,770)</u>	<u>\$ (48,051,061)</u>	<u>\$ (44,338,833)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 19,117,549	\$ 21,609,837	\$ 25,274,257	\$ 25,056,214
Local sales and use taxes	-	-	2,659,256	2,932,417
Taxes on recordation and wills	-	-	-	688,517
Motor vehicle licenses taxes	-	-	632,909	654,599
Consumer utility taxes	-	-	1,309,116	1,393,268
Business licenses taxes	396,080	425,428	-	-
Other local taxes	4,822,930	4,968,983	396,294	625,906
Unrestricted grants and contributions	3,478,658	3,771,070	4,082,118	346,074
Unrestricted revenues from use of money and property	1,034,772	765,176	-	605,028
Miscellaneous	445,322	821,197	420,487	3,911,179
Transfers	-	-	493,893	-
Total governmental activities	<u>\$ 29,295,311</u>	<u>\$ 32,361,691</u>	<u>\$ 35,268,330</u>	<u>\$ 36,213,202</u>
Business-type activities:				
Property taxes	\$ 435,616	\$ 439,896	\$ 455,465	\$ 471,482
Unrestricted grants and contributions	-	-	-	-
Unrestricted revenues from use of money and property	42,639	46,538	14,844	29,156
Miscellaneous	141,973	67,246	68,685	105,953
Total business-type activities	<u>\$ 620,228</u>	<u>\$ 553,680</u>	<u>\$ 538,994</u>	<u>\$ 606,591</u>
Total primary government	<u>\$ 29,915,539</u>	<u>\$ 32,915,371</u>	<u>\$ 35,807,324</u>	<u>\$ 36,819,793</u>
Change in Net Assets				
Governmental activities	\$ (4,665)	\$ 2,219,451	\$ 1,820,041	\$ 440,968
Business-type activities	(201,663)	(297,754)	(18,128)	68,203
Total primary government	<u>\$ (206,328)</u>	<u>\$ 1,921,697</u>	<u>\$ 1,801,913</u>	<u>\$ 509,171</u>

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

Table 2

	2006	2007	2008	2009	2010
\$	24,042,683	\$ 29,257,624	\$ 29,220,882	\$ 30,598,287	\$ 31,119,938
	3,231,113	3,113,379	3,238,398	3,313,542	2,909,578
	989,849	801,128	477,500	322,715	1,995,591
	669,047	891,116	552,815	795,000	815,279
	1,385,736	1,718,438	2,100,986	1,960,982	325,862
	-	-	-	-	-
	736,144	80,565	81,334	132,608	107,777
	4,206,588	4,307,511	4,626,255	3,876,482	3,842,578
	639,621	916,709	776,679	326,895	121,661
	563,397	187,605	324,047	302,129	455,690
	-	-	-	-	-
\$	<u>36,464,178</u>	<u>\$ 41,274,075</u>	<u>\$ 41,398,896</u>	<u>\$ 41,628,640</u>	<u>\$ 41,693,954</u>
\$	478,659	\$ 470,393	\$ 505,237	\$ 522,155	\$ 541,459
	29,118	5,143	8,852	-	-
	72,922	84,725	106,304	39,957	21,019
	77,033	131,421	105,760	116,020	114,601
\$	<u>657,732</u>	<u>\$ 691,682</u>	<u>\$ 726,153</u>	<u>\$ 678,132</u>	<u>\$ 677,079</u>
\$	<u>37,121,910</u>	<u>\$ 41,965,757</u>	<u>\$ 42,125,049</u>	<u>\$ 42,306,772</u>	<u>\$ 42,371,033</u>
\$	(652,934)	\$ 1,661,060	\$ (2,722,442)	\$ (5,597,847)	\$ (1,912,034)
	952,272	37,410	264,721	(146,442)	(55,766)
\$	<u>299,338</u>	<u>\$ 1,698,470</u>	<u>\$ (2,457,721)</u>	<u>\$ (5,744,289)</u>	<u>\$ (1,967,800)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	\$ 241,389	\$ 260,062	\$ 285,157	\$ 297,723
Unreserved	9,491,491	8,720,294	8,939,919	11,318,949
Total general fund	<u>\$ 9,732,880</u>	<u>\$ 8,980,356</u>	<u>\$ 9,225,076</u>	<u>\$ 11,616,672</u>
All other governmental funds				
Reserved				
Unreserved, reported in:				
Special revenue funds	\$ 347,288	\$ 418,672	\$ 361,052	\$ 362,716
Capital projects funds	7,506,789	32,836,334	13,876,333	6,317,009
Total all other governmental funds	<u>\$ 7,854,077</u>	<u>\$ 33,255,006</u>	<u>\$ 14,237,385</u>	<u>\$ 6,679,725</u>

Table 3

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 297,723	\$ -	\$ -	\$ -	\$ -	\$ -	
10,546,157	13,596,381	16,656,188	16,823,568	11,621,797	10,747,591	
<u>\$ 10,843,880</u>	<u>\$ 13,596,381</u>	<u>\$ 16,656,188</u>	<u>\$ 16,823,568</u>	<u>\$ 11,621,797</u>	<u>\$ 10,747,591</u>	
\$ 364,499	\$ 415,682	\$ 464,264	\$ 513,479	\$ 641,844	\$ 566,016	
8,139,801	8,475,802	7,972,658	8,452,910	8,895,067	18,156,955	
<u>\$ 8,504,300</u>	<u>\$ 8,891,484</u>	<u>\$ 8,436,922</u>	<u>\$ 8,966,389</u>	<u>\$ 9,536,911</u>	<u>\$ 18,722,971</u>	

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
General property taxes	\$ 18,545,907	\$ 19,448,949	\$ 21,632,067	\$ 22,854,991
Other local taxes	4,660,171	4,822,930	4,968,983	5,491,468
Permits, privilege fees and regulatory licenses	300,572	396,080	425,428	570,027
Fines and forfeitures	34,452	27,955	15,748	16,133
Revenue from use of money and property	738,167	1,032,347	764,492	171,392
Charges for services	2,606,990	1,409,235	1,508,408	1,681,998
Miscellaneous	622,674	445,322	439,657	420,487
Recovered costs	37,711	263,571	381,540	421,674
Intergovernmental:	-	292,109	910,664	-
Commonwealth	27,296,670	8,114,456	8,136,659	8,237,692
Federal	3,332,281	1,365,397	1,705,586	1,820,460
Total revenues	\$ 58,175,595	\$ 37,618,351	\$ 40,889,232	\$ 41,686,322
Expenditures				
General government administration	\$ 1,605,075	\$ 1,465,061	\$ 1,480,225	\$ 1,656,620
Judicial administration	706,988	715,975	770,440	827,829
Public safety	4,997,841	5,252,335	5,705,453	5,944,785
Public works	2,192,903	2,988,144	3,232,730	2,137,903
Health and welfare	4,294,674	4,564,051	4,201,767	4,281,709
Education	37,806,002	15,734,857	15,706,220	16,589,838
Parks, recreation and cultural	858,051	774,870	1,226,583	1,128,982
Community development	657,112	678,246	675,846	678,719
Nondepartmental	-	-	-	35,448
Capital projects	4,167,328	1,430,437	26,055,620	7,969,350
Debt service				
Principal	2,843,390	2,847,397	2,734,454	3,511,264
Interest and other fiscal charges	1,466,226	1,520,019	2,237,767	2,539,366
Total expenditures	\$ 61,595,590	\$ 37,971,392	\$ 64,027,105	\$ 47,301,813
Excess of revenues over (under) expenditures	\$ (3,419,995)	\$ (353,041)	\$ (23,137,873)	\$ (5,615,491)
Other financing sources (uses)				
Transfers in	\$ 1,539,622	\$ 3,832,776	\$ 4,367,901	\$ 5,377,362
Transfers out	(986,625)	(4,901,236)	(5,110,401)	(5,476,428)
Refunding bonds issued	-	-	-	548,493
Bonds issued	-	25,976,018	5,107,472	-
Premium on bonds issued	-	-	-	-
Capital leases	898,271	93,888	-	-
Notes Payable	-	-	-	-
Total other financing sources (uses)	\$ 1,451,268	\$ 25,001,446	\$ 4,364,972	\$ 449,427
Net change in fund balances	\$ (1,968,727)	\$ 24,648,405	\$ (18,772,901)	\$ (5,166,064)
Debt service as a percentage of noncapital expenditures	7.00%	11.50%	7.77%	12.79%

Table 4

	2005	2006	2007	2008	2009	2010
\$	24,302,925	\$ 26,044,683	\$ 29,159,806	\$ 29,555,714	\$ 30,532,857	\$ 30,805,595
	6,294,707	7,011,889	6,920,639	6,451,033	6,524,847	6,154,087
	630,162	633,654	509,206	550,482	353,584	340,486
	24,471	29,025	40,655	45,425	91,857	114,651
	345,895	639,621	916,709	776,679	326,895	121,661
	2,144,610	2,458,067	2,383,976	2,423,291	2,350,179	2,310,711
	605,028	506,425	640,321	345,555	302,129	455,690
	65,635	123,625	741,736	497,325	276,908	312,420
	245,994	-	-	-	-	-
	9,108,772	10,210,743	10,155,332	10,647,989	10,031,639	10,126,436
	1,934,737	2,544,452	2,440,267	2,185,623	3,209,216	1,832,798
\$	<u>45,702,936</u>	<u>\$ 50,202,184</u>	<u>\$ 53,908,647</u>	<u>\$ 53,479,116</u>	<u>\$ 54,000,111</u>	<u>\$ 52,574,535</u>
\$	2,261,209	\$ 2,218,412	\$ 2,418,823	\$ 2,401,055	\$ 2,853,762	\$ 2,637,070
	973,663	1,335,854	1,379,827	1,709,822	1,677,491	1,553,936
	7,333,883	8,535,147	9,564,087	11,211,113	10,726,741	10,965,435
	2,631,585	2,871,704	4,110,671	3,598,286	2,920,804	2,686,143
	4,780,944	6,178,127	6,868,977	6,560,503	6,320,719	6,127,943
	18,656,116	18,015,034	17,660,412	19,535,900	23,088,598	21,303,551
	1,164,205	1,288,881	1,374,490	1,553,319	1,717,606	1,780,076
	695,742	755,914	718,688	878,681	860,309	965,488
	-	16,045	30,000	59,500	35,596	196,308
	1,791,873	294,520	2,177,928	4,016,683	4,021,266	7,338,539
	8,313,719	3,648,503	3,752,580	3,958,168	4,024,084	4,430,936
	2,406,655	2,483,157	2,279,406	2,105,512	2,093,305	1,875,209
\$	<u>51,009,594</u>	<u>\$ 47,641,298</u>	<u>\$ 52,335,889</u>	<u>\$ 57,588,542</u>	<u>\$ 60,340,281</u>	<u>\$ 61,860,634</u>
\$	<u>(5,306,658)</u>	<u>\$ 2,560,886</u>	<u>\$ 1,572,758</u>	<u>\$ (4,109,426)</u>	<u>\$ (6,340,170)</u>	<u>\$ (9,286,099)</u>
\$	7,613,071	\$ 5,861,463	\$ 5,410,369	\$ 6,266,659	\$ 6,688,843	\$ 6,078,976
	(6,814,173)	(5,861,463)	(5,410,369)	(6,266,659)	(6,688,843)	(6,078,976)
	4,130,808	-	-	-	-	-
	-	-	313,653	2,329,416	1,356,931	15,760,000
	300,424	-	-	-	-	723,003
	1,128,311	578,799	718,834	1,643,027	351,990	452,301
	-	-	-	-	-	662,649
\$	<u>6,358,441</u>	<u>\$ 578,799</u>	<u>\$ 1,032,487</u>	<u>\$ 3,972,443</u>	<u>\$ 1,708,921</u>	<u>\$ 17,597,953</u>
\$	<u>1,051,783</u>	<u>\$ 3,139,685</u>	<u>\$ 2,605,245</u>	<u>\$ (136,983)</u>	<u>\$ (4,631,249)</u>	<u>\$ 8,311,854</u>
	21.02%	12.87%	11.53%	10.53%	10.14%	10.19%

COUNTY OF SHENANDOAH, VIRGINIA

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service
2010 \$	4,371,701,000 \$	346,758,402 \$	4,443,414 \$	64,372,075 \$	46,001,179 \$	149,466,288
2009	3,921,886,100	372,121,056	5,469,665	60,505,707	48,726,763	122,679,339
2008	3,841,542,450	378,309,055	5,539,784	66,351,535	43,652,302	125,063,172
2007	3,715,824,650	356,334,022	5,523,101	73,317,081	38,950,950	110,806,557
2006	3,046,358,050	327,177,172	4,688,573	70,152,682	36,933,965	111,175,331
2005	2,394,494,850	289,239,613	3,803,521	72,596,435	35,081,578	135,353,194
2004	2,303,149,450	266,755,115	3,646,104	64,808,132	33,030,298	141,312,786
2003	2,236,281,050	257,846,693	3,490,305	54,636,621	32,246,533	133,911,993
2002	2,046,487,950	238,279,710	3,456,510	50,197,268	31,538,996	128,342,001
2001	1,865,475,850	227,790,970	3,305,477	44,585,404	32,338,268	183,816,120

Source: Commissioner of Revenue

(1) The County began semi-annual billing in 1999 for real estate and personal property taxes and in 2001 for public service corporations. Accordingly, the levies and collections for the years 1999 and 2001 include one and one-half years' worth of levies.

Table 5

	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	4,982,742,358	\$ 4,982,742,358	100.00%
	4,531,388,630	4,531,388,630	100.00%
	4,460,458,298	4,460,458,298	100.00%
	4,300,756,361	4,300,756,361	100.00%
	3,596,485,773	3,596,485,773	100.00%
	2,930,569,191	2,930,569,191	100.00%
	2,812,701,885	2,812,701,885	100.00%
	2,718,413,195	2,718,413,195	100.00%
	2,498,302,435	2,498,302,435	100.00%
	2,357,312,089	2,357,312,089	100.00%

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

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2010	\$ 0.47	\$ 3.15	\$ 0.47	\$ 3.15	\$ 0.60
2009	0.51	3.15	0.51	3.15	0.60
2008	0.51	2.86	0.51	2.86	0.60
2007	0.51	2.86	0.51	2.86	0.60
2006	0.51	2.86	0.51	2.86	0.60
2005	0.68	2.86	0.68	2.86	0.60
2004	0.68	2.86	0.68	2.86	0.60
2003	0.68	2.86	0.68	2.86	0.60
2002	0.64	2.86	0.64	2.86	0.60
2001	0.64	2.86	0.64	2.86	0.60

(1) Per \$100 of assessed value

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2010		Fiscal Year 2001	
		2010 Assessed Valuation	% of Total Assessed Valuation	2001 Assessed Valuation	% of Total Assessed Valuation
Art Mortgage Borrower		13,795,500	0.28%	482,100	0.02%
Howell Metal Co.		10,273,600	0.21%	3,029,900	0.15%
Schuller International Inc		9,929,900	0.20%	7,040,100	0.34%
294 Front Royal LLC		9,163,000	0.18%	5,483,800	0.27%
Loral Cyberstar Data Services		8,939,600	0.18%	2,546,600	0.12%
Bowman Apple Products		8,212,200	0.16%	7,613,300	0.37%
Masco Builder Cabinet Group		8,032,500	0.16%	5,829,500	0.29%
Lowe's Home Centers Inc.		7,764,100	0.16%	-	0.00%
Wal-Mart Real Estate Business		7,303,100	0.15%	4,845,700	0.24%
Spectrum I Woodstock LLC		5,755,800	0.12%	4,011,600	0.20%
IAC Strasburg LLC		5,385,400	0.11%	4,033,800	0.20%
Walter Enterprises LLC		5,269,200	0.11%	2,625,700	0.13%
Echostar Satellite LLC		5,104,200	0.10%	-	0.00%
		<u>104,928,100</u>	<u>2.80%</u>	<u>47,542,100</u>	<u>1.27%</u>

Source: Commissioner of Revenue

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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3,4) Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010 \$	31,762,302	\$ 28,815,151	90.72%	\$ -	\$ 28,815,151	90.72%
2009	31,221,250	28,851,374	92.41%	968,994	29,820,368	95.51%
2008	29,698,692	28,304,547	95.31%	1,181,500	29,486,047	99.28%
2007	28,582,118	27,256,379	95.36%	1,285,472	28,541,851	99.86%
2006	26,146,589	24,565,050	93.95%	1,506,123	26,071,173	99.71%
2005	27,837,037	26,176,277	94.03%	939,500	27,115,777	97.41%
2004	26,365,764	25,093,089	95.17%	737,926	25,831,015	97.97%
2003	24,823,615	23,408,504	94.30%	1,057,941	24,466,445	98.56%
2002	22,432,158	20,967,625	93.47%	1,175,789	22,143,414	98.71%
2001	20,870,340	19,247,489	92.22%	1,373,986	20,621,475	98.81%

Source: Commissioner of Revenue, County Treasurer's office

- (1) Exclusive of penalties and interest.
- (2) Does not include land redemptions.
- (3) County began semi-annual billing in 1999 for real estate and personal property taxes. Accordingly, the levies and collections for the year 1999 include those for calendar year 1998 and the first half of 1999.
- (4) Does not include PPTRA reimbursements from the Commonwealth of Virginia.

COUNTY OF SHENANDOAH, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Notes Payable
2010	\$ 45,560,848	\$ 3,459,500	\$ 4,338,322	\$ 1,865,903	\$ 2,339,188	\$ 6,888
2009	31,999,361	3,774,000	4,044,912	2,341,443	2,591,701	11,721
2008	33,403,293	4,088,500	4,179,796	2,860,442	2,838,236	16,330
2007	33,817,733	4,420,500	4,315,597	2,020,718	3,066,198	20,450
2006	36,201,544	4,752,500	4,436,571	713,218	3,284,016	6,396
2005	38,882,819	5,084,500	4,607,040	1,963,352	3,502,335	9,763
2004	36,958,754	5,416,500	9,517,293	1,456,243	3,707,759	13,130
2003	39,445,196	5,748,500	9,622,744	1,518,922	4,153,473	-
2002	41,205,357	6,080,500	4,923,223	1,462,276	4,007,688	-
2001	22,333,974	8,408,550	9,024,560	1,218,251	6,430,136	-

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

(1) See the Schedule of Demographic and Economic Statistics - Table 11

Table 9

<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 53,284	\$ 57,623,933	4.34%	\$ 1,404
71,135	44,834,273	3.38%	1,094
97,343	47,483,940	3.67%	1,150
-	47,661,196	3.91%	1,190
-	49,394,245	4.06%	1,233
-	54,049,809	4.77%	1,387
-	57,069,679	5.42%	1,505
-	60,488,835	6.24%	1,632
-	57,679,044	6.18%	1,586
-	47,415,471	5.28%	1,326

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

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Reserved for Debt Service</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net General Obligation Debt to Assessed Value (2)</u>	<u>Net Bonded Debt per Capita (1)</u>
2010	\$ 53,358,670	\$ -	\$ 53,358,670	1.07%	\$ 1,300
2009	39,818,273	-	39,818,273	0.88%	970
2008	41,671,589	-	41,671,589	0.93%	1,009
2007	40,330,029	-	40,330,029	0.94%	994
2006	44,238,060	-	44,238,060	1.23%	1,104
2005	47,469,654	-	47,469,654	1.62%	1,219
2004	46,083,013	-	46,083,013	1.64%	1,215
2003	49,347,169	-	49,347,169	1.82%	1,331
2002	51,293,545	-	51,293,545	2.05%	1,410
2001	37,172,660	-	37,172,660	1.58%	1,039

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

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

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	41,036	\$ 1,328,335,320	\$ 32,370	40.9	6,184	8.80%
2008	40,984	1,326,652,080	32,370	40.9	6,244	5.50%
2007	40,589	1,294,383,210	31,890	40.9	6,155	3.20%
2006	40,060	1,217,984,240	30,404	40.9	6,107	2.70%
2005	38,956	1,133,230,040	29,090	40.9	6,056	2.80%
2004	37,931	1,052,623,181	27,751	40.9	5,864	3.10%
2003	37,064	969,001,216	26,144	40.9	5,778	3.80%
2002	36,377	934,052,229	25,677	40.9	5,681	3.00%
2001	35,767	898,037,836	25,108	40.9	5,571	2.40%
2000	35,075	839,905,950	23,946	40.9	5,447	1.80%

Source: Weldon Cooper Center, <http://www.bea.gov/regional/reis/drill.cfm>

Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>Fiscal Year 2010</u>			<u>Fiscal Year 2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Shenandoah County School Board	1000+	1	7.80%	500 to 999	1	5.24%
George's Chicken	500 to 999	2	5.85%	1000+	2	6.99%
R.R. Donnelley and Sons Company	500 to 999	3	5.85%	500 to 999	4	5.24%
IAC Strasburg LLC	250 to 499	4	2.93%	500 to 999	3	5.24%
County of Shenandoah	250 to 499	5	2.93%	250 to 499	5	2.62%
Valley Health System	250 to 499	6	2.93%	250 to 499	6	2.62%
Howell Metal Company	250 to 499	7	2.93%	250 to 499	7	2.62%
Wal Mart	250 to 499	8	2.93%	250 to 499	8	2.62%
Shentel Management Company	250 to 499	9	2.93%	100 to 249	18	1.22%
Bowman Apple Products	100 to 249	10	1.37%	100 to 249	13	1.22%

Source: Individual county departments
<http://velma.virtuallmi.com/analyzer/session/session.asp?cat=IND>

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	22	23	23	24	27	27	27	27	27	25
Judicial administration	17	17	17	17	19	22	22	22	20	21
Public safety										
Sheriffs department	57	57	60	57	64	65	67	72	67	70
Fire & rescue	3	3	5	5	5	21	25	33	33	32
Building inspections	7	8	8	9	9	9	10	10	8	7
Animal control	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance	1	1	0	3	4	4	5	5	5	7
Landfill	17	20	18	18	17	21	20	21	20	20
Engineering	0	0	0	0	0	0	0	0	0	0
Health and welfare										
Department of social services	34	34	34	33	33	36	33	36	34	35
Culture and recreation										
Parks and recreation	4	7	7	5	4	5	5	4	6	5
Museum	0	0	0	0	0	0	0	0	0	0
Library	6	8	7	6	7	7	7	7	7	5
Community development										
Planning	6	5	5	4	4	4	4	5	5	5
Totals	<u>176</u>	<u>185</u>	<u>186</u>	<u>183</u>	<u>195</u>	<u>223</u>	<u>227</u>	<u>244</u>	<u>234</u>	<u>234</u>

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/Arrests	2055	1936	1649	1711	1951	2237	2003	2115	3222	2800
Civil papers	9614	10333	9553	11107	10422	10924	9654	9918	10479	9269
Fire and rescue:										
Number of calls answered *	5351	5488	5546	5538	5779	4794	6253	6520	9967	9998
Building inspections:										
Permits issued	332	470	457	589	585	506	196	113	120	127
Animal control:										
Number of calls answered	-	-	773	1792	1741	1836	1834	1933	2102	1636
Public works										
General maintenance:										
Trucks/vehicles	-	1	1	2	3	3	3	3	4	4
Landfill:										
Refuse collected (tons/day)	125.2	125.6	121.9	157.1	161.1	158.0	178.0	148	135	130
Recycling (tons/day)	9.1	10.1	9.2	7.8	11.6	13.9	13.5	7.0	6.1	7.5
Health and welfare										
Department of Social Services:										
Caseload	-	-	2535	3187	3666	3876	3950	4016	5141	5780
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	-	-	-	1416	1641	1310	1350	1300	1571	2059
Youth sports participants	-	-	-	-	925	2660	2400	1827	1606	1430
Community development										
Planning:										
Zoning permits issued	553	529	675	748	689	721	663	608	434	303
Component Unit - School Board										
Education:										
School age population	5571	5681	5827	5954	6153	6107	6155	6224	6184	6106
Number of teachers	445	452	454	464	456	483	499	512	529	501
Local expenditures per pupil	2965	3052	2927	2941	3733	3913	3430	3486	3509	3433

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	3	3	4	4	4	2
Public safety										
Sheriffs department:										
Patrol units	42	42	42	45	45	45	47	49	50	50
Other vehicles										
Building inspections:										
Vehicles	5	5	5	6	6	6	6	6	5	5
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	0	1	1	4	4	4	4	4	6	6
Landfill:										
Vehicles	18	18	19	19	19	21	21	21	21	20
Equipment	15	15	15	16	16	16	16	16	16	16
Sites	14	14	14	14	15	15	15	14	15	15
Health and welfare										
Department of Social Services:										
Vehicles	-	-	-	10	10	10	10	10	10	10
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	6	6	6	6	6	5
Parks acreage	215	215	345	345	345	345	345	345	345	345
Swimming pools	-	-	-	-	-	-	-	-	-	-
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	2	2	2	2	2	3	3	3	3	2
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	93	97	97	100	101	104	104	104	104	104

Source: Individual county departments

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COMPLIANCE

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

**TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF SHENANDOAH, 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 the County of Shenandoah, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County of Shenandoah, Virginia's basic financial statements and have issued our report thereon dated November 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the County of Shenandoah, 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 Shenandoah, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Shenandoah, 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 financial statements of the County of Shenandoah, Virginia will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the County of Shenandoah, 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*.

We noted certain matters that we reported to management of the County of Shenandoah, Virginia in a separate letter dated November 26, 2010.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 26, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**BOARD OF SUPERVISORS
COUNTY OF SHENANDOAH, VIRGINIA**

Compliance

We have audited County of Shenandoah, 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 the County of Shenandoah, Virginia's major federal programs for the year ended June 30, 2010. County of Shenandoah, 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 the County of Shenandoah, Virginia's management. Our responsibility is to express an opinion on the County of Shenandoah, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Shenandoah, 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 on the County of Shenandoah, Virginia's compliance with those requirements.

In our opinion, County of Shenandoah, 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 Shenandoah, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Shenandoah, 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 purposes 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 Shenandoah, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, 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, Board of Supervisors, other within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Verona, Virginia
November 26, 2010

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expenditures
PRIMARY GOVERNMENT:			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State Adm Matching Grants - Food Stamps	10.561		\$ 280,777
State Adm Matching Grants - Food Stamps - ARRA	10.561		20,870
Total pass through payments			<u>\$ 301,647</u>
Total Department of Agriculture			<u>\$ 301,647</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families	93.558		\$ 198,757
Refugee & Entrant Assistance - State Adm.	93.566		689
Low-Income Home Energy Assistance	93.568		12,027
Child Care and Development Block Grant	93.575		98,023
ARRA - Child Care and Development Block Grant	93.713		43,965
Child Care and Development Fund-Mandatory and Matching Funds	93.596		37,147
Foster Care - Title IV-E	93.658		154,134
ARRA-Foster Care - Title IV-E	93.658		8,040
Chafee Education and Training Vouchers	93.599		13,181
Child Welfare Services	93.645		711
Chafee Foster Care Independence Program	93.674		5,547
Social Services Block Grant	93.667		85,988
State Children's Health Insurance Program	93.767		12,820
Promoting Safe and Stable Families	93.556		19,675
Adoption Assistance	93.659		21,853
ARRA-Adoption Assistance	93.659		1,607
Medical Assistance Program (Title XIX)	93.778		<u>169,877</u>
Total Department of Health and Human Services			<u>\$ 884,041</u>
Department of Housing and Community Development:			
Direct Payments:			
Community Development Block Grant	14.228		<u>\$ 15,000</u>
Department of Labor			
Direct Payments:			
Unemployment Insurance - ARRA	17.225		<u>\$ 5,289</u>
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant	97.064		\$ 210,479
Local Emergency Management Performance	97.042		23,509
Total U.S. Department of Homeland Security			<u>\$ 233,988</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expend- itures
U.S. Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Immigration custom enforcement	16.000		\$ 1,755
Recovery Act Edward Byrne Memorial Justice Assistance Grant	16.803	2009-SU-B9-0033	134,279
ARRA - Violence Against Women Formula Grants	16.588	09WFAX0037	9,004
Edward Byrne Memorial Formula Grant	16.579		2,610
U.S. Forest Service Patrol	16.000		62,967
Asset Seizure Proceeds	16.000		1,989
Bullet Proof Vest Grant	16.607		1,138
Enforcing underage drinking laws	16.727		4,934
Total U.S. Department of Justice			<u>\$ 218,676</u>
Corporation for National and Community Service:			
Pass Through Payments:			
AmeriCorps	94.006		<u>\$ 4,762</u>
Total Corporation for National and Community Service			<u>\$ 4,762</u>
Department of the Interior:			
Direct Payments:			
Bureau of Land Management - Payment in Lieu of Taxes	15.226		<u>\$ 158,435</u>
Total Department of the Interior			<u>\$ 158,435</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles: State and Community Highway Safety Program	20.600		<u>\$ 21,395</u>
Total Federal Expenditures Primary Government			<u>\$ 1,843,233</u>
COMPONENT UNIT SCHOOL BOARD:			
Department of Agriculture:			
Department of Education:			
School Breakfast Program	10.553		\$ 157,479
National School Lunch Program	10.555		828,197
Department of Agriculture:			
Commodities-School Lunch	10.555		124,795
Secure Payment for States and Counties Containing Federal Lands	10.665		21,352
Total Department of Agriculture			<u>\$ 1,131,823</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Medical Assistance Program (Title XIX)	93.778		<u>\$ 99,472</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expend- itures
Department of Education:			
Title I Grants to Local Education Agencies	84.010		\$ 903,903
Title I Grants to Local Education Agencies, Recovery Act	84.389		449,346
Improving Teacher Quality	84.367		228,196
Special Education - State Grants	84.027		1,222,376
Special Education - Preschool Grant	84.173		27,554
Special Education Grants to States, Recovery Act	84.391		975,092
Special Education - Preschool Grants, Recovery Act	84.392		22,420
Career and Technical Education - Basic Grants to States	84.048		91,413
Safe and Drug Free Schools and Communities	84.186		26,397
English Language Acquisition	84.365		44,842
Education Technology State Grants, Recovery Act	84.386		26,010
Education Technology Grant	84.318		10,273
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394		<u>3,120,845</u>
Total Department of Education			<u>\$ 7,148,667</u>
Total Federal Expenditures Component Unit School Board			<u>\$ 8,379,962</u>

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of federal expenditures includes the federal grant activity of the County of Shenandoah, Virginia and is presented on the accrual basis of accounting. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Passthrough indentifying numbers are presented where available.

NOTE B-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, the County had food commodities totaling \$86,254 in inventory.

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Significant deficiencies identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes x no
- Significant deficiencies identified? yes x none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.658	..... Title IV-E Foster Care
93.558	..... Temporary Assistance to Needy Families
10.561	..... State Admin Matching Grants - Food Stamps
16.803	..... ARRA-Edward Byrne Memorial Justice Assistance Grant
84.394	..... State Fiscal Stabilization Fund-Recovery Act
Title I Cluster	
84.010	..... Title I Grant to Local Education Agencies
84.389	..... Title I Grant to Local Education Agencies, Recovery Act
Special Education Cluster	
84.027	..... Title VI-B Handicapped State Grants
84.173	..... Title VI-B Handicapped Preschool Incentive Grant
84.391	..... Title VI-B Handicapped State Grants, Recovery Act
84.392	..... Title VI-B Handicapped Preschool Incentive Grant, Recovery Act
Child Care Development Cluster	
93.575	..... Child Care and Development Block Grant
93.596	..... Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.713	..... ARRA-Child Care and Development Block Grant

Dollar threshold used to distinguish between type A and type B programs \$306,383

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

There are no prior year audit findings which have not been resolved.

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