

**COUNTY OF GRAYSON, VIRGINIA**

**FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2010**

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

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

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## **INTRODUCTORY SECTION**

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COUNTY OF GRAYSON, VIRGINIA

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BOARD OF SUPERVISORS

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Thomas M. Maynard	Larry K. Bartlett, Chairman	Joe N. Vaughan
Christopher J. Morton		Douglas Carrico

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COUNTY SCHOOL BOARD

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Hobert Bailey	Misty Cassell, Chair	Shannon Holdaway
Gary Burris		Wynn Combs

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SOCIAL SERVICES BOARD

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Mary Lucy Feild	Ginger Meier, Chair	Joe N. Vaughan
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OTHER OFFICIALS

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Clerk of the Circuit Court .....	Susan Herrington
Commonwealth's Attorney .....	Douglas Vault
Commissioner of the Revenue .....	Larry D. Bolt
Treasurer .....	Fields R. Young, Jr.
Sheriff .....	Richard Vaughan
Superintendent of Schools .....	Elizabeth Thomas
Director of Social Services .....	Betty Richardson
County Administrator .....	Jonathan Sweet

## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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### THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF GRAYSON, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Grayson, 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 Grayson, 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 unit, each major fund and the aggregate remaining fund information of the County of Grayson, 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 January 25, 2011, on our consideration of the County of Grayson, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information and the Schedules of Pension and OPEB Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

*Robinson, Tamm, & Associates*

Christiansburg, Virginia  
January 25, 2011

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## **Basic Financial Statements**

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County of Grayson, Virginia  
Statement of Net Assets  
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 794,944	\$ 237,742	\$ 1,032,686	\$ -
Cash in custody of others	-	-	-	148,779
Investments	430,285	-	430,285	1,006,047
Investments in custody of others	2,656,659	-	2,656,659	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	10,845,184	-	10,845,184	-
Accounts receivable	483,848	18,961	502,809	213,551
Notes receivable	350,449	-	350,449	-
Due from component unit	1,712,036	-	1,712,036	-
Due from other governmental units	563,844	57,277	621,121	1,634,014
Prepaid expenses	6,451	-	6,451	182,180
Capital assets (net of accumulated depreciation):				
Land	720,638	10,648	731,286	149,483
Buildings and system	4,542,801	-	4,542,801	4,520,205
Machinery and equipment	699,949	-	699,949	1,337,002
Infrastructure	-	2,011,275	2,011,275	-
Construction in progress	16,271,315	219,023	16,490,338	-
Total assets	\$ 40,078,403	\$ 2,554,926	\$ 42,633,329	\$ 9,191,261
<b>LIABILITIES</b>				
Accounts payable	\$ 1,192,310	\$ 15,859	\$ 1,208,169	\$ 340,024
Accrued liabilities	-	-	-	863,047
Customers' deposits	-	11,154	11,154	-
Accrued interest payable	-	1,147	1,147	-
Due to primary government	-	-	-	1,712,036
Deferred revenue	10,101,122	-	10,101,122	-
Long-term liabilities:				
Due within one year	130,518	9,457	139,975	-
Due in more than one year	19,839,017	637,469	20,476,486	513,816
Total liabilities	\$ 31,262,967	\$ 675,086	\$ 31,938,053	\$ 3,428,923
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 5,082,499	\$ 1,594,020	\$ 6,676,519	\$ 6,006,690
Unrestricted (deficit)	3,732,937	285,820	4,018,757	(244,352)
Total net assets	\$ 8,815,436	\$ 1,879,840	\$ 10,695,276	\$ 5,762,338

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

County of Grayson, Virginia  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				Total	
					Governmental Activities	Business-type Activities				School Board
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 1,220,378	\$ 2,363	\$ 178,416	\$ -	\$ (1,039,599)	\$ -	\$ -	\$ (1,039,599)	\$ -	-
Judicial administration	613,634	27,399	425,370	-	(160,865)	-	-	(160,865)	-	-
Public safety	3,061,422	106,713	1,307,362	-	(1,647,347)	-	-	(1,647,347)	-	-
Public works	1,382,333	1,365,601	137,121	-	120,389	-	-	120,389	-	-
Health and welfare	2,492,346	-	1,906,430	-	(585,916)	-	-	(585,916)	-	-
Education	4,416,305	-	-	-	(4,416,305)	-	-	(4,416,305)	-	-
Parks, recreation, and cultural	320,739	39,892	2,200	-	(278,647)	-	-	(278,647)	-	-
Community development	1,216,399	-	753,860	-	(462,539)	-	-	(462,539)	-	-
Interest on long-term debt	685,093	-	-	-	(685,093)	-	-	(685,093)	-	-
Total governmental activities	\$ 15,408,649	\$ 1,541,968	\$ 4,710,759	\$ -	\$ (9,155,922)	\$ -	\$ -	\$ (9,155,922)	\$ -	-
<b>Business-type activities:</b>										
Water Authority	\$ 173,138	\$ 109,994	\$ -	\$ -	\$ -	\$ 528,240	\$ -	\$ 528,240	\$ -	-
Total primary government	\$ 15,581,787	\$ 1,651,962	\$ 4,710,759	\$ -	\$ (9,155,922)	\$ 528,240	\$ -	\$ (8,627,682)	\$ -	-
<b>COMPONENT UNITS:</b>										
School Board	\$ 22,037,549	\$ 414,162	\$ 17,221,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,401,807)	(4,401,807)
Total component units	\$ 22,037,549	\$ 414,162	\$ 17,221,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,401,807)	(4,401,807)
General revenues:										
General property taxes					\$ 7,102,465	\$ -	\$ -	\$ 7,102,465	\$ -	-
Other local taxes:										
Local sales and use taxes					426,067	-	-	426,067	-	-
Consumers' utility taxes					346,085	-	-	346,085	-	-
Motor vehicle licenses					335,000	-	-	335,000	-	-
Other local taxes					145,906	-	-	145,906	-	-
Unrestricted revenues from use of money and property					60,409	-	-	60,409	285	285
Miscellaneous					237,769	-	-	237,769	654,913	654,913
Payment from Grayson County					-	-	-	-	4,566,919	4,566,919
Grants and contributions not restricted to specific programs					886,581	-	-	886,581	-	-
Transfers					(328,797)	328,797	-	-	-	-
Total general revenues					\$ 9,211,485	\$ 328,797	\$ -	\$ 9,540,282	\$ 5,222,117	5,222,117
Change in net assets					\$ 55,563	\$ 857,037	\$ -	\$ 912,600	\$ 820,310	820,310
Net assets - beginning					\$ 8,759,873	\$ 1,022,803	\$ -	\$ 9,782,676	\$ 4,942,028	4,942,028
Net assets - ending					\$ 8,815,436	\$ 1,879,840	\$ -	\$ 10,695,276	\$ 5,762,338	5,762,338

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

County of Grayson, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Community Development</u>	<u>Industrial Development</u>	<u>School Construction</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 96,205	\$ 357,974	\$ 340,765	\$ -	\$ 794,944
Investments	-	-	-	104,184	104,184
Investments in custody of others	-	-	-	2,656,659	2,656,659
Receivables (net of allowance for uncollectibles):					
Taxes receivable	10,845,184	-	-	-	10,845,184
Accounts receivable	483,848	-	-	-	483,848
Notes receivable	-	74,584	275,865	-	350,449
Due from component unit	1,712,036	-	-	-	1,712,036
Due from other governmental units	563,844	-	-	-	563,844
Prepaid items	6,451	-	-	-	6,451
Total assets	<u>\$ 13,707,568</u>	<u>\$ 432,558</u>	<u>\$ 616,630</u>	<u>\$ 2,760,843</u>	<u>\$ 17,517,599</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 448,234	\$ -	\$ -	\$ 744,076	\$ 1,192,310
Deferred revenue	10,714,489	-	-	-	10,714,489
Total liabilities	<u>\$ 11,162,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,076</u>	<u>\$ 11,906,799</u>
Fund balances:					
Reserved for:					
Courthouse Security	\$ 80,624	\$ -	\$ -	\$ -	\$ 80,624
Law Library	8,958	-	-	-	8,958
Special Law Enforcement	82,507	-	-	-	82,507
PPTRA	188,267	-	-	-	188,267
Unreserved, reported in:					
Designated:					
Special revenue funds	-	432,558	616,630	-	1,049,188
Capital projects funds	-	-	-	2,016,767	2,016,767
Unrestricted (deficit)	2,184,489	-	-	-	2,184,489
Total fund balances	<u>\$ 2,544,845</u>	<u>\$ 432,558</u>	<u>\$ 616,630</u>	<u>\$ 2,016,767</u>	<u>\$ 5,610,800</u>
Total liabilities and fund balances	<u>\$ 13,707,568</u>	<u>\$ 432,558</u>	<u>\$ 616,630</u>	<u>\$ 2,760,843</u>	<u>\$ 17,517,599</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 5,610,800
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,234,703
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	613,367
Internal service funds are used by management to charge the costs of certain activities, such as self insured health insurance plan, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	326,101
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(19,969,535)
Net assets of governmental activities	<u>\$ 8,815,436</u>

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

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

	General	Community Development	Industrial Development	School Construction	Total
<b>REVENUES</b>					
General property taxes	\$ 6,897,256	\$ -	\$ -	\$ -	\$ 6,897,256
Other local taxes	1,253,058	-	-	-	1,253,058
Permits, privilege fees, and regulatory licenses	79,193	-	-	-	79,193
Fines and forfeitures	24,609	-	-	-	24,609
Revenue from the use of money and property	48,006	2,661	3,832	5,910	60,409
Charges for services	1,438,166	-	-	-	1,438,166
Miscellaneous	237,769	-	-	-	237,769
Recovered costs	270,356	-	-	-	270,356
Intergovernmental revenues:					
Commonwealth	3,766,669	-	650,000	-	4,416,669
Federal	1,180,671	-	-	-	1,180,671
Total revenues	\$ 15,195,753	\$ 2,661	\$ 653,832	\$ 5,910	\$ 15,858,156
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,394,457	\$ -	\$ -	\$ -	\$ 1,394,457
Judicial administration	736,291	-	-	-	736,291
Public safety	3,044,741	-	-	-	3,044,741
Public works	1,358,343	-	-	-	1,358,343
Health and welfare	2,484,195	-	-	-	2,484,195
Education	3,270,976	-	-	-	3,270,976
Parks, recreation, and cultural	480,181	-	-	-	480,181
Community development	519,713	-	650,000	-	1,169,713
Capital projects	25,251	-	-	8,310,523	8,335,774
Debt service:					
Principal retirement	2,607,164	-	-	-	2,607,164
Interest and other fiscal charges	105,759	-	-	583,727	689,486
Total expenditures	\$ 16,027,071	\$ -	\$ 650,000	\$ 8,894,250	\$ 25,571,321
Excess (deficiency) of revenues over (under) expenditures	\$ (831,318)	\$ 2,661	\$ 3,832	\$ (8,888,340)	\$ (9,713,165)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 14,928	\$ -	\$ 150,000	\$ -	\$ 164,928
Transfers out	(478,797)	-	-	-	(478,797)
Issuance of general obligation debt	2,350,000	-	-	2,000,000	4,350,000
Total other financing sources (uses)	\$ 1,886,131	\$ -	\$ 150,000	\$ 2,000,000	\$ 4,036,131
Net change in fund balances	\$ 1,054,813	\$ 2,661	\$ 153,832	\$ (6,888,340)	\$ (5,677,034)
Fund balances - beginning	1,490,032	429,897	462,798	8,905,107	11,287,834
Fund balances - ending	\$ 2,544,845	\$ 432,558	\$ 616,630	\$ 2,016,767	\$ 5,610,800

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

County of Grayson, 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

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

Net change in fund balances - total governmental funds	\$ (5,677,034)
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.	7,532,173
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	205,209
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.	(1,765,565)
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.	(2,169)
Internal service funds are used by management to charge the costs of certain activities, such as self insured health insurance plan, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(237,051)
Change in net assets of governmental activities	<u>\$ 55,563</u>

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



County of Grayson, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	<u>Enterprise Fund Fairview Water Fund</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 237,742	\$ -
Investments	-	326,101
Accounts receivables, net of allowance for uncollectibles	18,961	-
Due from other governmental units	57,277	-
Total current assets	<u>\$ 313,980</u>	<u>\$ 326,101</u>
Capital assets:		
Land	\$ 10,648	-
Machinery and equipment	8,000	-
Less accumulated depreciation	(8,000)	-
Infrastructure	2,756,308	-
Less accumulated depreciation	(745,033)	-
Construction in progress	219,023	-
Total capital assets	<u>\$ 2,240,946</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 2,240,946</u>	<u>\$ -</u>
Total assets	<u>\$ 2,554,926</u>	<u>\$ 326,101</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 15,859	-
Customers' deposits	11,154	-
Accrued interest payable	1,147	-
Bonds payable - current portion	9,457	-
Total current liabilities	<u>\$ 37,617</u>	<u>\$ -</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 637,469	-
Total noncurrent liabilities	<u>\$ 637,469</u>	<u>\$ -</u>
Total liabilities	<u>\$ 675,086</u>	<u>\$ -</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 1,594,020	-
Unrestricted	285,820	326,101
Total net assets	<u>\$ 1,879,840</u>	<u>\$ 326,101</u>

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

County of Grayson, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

	Enterprise Fund Fairview <u>Water Fund</u>	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for services:		
Water revenues	\$ 109,994	\$ -
Insurance premiums	-	2,339,755
Total operating revenues	<u>\$ 109,994</u>	<u>\$ 2,339,755</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	\$ 18,028	\$ -
Employee benefits	1,842	-
Professional services	60,840	-
Materials and supplies	44,624	-
Insurance claims and expenses	-	2,561,878
Depreciation	46,657	-
Total operating expenses	<u>\$ 171,991</u>	<u>\$ 2,561,878</u>
Operating income (loss)	<u>\$ (61,997)</u>	<u>\$ (222,123)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest expense	<u>\$ (1,147)</u>	<u>\$ -</u>
Income before transfers	\$ (63,144)	\$ (222,123)
Capital contributions and construction grants	\$ 591,384	\$ -
Transfers in	328,797	-
Transfers out	-	(14,928)
Change in net assets	<u>\$ 857,037</u>	<u>\$ (237,051)</u>
Total net assets - beginning	1,022,803	563,152
Total net assets - ending	<u><u>\$ 1,879,840</u></u>	<u><u>\$ 326,101</u></u>

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

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

	Enterprise Fund Fairview Water Fund	Internal Service Funds
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 56,680	\$ -
Receipts for insurance premiums	-	2,339,755
Payments to suppliers	(98,985)	-
Payments to and for employees	(19,870)	-
Payments for premiums	-	(2,561,878)
Net cash provided (used by) operating activities	<u>\$ (62,175)</u>	<u>\$ (222,123)</u>
<b>CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	\$ -	\$ (14,928)
Transfers from other funds	328,797	-
Cash overdraft repayments	(1,257)	-
Net cash provided (used) by noncapital financing activities	<u>\$ 327,540</u>	<u>\$ (14,928)</u>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Addition water line extension	\$ (897,353)	\$ -
Principal payments on bonds	(11,654)	-
Contributions in aid of construction	591,384	-
Proceeds from indebtedness	290,000	-
Net cash provided (used) by capital and related financing activities	<u>\$ (27,623)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 237,742	\$ (237,051)
Cash and cash equivalents - beginning	-	563,152
Cash and cash equivalents - ending	<u>\$ 237,742</u>	<u>\$ 326,101</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	<u>\$ (61,997)</u>	<u>\$ (222,123)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$ 46,657	\$ -
(Increase) decrease in accounts receivable	(7,191)	-
(Increase) decrease in intergovernmental receivables	(57,277)	-
Increase (decrease) in accounts payable	6,479	-
Increase (decrease) customer deposits	11,154	-
Total adjustments	<u>\$ (178)</u>	<u>\$ -</u>
Net cash provided (used) by operating activities	<u>\$ (62,175)</u>	<u>\$ (222,123)</u>

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

County of Grayson, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 263,302
Investments, at fair value:	
Other investments	133,531
Total assets	<u>\$ 396,833</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,905
Amounts held for social services clients	8,518
Amounts held for subsequent remittance to State for surcharge	322
Amounts held for Mt. Rogers Alcohol Safety Action Program	327,297
Amounts held for Grayson Regional Library	57,791
Total liabilities	<u>\$ 396,833</u>

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Reporting Entity**

The County of Grayson, Virginia is a political subdivision governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component unit, 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 County has no blended component units.

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

The Grayson County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The Grayson County School Board does not prepare separate financial statements.

Related Organizations - The County has no related organizations.

**Jointly Governed Organizations:**

1. The County and the Counties of Wythe, Bland, Carroll, and Smyth, along with the City of Galax participate in supporting the Mount Rogers Community Services Board. For the fiscal year ended June 30, 2010, the County contributed \$60,000.
2. The County of Grayson, along with the County of Wythe, participates in supporting the Wythe/Grayson Regional Library. For the fiscal year ended June 30, 2010, the County contributed \$232,497.
3. The County of Grayson, along with the County of Carroll and the City of Galax, participates in the Carroll-Grayson-Galax Solid Waste Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. Operating expenses of the Authority are offset by user fees and no local contribution was required of the County of Grayson for the fiscal year ended June 30, 2010.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

A. Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

4. The County of Grayson, along with the City of Galax, participates in supporting the Galax-Grayson Emergency Medical Service. Each locality appoints two members to the Service's Board. For the fiscal year ended June 30, 2010, no contribution was made by the County to the Service.

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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, 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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

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. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County 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 other funds. The general fund includes the activities of the E-911, Law Library, Recreation Donation, and Asset Forfeiture Funds.

The Industrial Development and Community Development funds are reported as the County's major *special revenue funds*. Both funds account for financial resources to be used for industrial and community development benefiting the County.

The School Construction fund is reported as the County's major *capital projects fund*. This fund accounts for financial resources to be used for school construction.

The County reports the following major proprietary funds:

The County operates a water distribution system. The activities of the system are accounted for in the Fairview Water Fund.

The *internal service fund* accounts for goods or services provided to other departments within the County on a cost reimbursement basis. The County has a self insured health insurance plan for employees.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

Additionally, the County reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Building Code, ASAP, and Regional Library funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise 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 interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges to customers for sales and services. Operating expenses for 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 non-operating revenues and expenses.

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



COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

1. Deposits and investments (Continued)

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

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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes.

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 \$114,147 at June 30, 2010 and is comprised solely of property taxes.

5. 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.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost 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.

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	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. 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.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

8. Long-term obligations (Continued)

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.

9. 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.

10. Net Assets

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

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**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 statements 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 (\$19,969,535) and (\$513,816) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
General Obligation bonds	\$ (1,285,001)	\$ -
Premium on bond	(70,290)	-
OPEB obligation	(44,400)	(294,000)
Lease revenue note	(18,300,000)	-
Capital leases	(107,588)	-
Landfill accrued closure and post-closure monitoring costs	(54,501)	-
Compensated absences	(107,755)	(219,816)
	<u>                    </u>	<u>                    </u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (19,969,535)</u>	<u>\$ (513,816)</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**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.

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, "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 \$7,532,173 and \$862,153 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Capital asset additions	\$ 9,197,304	\$ 77,311
Depreciation expense	(416,348)	(463,941)
Assets transferred between primary government and component unit	<u>(1,248,783)</u>	<u>1,248,783</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 7,532,173</u>	<u>\$ 862,153</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**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 "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 (\$1,767,146) and (\$153,873) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Principal repayments:		
Literary loans	\$ 118,470	\$ -
General obligation bonds	2,424,967	-
Capital leases	63,727	-
Debt Issued or incurred:		
General obligation bonds issued	(4,350,000)	-
OPEB obligation	(22,981)	(153,873)
Accrued landfill closure/postclosure liability	(1,329)	-
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (1,767,146)</u>	<u>\$ (153,873)</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**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, "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 (\$2,169) and (\$20,555) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Bond premium amortization	\$ 4,393	\$ -
(Increase) decrease in compensated absences	(6,562)	(20,555)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (2,169)</u>	<u>\$ (20,555)</u>

**Note 3-Stewardship, Compliance, and Accountability:**

- A. Budgetary information

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

1. Prior to April 1st, 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. The following funds have legally adopted budgets: General Fund and the School Operating Fund
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 function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 3-Stewardship, Compliance, and Accountability: (Continued)**

A. Budgetary information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects 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. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For fiscal year ended June 30, 2010, expenditures did not exceed appropriations.

C. Deficit fund equity

At June 30, 2010, there were no funds with deficit fund equity.

**Note 4-Deposits and Investments:**

Deposits:

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

Investments:

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



COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 4-Deposits and Investments: (Continued)**

Credit Risk of Debt Securities:

The County has adopted an investment policy for credit risk.

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Rated Debt Investments	Fair Quality Ratings		
	AAA	AAAm	AAm
LGIP	\$ -	\$ 1,926,692	\$ -
SNAP	-	205,208	-
U.S. Agencies (1)	104,184	-	-

(1) In custody of County Administrator's Office

Concentration of Credit Risk:

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP) and State Non Arbitrage Pool (SNAP)) are 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. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

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**COUNTY OF GRAYSON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**Note 5-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 66,678	\$ -
Communications tax	67,270	-
State sales tax	-	333,631
Categorical aid	182,525	-
Non-categorical aid	6,869	-
Virginia public assistance funds	45,783	-
Community services act	54,668	-
<u>Federal Government:</u>		
Virginia public assistance funds	62,910	-
Categorical aid	77,141	-
School grants	-	1,300,383
	<u>                    </u>	<u>                    </u>
Totals	\$ 563,844	\$ 1,634,014

**Note 6-Interfund/Component-Unit Obligations:**

The following amounts represent interfund obligations at year end:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	<u>\$ -</u>	<u>\$ 1,712,036</u>
Component Unit - School Board:		
School Fund	<u>\$ 1,712,036</u>	<u>\$ -</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 7-Interfund Transfers:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 14,928	\$ 478,797
Fairview Water Fund	328,797	-
Industrial Development Fund	150,000	-
Internal Service Fund	-	14,928
Total	<u>\$ 493,725</u>	<u>\$ 493,725</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 or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 8-Long-Term Debt:**

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2011	\$ 75,505	\$ 61,791
2012	76,070	57,925
2013	76,596	54,224
2014	77,081	50,689
2015	77,659	46,936
2016-2020	399,201	174,274
2021-2025	420,866	70,548
2026	82,023	1,886
Totals	<u>\$ 1,285,001</u>	<u>\$ 518,273</u>

Year Ending June 30,	Lease Revenue Note	
	Principal	Interest
2011	\$ -	\$ 296,442
2012	-	541,680
2013	18,300,000	785,065
Totals	<u>\$ 18,300,000</u>	<u>\$ 1,623,187</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 8-Long-Term Debt:** (Continued)

Primary Government - Governmental Activity Indebtedness: (Continued)

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

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
General obligation bonds	\$ 1,359,968	\$ -	\$ (74,967)	\$ 1,285,001
Premium on bond	74,683	-	(4,393)	70,290
Literary loans	118,470	-	(118,470)	-
Lease revenue anticipation note	-	2,350,000	(2,350,000)	-
Lease revenue note	16,300,000	2,000,000	-	18,300,000
Capital leases (Note 10)	171,315	-	(63,727)	107,588
Landfill closure/ postclosure liability	53,172	1,329	-	54,501
Net OPEB obligation	23,000	57,200	(35,800)	44,400
Compensated absences	101,193	6,562	-	107,755
Total	<u>\$ 18,201,801</u>	<u>\$ 4,415,091</u>	<u>\$ (2,647,357)</u>	<u>\$ 19,969,535</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 8-Long-Term Debt: (Continued)**

Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>						
General Obligation Bond	5.10%	11/10/05	2025	\$ 585,603	\$ 490,001	\$ 25,505
General Obligation Bond	5.10%	11/10/05	2025	995,000	795,000	50,000
Subtotal					1,285,001	75,505
Premium on Bond				87,862	70,290	4,393
Total General Obligation Bonds					<u>\$ 1,355,291</u>	<u>\$ 79,898</u>
<u>Other Long-Term Debt:</u>						
Lease revenue note	2.93%	10/25/07	2013	18,300,000	\$ 18,300,000	\$ -
<u>Other Obligations:</u>						
Landfill post-closure monitoring liability					\$ 54,501	\$ -
Capital leases (Note 10)					107,588	50,620
Net OPEB obligation					44,400	-
Compensated Absences					107,755	-
Total Other Obligations					<u>\$ 314,244</u>	<u>\$ 50,620</u>
Total Long-Term Debt and Other Obligations					<u>\$ 19,969,535</u>	<u>\$ 130,518</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 8-Long-Term Debt: (Continued)**

Primary Government - Enterprise Activity Indebtedness:

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

Year Ending June 30,	Lease Revenue Note	
	Principal	Interest
2011	\$ 9,457	\$ 21,656
2012	12,275	24,637
2013	17,289	23,319
2014	18,044	22,564
2015	18,833	21,775
2016-2020	107,378	95,662
2021-2025	133,547	69,493
2026-2030	147,050	36,720
2031-2035	38,611	19,529
2036-2040	43,475	14,665
2041-2045	48,951	9,189
2046-2050	52,016	3,029
Totals	<u>\$ 646,926</u>	<u>\$ 362,238</u>

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

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Water Revenue Bonds	<u>\$ 368,580</u>	<u>\$ 290,000</u>	<u>\$ (11,654)</u>	<u>\$ 646,926</u>
Total	<u>\$ 368,580</u>	<u>\$ 290,000</u>	<u>\$ (11,654)</u>	<u>\$ 646,926</u>

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**COUNTY OF GRAYSON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**Note 8-Long-Term Debt: (Continued)**

Details of long-term indebtedness:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Business-Type Activities</u>	<u>Amount Due Within One Year</u>
<u>Revenue Bonds:</u>						
Rural Development Water Revenue Bonds	5.00%	09/01/92	2032	\$ 491,600	\$ 356,926	\$ 9,457
Rural Development Water Revenue Bonds				290,000	290,000	-
Total Revenue Bonds					<u>\$ 646,926</u>	<u>\$ 9,457</u>

**Note 9-Long-term Debt-Component Unit School Board:**

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt 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>
OPEB obligation	\$ 154,000	\$ 216,000	\$ (76,000)	\$ 294,000
Compensated absences	199,261	20,555	-	219,816
Total	<u>\$ 353,261</u>	<u>\$ 236,555</u>	<u>\$ (76,000)</u>	<u>\$ 513,816</u>

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
OPEB obligation	\$ 294,000	\$ -
Compensated absences	219,816	-
Total Long-Term Obligations	<u>\$ 513,816</u>	<u>\$ -</u>



**COUNTY OF GRAYSON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**Note 10-Capital Lease:**

Primary Government:

The County has entered into lease agreements to finance the acquisition of a trash truck, and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of their inception dates.

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Machinery and equipment	\$ 381,514
Less: Accumulated depreciation	<u>(94,260)</u>
Total	<u>\$ 287,254</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2010, were as follows:

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>
2011	\$ 54,098
2012	29,580
2013	<u>29,580</u>
Total minimum lease payments	\$ 113,257
Less: amount representing interest	<u>(5,669)</u>
Present value of minimum lease payments	<u>\$ 107,588</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 11-Employee Retirement System and Pension Plans:**

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-annual-report.pdf> or by writing to the System's Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

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 its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 10.34% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-Professional Employees):

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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2010 was 7.76% of the annual covered payroll.

**COUNTY OF GRAYSON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**Note 11-Employee Retirement System and Pension Plans: (Continued)**

**C. Annual Pension Cost**

For fiscal year 2010, the County of Grayson, Virginia's annual pension cost of \$349,141 and \$96,805 was equal to the County of Grayson, Virginia's required and actual contributions for the County and the School Board Non-Professional, respectively.

**Three-Year Trend Information**

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) <sup>1</sup></u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	6/30/2010	\$ 349,141	100.00%	\$ -
	6/30/2009	344,219	100.00%	-
	6/30/2008	294,786	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2010	\$ 96,805	100.00%	\$ -
	6/30/2009	99,761	100.00%	-
	6/30/2008	93,602	100.00%	-

<sup>1</sup> Employer portion only

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 3.50% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and 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, 2010 was 20 years.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 11-Employee Retirement System and Pension Plans: (Continued)**

D. Funding Status and Funding Progress

Primary Government:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 79.89% funded. The actuarial accrued liability for benefits was \$17,490,935 and the actuarial value of assets was \$13,974,296, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,516,640. The covered payroll (annual payroll of active employees covered by the plan) was \$3,396,258, and ratio of the UAAL to the payroll was 103.54%.

Discretely Presented Component Unit – School Board (Non-Professional Employees):

As of June 30, 2009, the most recent actuarial valuation date, the plan was 88.51% funded. The actuarial accrued liability for benefits was \$4,141,821, and the actuarial value of assets was \$3,665,875, resulting in an unfunded actuarial accrued liability (UAAL) of \$475,947. The covered payroll (annual payroll of active employees covered by the plan) was \$1,290,858, and the ratio of the UAAL to the covered payroll was 36.87%.

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 the plan assets is increasing or decreasing over time relative to the actuarial liability (AAL) for benefits.

E. Discretely Presented Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 11-Employee Retirement System and Pension Plans: (Continued)**

E. Discretely Presented Component Unit School Board (Continued)

PROFESSIONAL EMPLOYEES: (Continued)

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$848,995, \$897,826, and \$1,015,538, for the fiscal years ended 2010, 2009, and 2008, respectively. Employer contributions represented 13.81% from July 2009 through March 2010 and 0.00% from April to June 2010, 8.81% for the entire fiscal year 2009, and 10.30% for the entire fiscal year 2008.

**Note 12-Other Postemployment Benefits:**

A. Plan Description

The Grayson Postemployment Healthcare Plan (The "Plan") is a single-employer defined benefit healthcare plan administered by the County. The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service, or be age 55 with 5 years of service, or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and employee contributions, are governed by the County and can be amended through Board of Supervisor action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The Grayson 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 be partially funded or fully funded in the upcoming fiscal year. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2010, the County contributed \$93,000 in total for current premiums and prefunding amounts.

For retirees, 100 percent of premiums for both the employee and spouse are the responsibility of the retiree. Coverage under the plan ceases when the employee reaches age 65.

**COUNTY OF GRAYSON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**Note 12-Other Postemployment Benefits: (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation**

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

	County	School Board	Total
Annual required contribution	\$ 58,100	\$ 222,000	\$ 280,100
Interest on net OPEB obligation	900	6,000	6,900
Adjustment to annual required contribution	(1,800)	(12,000)	(13,800)
Annual OPEB cost (expense)	57,200	216,000	273,200
Actual contributions	(35,800)	(76,000)	(111,800)
Increase in net OPEB obligation	21,400	140,000	161,400
Net OPEB obligation - beginning of year	23,000	154,000	177,000
Net OPEB obligation - end of year	\$ 44,400	\$ 294,000	\$ 338,400

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

Fiscal	Annual	Percentage of	Net OPEB
Year Ended	OPEB Cost	Annual OPEB Cost Contributed	Obligation
6/30/2010	\$ 273,200	41%	\$ 338,400
6/30/2009	270,000	34%	177,000

**D. Funded Status and Funding Progress**

**Primary Government:**

As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$457,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,201,000, and ratio of the UAAL to the covered payroll was 14.28%.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 12-Other Postemployment Benefits: (Continued)**

D. Funded Status and Funding Progress (Continued)

Component Unit – School Board:

As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$1,584,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,277,000, and ratio of the UAAL to the covered payroll was 14.05%.

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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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 and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 10 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010, was 30 years.

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 13-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	\$ 679,568	\$ 41,070	\$ -	\$ 720,638
Construction in progress	7,351,030	8,995,786	(75,501)	16,271,315
Total capital assets not being depreciated	<u>\$ 8,030,598</u>	<u>\$ 9,036,856</u>	<u>\$ (75,501)</u>	<u>\$ 16,991,953</u>
Capital assets, being depreciated:				
Buildings	\$ 8,671,451	\$ 55,771	\$ (2,493,470)	\$ 6,233,752
Machinery and equipment	1,526,182	180,178	-	1,706,360
Total capital assets being depreciated	<u>\$ 10,197,633</u>	<u>\$ 235,949</u>	<u>\$ (2,493,470)</u>	<u>\$ 7,940,112</u>
Less: accumulated depreciation for:				
Buildings	\$ (2,702,333)	\$ (233,305)	\$ 1,244,687	\$ (1,690,951)
Machinery and equipment	(823,368)	(183,043)	-	(1,006,411)
Total accumulated depreciation	<u>\$ (3,525,701)</u>	<u>\$ (416,348)</u>	<u>\$ 1,244,687</u>	<u>\$ (2,697,362)</u>
Total capital assets being depreciated, net	<u>\$ 6,671,932</u>	<u>\$ (180,399)</u>	<u>\$ (1,248,783)</u>	<u>\$ 5,242,750</u>
Governmental activities capital assets, net	<u>\$ 14,702,530</u>	<u>\$ 8,856,457</u>	<u>\$ (1,324,284)</u>	<u>\$ 22,234,703</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

**Note 13-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 10,648	\$ -	\$ -	\$ 10,648
Construction in progress	211,719	897,353	(890,048)	219,024
Total capital assets not being depreciated	<u>\$ 222,367</u>	<u>\$ 897,353</u>	<u>\$ (890,048)</u>	<u>\$ 229,672</u>
Capital assets, being depreciated:				
Infrastructure	\$ 1,866,261	\$ 890,048	\$ -	\$ 2,756,309
Machinery and equipment	8,000	-	-	8,000
Total capital assets being depreciated	<u>\$ 1,874,261</u>	<u>\$ 890,048</u>	<u>\$ -</u>	<u>\$ 2,764,309</u>
Less: accumulated depreciation for:				
Infrastructure	\$ (698,378)	\$ (46,657)	\$ -	\$ (745,035)
Machinery and equipment	(8,000)	-	-	(8,000)
Total accumulated depreciation	<u>\$ (706,378)</u>	<u>\$ (46,657)</u>	<u>\$ -</u>	<u>\$ (753,035)</u>
Total capital assets being depreciated, net	<u>\$ 1,167,883</u>	<u>\$ 843,391</u>	<u>\$ -</u>	<u>\$ 2,011,274</u>
Business-type activities capital assets, net	<u>\$ 1,390,250</u>	<u>\$ 1,740,744</u>	<u>\$ (890,048)</u>	<u>\$ 2,240,946</u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 13-Capital Assets: (Continued)**

Primary Government: (Continued)

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

Governmental activities:	
General government	\$ 62,424
Judicial administration	6,379
Public safety	101,154
Public works	53,197
Health and welfare	1,250
Education	142,571
Parks, recreation, and culture	3,645
Community development	45,728
Total depreciation expense-governmental activities	<u>\$ 416,348</u>
Business type activities:	
Water department	<u>\$ 46,657</u>
Total depreciation expense-business type activities	<u>\$ 46,657</u>

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**COUNTY OF GRAYSON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**Note 13-Capital Assets: (Continued)**

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

Discretely Presented Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 149,483	\$ -	\$ -	\$ 149,483
Capital assets, being depreciated:				
Buildings	\$ 11,699,714	\$ 2,536,901	\$ -	\$ 14,236,615
Machinery and equipment	3,306,624	33,880	-	3,340,504
Total capital assets being depreciated	<u>\$ 15,006,338</u>	<u>\$ 2,570,781</u>	<u>\$ -</u>	<u>\$ 17,577,119</u>
Less: accumulated depreciation for:				
Buildings	\$ (8,261,168)	\$ (1,455,242)	\$ -	\$ (9,716,410)
Machinery and equipment	(1,750,116)	(253,386)	-	(2,003,502)
Total accumulated depreciation	<u>\$ (10,011,284)</u>	<u>\$ (1,708,628)</u>	<u>\$ -</u>	<u>\$ (11,719,912)</u>
Total capital assets being depreciated, net	<u>\$ 4,995,054</u>	<u>\$ 862,153</u>	<u>\$ -</u>	<u>\$ 5,857,207</u>
Governmental activities capital assets, net	<u><u>\$ 5,144,537</u></u>	<u><u>\$ 862,153</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,006,690</u></u>

**Note 14-Risk Management:**

The County and its component unit – School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit – School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit – School Board pay the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 15-Contingent Liabilities:**

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

**Note 16-Surety Bonds:**

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Susan Herrington, Clerk of the Circuit Court	\$ 500,000
Fields R. Young, Jr., Treasurer	400,000
Larry Bolt, Commissioner of Revenue	27,000
Richard A. Vaughan, Sheriff	30,000
All Social Services employees-blanket bond	100,000

Travelers Casualty and Surety Company of America:

Board of Supervisors	\$ 100,000
County Administrator's Office	100,000

Component Unit – School Board:

Virginia School Board Association:

All School Board employees-blanket bond	\$ 250,000
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**Note 17-Landfill Closure and Post-closure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$54,501 is the total estimated post-closure care liability at June 30, 2010. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and post-closure in 2010. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 18-Designated and Reserved Fund Balance:**

At June 30, 2010:

Primary Government:

Reserved for law library	\$ 8,958
Reserved for special law enforcement	82,507
Reserved for PPTRA	188,267
Reserved for courthouse security	80,624
Designated for school construction	2,016,767
Designated for industrial development	616,630
Designated for community development	432,558

Total Primary Government	<u>\$ 3,426,311</u>
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Component Unit - School Board:

Designated for textbook fund	<u>\$ 17,228</u>
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**Note 19-Notes Receivable:**

Primary Government:

Industrial Development Fund:

On June 5, 2008, the County loaned \$150,000 to US 58 Holdings LLC. The loan is payable in 120 monthly installments of \$1,380.21 starting with the first payment due on August 15, 2008. The note bears interest at the rate of 2%. The outstanding balance at June 30, 2010 was \$125,865.

On June 14, 2010, the County loaned \$150,000 to the Town of Independence. The loan is payable in monthly installments of \$8,533 beginning August 20, 2010. The note bears interest at the rate of 3%. The Outstanding balance at June 30, 2010 was \$150,000.

Community Development Fund:

On October 11, 2000, the County loaned \$200,000 to Grayson Investment, LLC. Interest only payments of 2% are due in annual installments for the first two years. Thereafter, principal and interest payments of \$3,505 are payable in 60 monthly installments until the entire principal balance, together with accrued interest, is paid in full. The outstanding balance at June 30, 2010 was \$74,584.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 20-Deferred Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue on Exhibit 3 is comprised of the following:

Deferred Property Tax Revenue – Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$10,702,124.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$12,365 at June 30, 2010.

On the Statement of Net Assets, deferred revenue also consists of \$10,088,757 of property taxes levied January 1 but not due until December 5, 2010.

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## Required Supplementary Information

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County of Grayson, Virginia  
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 Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 8,059,100	\$ 8,059,100	\$ 6,897,256	\$ (1,161,844)
Other local taxes	1,250,500	1,250,500	1,253,058	2,558
Permits, privilege fees, and regulatory licenses	102,300	102,300	79,193	(23,107)
Fines and forfeitures	18,000	18,000	24,609	6,609
Revenue from the use of money and property	85,000	85,000	48,006	(36,994)
Charges for services	247,720	247,720	1,438,166	1,190,446
Miscellaneous	229,919	4,774,348	237,769	(4,536,579)
Recovered costs	151,000	151,000	270,356	119,356
Intergovernmental revenues:				
Commonwealth	5,128,589	5,031,443	3,766,669	(1,264,774)
Federal	1,234,549	1,237,204	1,180,671	(56,533)
Total revenues	\$ 16,506,677	\$ 20,956,615	\$ 15,195,753	\$ (5,760,862)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,397,099	\$ 1,449,492	\$ 1,394,457	\$ 55,035
Judicial administration	881,073	864,348	736,291	128,057
Public safety	2,774,620	3,117,476	3,044,741	72,735
Public works	1,297,184	1,363,786	1,358,343	5,443
Health and welfare	2,640,800	2,657,650	2,484,195	173,455
Education	4,038,608	4,038,608	3,270,976	767,632
Parks, recreation, and cultural	483,143	503,253	480,181	23,072
Community development	1,610,150	5,578,002	519,713	5,058,289
Capital projects	-	-	25,251	(25,251)
Debt service:				
Principal retirement	193,437	193,437	2,607,164	(2,413,727)
Interest and other fiscal charges	67,997	67,997	105,759	(37,762)
Total expenditures	\$ 15,384,111	\$ 19,834,049	\$ 16,027,071	\$ 3,806,978
Excess (deficiency) of revenues over (under) expenditures	\$ 1,122,566	\$ 1,122,566	\$ (831,318)	\$ (1,953,884)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 14,928	\$ 14,928
Transfers out	(1,384,000)	(1,384,000)	(478,797)	905,203
Proceeds of general obligation bonds	-	-	2,350,000	2,350,000
Total other financing sources and uses	\$ (1,384,000)	\$ (1,384,000)	\$ 1,886,131	\$ 3,270,131
Net change in fund balances	\$ (261,434)	\$ (261,434)	\$ 1,054,813	\$ 1,316,247
Fund balances - beginning	498,618	(61,382)	1,490,032	1,551,414
Fund balances - ending	\$ 237,184	\$ (322,816)	\$ 2,544,845	\$ 2,867,661



County of Grayson, Virginia  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Community Development			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,661	\$ 2,661
Total revenues	\$ -	\$ -	\$ 2,661	\$ 2,661
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2,661	\$ 2,661
Net change in fund balances	\$ -	\$ -	\$ 2,661	\$ 2,661
Fund balances - beginning	-	-	429,897	429,897
Fund balances - ending	\$ -	\$ -	\$ 432,558	\$ 432,558

County of Grayson, Virginia  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Industrial Development			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,832	\$ 3,832
Intergovernmental revenues:				
Commonwealth	-	-	650,000	650,000
Total revenues	\$ -	\$ -	\$ 653,832	\$ 653,832
<b>EXPENDITURES</b>				
Current:				
Community development	\$ -	\$ -	\$ 650,000	\$ (650,000)
Total expenditures	\$ -	\$ -	\$ 650,000	\$ (650,000)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 3,832	\$ 3,832
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 150,000	\$ 150,000
Total other financing sources and uses	\$ -	\$ -	\$ 150,000	\$ 150,000
Net change in fund balances	\$ -	\$ -	\$ 153,832	\$ 153,832
Fund balances - beginning	-	-	462,798	462,798
Fund balances - ending	\$ -	\$ -	\$ 616,630	\$ 616,630

**County of Grayson, Virginia**  
**Schedule of Pension and OPEB Funding Progress**  
**For the Year Ended June 30, 2010**

Primary Government:  
County Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009	\$ 13,974,296	\$ 17,490,935	\$ 3,516,639	79.89%	\$ 3,396,258	103.54%
June 30, 2008	14,257,613	16,572,044	2,314,431	86.03%	3,161,135	73.22%
June 30, 2007	13,127,865	14,398,455	1,270,590	91.18%	3,056,081	41.58%

County Postemployment Healthcare Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
July 1, 2008*	\$ -	\$ 457,000	\$ 457,000	0.00%	\$ 3,201,000	14.28%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009	\$ 3,665,875	\$ 4,141,821	\$ 475,946	88.51%	\$ 1,290,858	36.87%
June 30, 2008	3,547,103	3,853,967	306,864	92.04%	1,184,902	25.90%
June 30, 2007	3,186,478	3,612,780	426,302	88.20%	1,244,631	34.25%

School Board Postemployment Healthcare Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
July 1, 2008*	\$ -	\$ 1,584,000	\$ 1,584,000	0.00%	\$ 11,277,000	14.05%

\*Only one year of data available

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## Other Supplementary Information

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

	School Construction				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
Revenue from the use of money and property	\$ -	\$ -	\$ 5,910	\$ 5,910	
Total revenues	\$ -	\$ -	\$ 5,910	\$ 5,910	
<b>EXPENDITURES</b>					
Capital projects	\$ -	\$ -	\$ 8,310,523	\$ (8,310,523)	
Debt service:					
Interest and other fiscal charges	-	-	583,727	(583,727)	
Total expenditures	\$ -	\$ -	\$ 8,894,250	\$ (8,894,250)	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (8,888,340)	\$ (8,888,340)	
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	
Total other financing sources and uses	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	
Net change in fund balances	\$ -	\$ -	\$ (6,888,340)	\$ (6,888,340)	
Fund balances - beginning	-	-	8,905,107	8,905,107	
Fund balances - ending	\$ -	\$ -	\$ 2,016,767	\$ 2,016,767	

## **FIDUCIARY FUNDS**

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Special Welfare – The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Building Code Fund – The Building Code fund accounts for those funds received from citizens for building permits for subsequent remittance to the Commonwealth of Virginia.

ASAP Fund – The ASAP fund accounts for those funds held for the Mount Rogers Alcohol Safety Action Program.

Regional Library Fund – The Regional Library fund accounts for those funds held for the Wythe-Grayson Regional Library

County of Grayson, Virginia  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

Agency Funds

	Special Welfare	Building Code Fund	ASAP Fund	Regional Library	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,518	\$ 322	\$ 196,671	\$ 57,791	\$ 263,302
Investments, at fair value:					
Other investments	-	-	133,531	-	133,531
Total assets	<u>\$ 8,518</u>	<u>\$ 322</u>	<u>\$ 330,202</u>	<u>\$ 57,791</u>	<u>\$ 396,833</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 2,905	\$ -	\$ 2,905
Amounts held for social services clients	8,518	-	-	-	8,518
Amounts held for subsequent remittance to State for surcharge	-	322	-	-	322
Amounts held for Mt. Rogers Alcohol Safety Action Program	-	-	327,297	-	327,297
Amounts held for Grayson Regional Library	-	-	-	57,791	57,791
Total liabilities	<u>\$ 8,518</u>	<u>\$ 322</u>	<u>\$ 330,202</u>	<u>\$ 57,791</u>	<u>\$ 396,833</u>

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.



County of Grayson, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010

	<b>School Operating Fund</b>
<b>ASSETS</b>	
Cash in custody of others	\$ 148,779
Investments	1,006,047
Prepaid expenses	182,180
Receivables (net of allowance for uncollectibles):	
Accounts receivable	213,551
Due from other governmental units	1,634,014
Total assets	<u>\$ 3,184,571</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 340,024
Accrued liabilities	863,047
Due to primary government	1,712,036
Total liabilities	<u>\$ 2,915,107</u>
Fund balances:	
Unreserved:	
Undesignated	\$ 200
Designated for other	269,264
Total fund balances	<u>\$ 269,464</u>
Total liabilities and fund balances	<u>\$ 3,184,571</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 269,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,006,690
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(513,816)
Net assets of governmental activities	<u>\$ 5,762,338</u>

County of Grayson, Virginia  
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
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 285
Charges for services	414,162
Miscellaneous	654,913
Recovered costs	30,341
Intergovernmental revenues:	
Local government	3,248,876
Commonwealth	12,570,726
Federal	4,650,854
Total revenues	<u>\$ 21,570,157</u>
<b>EXPENDITURES</b>	
Current:	
Education	\$ 21,451,445
Total expenditures	<u>\$ 21,451,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 118,712</u>
Net change in fund balances	\$ 118,712
Fund balances - beginning	150,752
Fund balances - ending	<u><u>\$ 269,464</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ 118,712
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.	862,153
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.	(140,000)
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.	(20,555)
Change in net assets of governmental activities	<u><u>\$ 820,310</u></u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 285	\$ 285
Charges for services	74,000	74,000	414,162	340,162
Miscellaneous	262,001	262,001	654,913	392,912
Recovered costs	40,000	40,000	30,341	(9,659)
Intergovernmental revenues:				
Local government	4,017,508	4,017,508	3,248,876	(768,632)
Commonwealth	13,961,112	13,961,112	12,570,726	(1,390,386)
Federal	4,201,842	4,201,842	4,650,854	449,012
Total revenues	\$ 22,556,463	\$ 22,556,463	\$ 21,570,157	\$ (986,306)
EXPENDITURES				
Current:				
Education	\$ 22,295,029	\$ 22,295,029	\$ 21,451,445	\$ 843,584
Total expenditures	\$ 22,295,029	\$ 22,295,029	\$ 21,451,445	\$ 843,584
Excess (deficiency) of revenues over (under) expenditures	\$ 261,434	\$ 261,434	\$ 118,712	\$ (142,722)
Net change in fund balances	\$ 261,434	\$ 261,434	\$ 118,712	\$ (142,722)
Fund balances - beginning	-	-	150,752	150,752
Fund balances - ending	\$ 261,434	\$ 261,434	\$ 269,464	\$ 8,030

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## **Supporting Schedules**

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County of Grayson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,465,000	\$ 5,465,000	\$ 5,352,950	\$ (112,050)
Real and personal public service corporation taxes	1,097,600	1,097,600	109,110	(988,490)
Personal property taxes	1,215,000	1,215,000	1,156,754	(58,246)
Mobile home taxes	30,000	30,000	22,916	(7,084)
Machinery and tools taxes	110,000	110,000	117,018	7,018
Merchant's capital	45,000	45,000	33,838	(11,162)
Penalties	40,000	40,000	54,635	14,635
Advertising	1,500	1,500	1,404	(96)
Interest	55,000	55,000	48,631	(6,369)
Total general property taxes	<u>\$ 8,059,100</u>	<u>\$ 8,059,100</u>	<u>\$ 6,897,256</u>	<u>\$ (1,161,844)</u>
Other local taxes:				
Local sales and use taxes	\$ 410,000	\$ 410,000	\$ 426,067	\$ 16,067
Consumers' utility taxes	345,000	345,000	346,085	1,085
E-911 telephone taxes	-	-	25,994	25,994
Utility license tax	39,000	39,000	39,565	565
Motor vehicle licenses	335,000	335,000	314,294	(20,706)
Franchise license tax	10,000	10,000	26,419	16,419
Taxes on wills	3,500	3,500	3,830	330
Taxes on recordation	90,000	90,000	60,975	(29,025)
Hotel and motel room taxes	8,000	8,000	9,829	1,829
Bank stock tax	10,000	10,000	-	(10,000)
Total other local taxes	<u>\$ 1,250,500</u>	<u>\$ 1,250,500</u>	<u>\$ 1,253,058</u>	<u>\$ 2,558</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 10,091	\$ 91
Zoning permits	3,500	3,500	3,480	(20)
Transfer fees	800	800	664	(136)
Building permits	88,000	88,000	64,958	(23,042)
Total permits, privilege fees, and regulatory licenses	<u>\$ 102,300</u>	<u>\$ 102,300</u>	<u>\$ 79,193</u>	<u>\$ (23,107)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 18,000	\$ 18,000	\$ 24,609	\$ 6,609
Revenue from use of money and property:				
Revenue from use of money	\$ 40,000	\$ 40,000	\$ 5,763	\$ (34,237)
Revenue from use of property	45,000	45,000	42,243	(2,757)
Total revenue from use of money and property	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 48,006</u>	<u>\$ (36,994)</u>
Charges for services:				
Charges for special law enforcement	\$ -	\$ -	\$ 845	\$ 845
Charges for law enforcement and traffic control	500	500	756	256
Charges for courthouse maintenance	3,000	3,000	3,950	950
Charges for courthouse security	37,120	37,120	17,066	(20,054)
Charges for building code books	-	-	123	123
Charges for Commonwealth's Attorney	1,000	1,000	1,153	153
Miscellaneous jail and inmate fees	500	500	1,079	579
Charges for ASAP	9,000	9,000	7,651	(1,349)
Charges for law library	6,600	6,600	1,637	(4,963)
Charges for sanitation and waste removal	125,000	125,000	234,009	109,009
Charges for trash fees	-	-	1,127,642	1,127,642
Charges for parks and recreation	65,000	65,000	39,892	(25,108)
Other charges for services	-	-	2,363	2,363
Total charges for services	<u>\$ 247,720</u>	<u>\$ 247,720</u>	<u>\$ 1,438,166</u>	<u>\$ 1,190,446</u>

County of Grayson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 229,919	\$ 4,774,348	\$ 207,225	\$ (4,567,123)
Recreational donations	-	-	30,544	30,544
Total miscellaneous revenue	\$ 229,919	\$ 4,774,348	\$ 237,769	\$ (4,536,579)
Recovered costs:				
City of Galax	\$ 150,000	\$ 150,000	\$ 269,875	\$ 119,875
Rents and royalties	1,000	1,000	481	\$ (519)
Total recovered costs	\$ 151,000	\$ 151,000	\$ 270,356	\$ 119,356
Total revenue from local sources	\$ 10,143,539	\$ 14,687,968	\$ 10,248,413	\$ (4,439,555)
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle rolling stock tax	\$ -	\$ -	\$ 80	\$ 80
Mobile home titling tax	30,000	30,000	21,086	(8,914)
Animal friendly plates	-	-	198	198
Motor vehicle rental tax	-	-	702	702
Grantor's tax	22,000	22,000	15,314	(6,686)
State recordation tax	32,000	32,000	26,772	(5,228)
Communication tax	365,000	365,000	372,541	7,541
Personal property tax relief funds	797,000	797,000	437,787	(359,213)
Total noncategorical aid	\$ 1,246,000	\$ 1,246,000	\$ 874,480	\$ (371,520)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 298,884	\$ 288,305	\$ 218,037	\$ (70,268)
Sheriff	1,000,112	944,529	876,537	(67,992)
Commissioner of revenue	96,000	91,072	89,120	(1,952)
Treasurer	179,139	168,139	107,293	(60,846)
Registrar/electoral board	51,875	51,875	42,826	(9,049)
Clerk of the Circuit Court	198,285	183,229	207,333	24,104
Funds returned to the Commonwealth	-	-	(77,263)	(77,263)
Total shared expenses	\$ 1,824,295	\$ 1,727,149	\$ 1,463,883	\$ (263,266)
Other categorical aid:				
Public assistance and welfare administration	\$ 719,154	\$ 719,154	\$ 615,692	\$ (103,462)
Comprehensive services act	548,608	548,608	482,077	(66,531)
Victim witness	26,095	26,095	28,044	1,949
Fire programs	36,000	36,000	41,665	5,665
Rescue squad assistance	24,000	24,000	14,543	(9,457)
State and community highway safety funds	-	-	15,387	15,387
Regulation of Business practice	-	-	1,825	1,825
Local block grant	-	-	918	918
TEA fund	642,600	642,600	103,860	(538,740)
Tourism grant	-	-	200	200
Litter grant	7,000	7,000	6,006	(994)
Asset Forfeiture	-	-	7,726	7,726
Criminal history record improvement grant	-	-	25,162	25,162
School resource officer	-	-	21,588	21,588
Technology grant	-	-	13,697	13,697
Virginia Juvenile CCC	54,837	54,837	33,566	(21,271)
Special law enforcement grants	-	-	16,350	16,350
Total other categorical aid	\$ 2,058,294	\$ 2,058,294	\$ 1,428,306	\$ (629,988)
Total categorical aid	\$ 3,882,589	\$ 3,785,443	\$ 2,892,189	\$ (893,254)

County of Grayson, Virginia  
Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Total revenue from the Commonwealth	\$ 5,128,589	\$ 5,031,443	\$ 3,766,669	\$ (1,264,774)
Revenue from the federal government:				
Non-categorical aid:				
Payments in lieu of taxes	\$ 35,000	\$ 35,000	\$ 12,101	\$ (22,899)
Total non-categorical aid	\$ 35,000	\$ 35,000	\$ 12,101	\$ (22,899)
Categorical aid:				
Public assistance and welfare administration	\$ 944,549	\$ 944,549	\$ 808,661	\$ (135,888)
Courthouse green projects	-	-	131,115	131,115
Sheriff grants	100,000	102,655	50,000	(52,655)
Emergency preparedness	-	-	62,050	62,050
Industrial development grant	130,000	130,000	-	(130,000)
Arts & humanities	25,000	25,000	2,000	(23,000)
Juvenile Justice	-	-	61,483	61,483
Byrne justice assistance grant	-	-	44,671	44,671
Ground transportation grant	-	-	8,590	8,590
Total categorical aid	\$ 1,199,549	\$ 1,202,204	\$ 1,168,570	\$ (33,634)
Total revenue from the federal government	\$ 1,234,549	\$ 1,237,204	\$ 1,180,671	\$ (56,533)
Total General Fund	\$ 16,506,677	\$ 20,956,615	\$ 15,195,753	\$ (5,760,862)
<b>Special Revenue Funds:</b>				
<b>Community Development Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,661	\$ 2,661
Total revenue from use of money and property	\$ -	\$ -	\$ 2,661	\$ 2,661
Total revenue from local sources	\$ -	\$ -	\$ 2,661	\$ 2,661
Total Community Development Fund	\$ -	\$ -	\$ 2,661	\$ 2,661
<b>Industrial Development Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,832	\$ 3,832
Total revenue from local sources	\$ -	\$ -	\$ 3,832	\$ 3,832
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco commission grant	\$ -	\$ -	\$ 400,000	\$ 400,000
Governors opportunity grant	-	-	150,000	150,000
Tobacco region opportunity grant	-	-	100,000	100,000
Total categorical aid	\$ -	\$ -	\$ 650,000	\$ 650,000
Total revenue from the Commonwealth	\$ -	\$ -	\$ 650,000	\$ 650,000
Total Industrial Development Fund	\$ -	\$ -	\$ 653,832	\$ 653,832

County of Grayson, Virginia  
Schedule of Revenues - Budget and Actual  
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Fund:</b>				
<b>School Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,910	\$ 5,910
Total School Construction Fund	\$ -	\$ -	\$ 5,910	\$ 5,910
Total Primary Government	\$ 16,506,677	\$ 20,956,615	\$ 15,858,156	\$ (5,098,459)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 285	\$ 285
Charges for services:				
Special pupil fees	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Textbook fees	500	500	202	(298)
School food reimbursements	55,000	55,000	57,837	2,837
Cafeteria sales	-	-	327,411	327,411
Tuition from private sources	-	-	24,851	24,851
Transportation of pupils	6,500	6,500	3,861	(2,639)
Total charges for services	\$ 74,000	\$ 74,000	\$ 414,162	\$ 340,162
Miscellaneous revenue:				
Other miscellaneous	\$ 262,001	\$ 262,001	\$ 654,913	\$ 392,912
Recovered costs:				
Payments from other localities	\$ 40,000	\$ 40,000	\$ 30,341	\$ (9,659)
Total recovered costs	\$ 40,000	\$ 40,000	\$ 30,341	\$ (9,659)
Total revenue from local sources	\$ 376,001	\$ 376,001	\$ 1,099,701	\$ 723,700
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Grayson, Virginia	\$ 4,017,508	\$ 4,017,508	\$ 3,248,876	\$ (768,632)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,989,014	\$ 1,989,014	\$ 1,898,142	\$ (90,872)
Basic school aid	7,958,757	7,958,757	7,114,704	(844,053)
Remedial summer education	55,467	55,467	48,576	(6,891)
Regular foster care	-	-	1,115	1,115
ISAP	7,859	7,859	7,859	-
Gifted and talented	65,299	65,299	64,163	(1,136)
Remedial education	253,942	253,942	249,522	(4,420)
Enrollment loss	132,842	132,842	189,728	56,886
Special education	727,000	727,000	714,346	(12,654)
Textbook payment	171,984	171,984	78,826	(93,158)
School food	13,934	13,934	13,505	(429)
Vocational standards of quality payments	271,355	271,355	266,632	(4,723)
Vocational adult education	-	-	521	521
Social security fringe benefits	464,351	464,351	456,269	(8,082)
Retirement fringe benefits	597,852	597,852	440,585	(157,267)



County of Grayson, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Group life insurance fringe benefit	\$ 15,962	\$ 15,962	\$ 11,407	\$ (4,555)
State lottery payments	131,861	131,861	164,613	32,752
Early reading intervention	29,487	29,487	29,487	-
Special education - Homebound	15,821	15,821	10,483	(5,338)
Special education - tuition	166,154	166,154	124,736	(41,418)
School breakfast	5,960	5,960	4,608	(1,352)
Industry certification cost	-	-	4,657	4,657
Vocational education - equipment	-	-	5,428	5,428
Vocational occupational preparedness	34,053	34,053	26,417	(7,636)
Virginia preschool initiative	75,409	75,409	155,254	79,845
Standards of Learning algebra readiness	32,436	32,436	32,436	-
HSTW	5,000	5,000	43,396	38,396
National board certified teacher	-	-	17,500	17,500
Primary class size	78,456	78,456	73,782	(4,674)
Technology	310,000	310,000	-	(310,000)
English as a second language	22,064	22,064	8,026	(14,038)
At risk payments	303,793	303,793	293,003	(10,790)
Jobs for Virginia graduates	25,000	25,000	21,000	(4,000)
Total categorical aid	\$ 13,961,112	\$ 13,961,112	\$ 12,570,726	\$ (1,390,386)
Total revenue from the Commonwealth	\$ 13,961,112	\$ 13,961,112	\$ 12,570,726	\$ (1,390,386)
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ -	\$ -	\$ 81,033	\$ 81,033
Literacy challenge grant	-	-	14,111	14,111
Title I	841,220	841,220	703,654	(137,566)
Title IV	791,696	791,696	859,169	67,473
Title VI-B, special education pre-school	155,952	155,952	22,551	(133,401)
Drug free schools	10,467	10,467	690	(9,777)
Title II, basic skills	261,453	261,453	120,787	(140,666)
Title V Part A	52,274	52,274	-	(52,274)
National school lunch program	187,575	187,575	196,663	9,088
School food	456,200	456,200	531,708	75,508
Fresh fruits and vegetables	-	-	9,028	9,028
Education tech - Recovery act	-	-	8,738	8,738
State Fiscal Stabilization Fund - Recovery act	845,414	845,414	1,383,551	538,137
Gear up grant	23,670	23,670	28,920	5,250
Perkins	63,000	63,000	112,622	49,622
Reading first	145,000	145,000	88,822	(56,178)
Title VI, rural and low income school administration	-	-	6,736	6,736
IDEA 611 flow-through	360,000	360,000	482,071	122,071
Other categorical aid	7,921	7,921	-	(7,921)
Total categorical aid	\$ 4,201,842	\$ 4,201,842	\$ 4,650,854	\$ 449,012
Total revenue from the federal government	\$ 4,201,842	\$ 4,201,842	\$ 4,650,854	\$ 449,012
Total School Operating Fund	\$ 22,556,463	\$ 22,556,463	\$ 21,570,157	\$ (986,306)
Total Discretely Presented Component Unit - School Board	\$ 22,556,463	\$ 22,556,463	\$ 21,570,157	\$ (986,306)

County of Grayson, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 64,480	\$ 61,330	\$ 54,186	\$ 7,144
General and financial administration:				
County administrator	\$ 394,749	\$ 364,754	\$ 357,337	\$ 7,417
Zoning	53,912	57,418	51,767	5,651
Audit services	66,000	66,000	60,735	5,265
Legal services	23,000	35,173	26,036	9,137
Commissioner of revenue	205,294	206,480	206,576	(96)
Assessor	236,050	309,659	291,520	18,139
Treasurer	237,400	230,238	228,770	1,468
Total general and financial administration	\$ 1,216,405	\$ 1,269,722	\$ 1,222,741	\$ 46,981
Board of elections:				
Registrar	\$ 88,102	\$ 84,789	\$ 83,879	\$ 910
Electoral board and officials	28,112	33,651	33,651	-
Total board of elections	\$ 116,214	\$ 118,440	\$ 117,530	\$ 910
Total general government administration	\$ 1,397,099	\$ 1,449,492	\$ 1,394,457	\$ 55,035
Judicial administration:				
Courts:				
Circuit court	\$ 12,000	\$ 12,000	\$ 2,542	\$ 9,458
General district court	6,990	6,990	4,663	2,327
Special magistrates	1,375	1,560	1,455	105
Juvenile and domestic relations court	65,000	65,000	12,551	52,449
VJCCA	20,800	20,800	16,669	4,131
Courthouse	39,120	38,935	32,687	6,248
Asset forfeiture	35,000	35,000	7,264	27,736
Law library	6,600	6,600	3,815	2,785
Community	28,312	28,312	38,166	(9,854)
Shoplifting	225	225	223	2
Substance	2,500	2,500	1,327	1,173
Anger	3,000	3,000	3,351	(351)
Other courts payments	-	-	61,483	(61,483)
Clerk of the circuit court	280,335	274,189	259,228	14,961
Total courts	\$ 501,257	\$ 495,111	\$ 445,424	\$ 49,687
Commonwealth's attorney:				
Commonwealth's attorney	\$ 349,349	\$ 338,770	\$ 261,966	\$ 76,804
Victim witness	30,467	30,467	28,901	1,566
Total commonwealth's attorney	\$ 379,816	\$ 369,237	\$ 290,867	\$ 78,370
Total judicial administration	\$ 881,073	\$ 864,348	\$ 736,291	\$ 128,057
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,592,766	\$ 1,790,984	\$ 1,742,524	\$ 48,460
Asset forfeiture fund	-	-	1,205	(1,205)
Total law enforcement and traffic control	\$ 1,592,766	\$ 1,790,984	\$ 1,743,729	\$ 47,255
Fire and rescue services:				
Volunteer fire department	\$ 164,644	\$ 164,938	\$ 132,592	\$ 32,346
Ambulance and rescue services	124,156	267,626	255,137	12,489
E-911 fund	-	-	26,074	(26,074)
Total fire and rescue services	\$ 288,800	\$ 432,564	\$ 413,803	\$ 18,761

County of Grayson, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Regional jail payments	\$ 711,553	\$ 711,553	\$ 711,019	\$ 534
Inspections:				
Building	\$ 96,605	\$ 96,605	\$ 87,929	\$ 8,676
Other protection:				
Animal warden	\$ 80,896	\$ 81,770	\$ 88,101	\$ (6,331)
Medical examiner	4,000	4,000	160	3,840
Total other protection	\$ 84,896	\$ 85,770	\$ 88,261	\$ (2,491)
Total public safety	\$ 2,774,620	\$ 3,117,476	\$ 3,044,741	\$ 72,735
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 685,701	\$ 701,172	\$ 648,487	\$ 52,685
Refuse disposal	347,500	347,500	322,478	25,022
Recycling program	30,415	37,664	37,563	101
Total sanitation and waste removal	\$ 1,063,616	\$ 1,086,336	\$ 1,008,528	\$ 77,808
Maintenance of general buildings and grounds:				
General properties	\$ 117,810	\$ 117,480	\$ 112,395	\$ 5,085
Jail building	16,600	19,154	18,279	875
Courthouse	94,658	136,316	218,692	(82,376)
Health center	4,500	4,500	449	4,051
Total maintenance of general buildings and grounds	\$ 233,568	\$ 277,450	\$ 349,815	\$ (72,365)
Total public works	\$ 1,297,184	\$ 1,363,786	\$ 1,358,343	\$ 5,443
Health and welfare:				
Health:				
Supplement of local health department	\$ 167,310	\$ 167,310	\$ 167,237	\$ 73
Mental health and mental retardation:				
Chapter X board	\$ 48,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Welfare administration	\$ 1,327,220	\$ 1,327,220	\$ 1,297,780	\$ 29,440
Public assistance	383,341	383,341	374,838	8,503
Comprehensive services act	700,000	700,000	564,561	135,439
District III	14,929	14,929	14,929	-
Section 8 rental	-	4,850	4,850	-
Total welfare	\$ 2,425,490	\$ 2,430,340	\$ 2,256,958	\$ 173,382
Total health and welfare	\$ 2,640,800	\$ 2,657,650	\$ 2,484,195	\$ 173,455
Education:				
Other instructional costs:				
Contributions to Community College	\$ 22,100	\$ 22,100	\$ 22,100	\$ -
Contribution to County School Board	4,016,508	4,016,508	3,248,876	767,632
Total education	\$ 4,038,608	\$ 4,038,608	\$ 3,270,976	\$ 767,632
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 186,904	\$ 199,714	\$ 225,384	\$ (25,670)

County of Grayson, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Arts and crafts	\$ 15,000	\$ 22,300	\$ 22,300	\$ -
Library:				
Contribution to regional library	\$ 281,239	\$ 281,239	\$ 232,497	\$ 48,742
Total parks, recreation, and cultural	\$ 483,143	\$ 503,253	\$ 480,181	\$ 23,072
Community development:				
Planning and community development:				
Planning commission	\$ 36,300	\$ 26,300	\$ 20,108	\$ 6,192
Tourism development	58,650	85,660	79,699	5,961
Twin county airport	23,000	23,000	23,000	-
Rooftop CAP	7,000	7,000	7,000	-
Electronic village	9,000	9,000	7,330	1,670
Enhanced 911 commission	174,115	174,115	144,521	29,594
Other community development	1,233,576	5,184,418	174,301	5,010,117
Total planning and community development	\$ 1,541,641	\$ 5,509,493	\$ 455,959	\$ 5,053,534
Environmental management:				
Contribution to soil and water district	\$ 4,700	\$ 4,700	\$ 4,700	\$ -
Cooperative extension program:				
Extension office	\$ 63,809	\$ 63,809	\$ 59,054	\$ 4,755
Total community development	\$ 1,610,150	\$ 5,578,002	\$ 519,713	\$ 5,058,289
Capital projects:				
TEA project	\$ -	\$ -	\$ 25,251	\$ (25,251)
Total capital projects	\$ -	\$ -	\$ 25,251	\$ (25,251)
Debt service:				
Principal retirement	\$ 193,437	\$ 193,437	\$ 2,607,164	\$ (2,413,727)
Interest and other fiscal charges	67,997	67,997	105,759	(37,762)
Total debt service	\$ 261,434	\$ 261,434	\$ 2,712,923	\$ (2,451,489)
Total General Fund	\$ 15,384,111	\$ 19,834,049	\$ 16,027,071	\$ 3,806,978
<b>Industrial Development Fund</b>				
Community Development:				
Industrial development	\$ -	\$ -	\$ 650,000	\$ (650,000)
Total Industrial Development Fund	\$ -	\$ -	\$ 650,000	\$ (650,000)

County of Grayson, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
<b>School Construction Fund:</b>				
Capital projects:				
County schools	\$ -	\$ -	\$ 8,310,523	\$ (8,310,523)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,310,523</u>	<u>\$ (8,310,523)</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 583,727	\$ (583,727)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,727</u>	<u>\$ (583,727)</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,894,250</u>	<u>\$ (8,894,250)</u>
Total Primary Government	<u>\$ 15,384,111</u>	<u>\$ 19,834,049</u>	<u>\$ 25,571,321</u>	<u>\$ (5,737,272)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration, attendance and health	\$ 762,757	\$ 762,757	\$ 904,572	\$ (141,815)
Total administration of schools	<u>\$ 762,757</u>	<u>\$ 762,757</u>	<u>\$ 904,572</u>	<u>\$ (141,815)</u>
Instructional costs:				
Classroom instruction	\$ 17,151,271	\$ 17,151,271	\$ 15,706,847	\$ 1,444,424
Operating costs:				
School food	\$ 716,678	\$ 716,678	\$ 1,225,806	\$ (509,128)
Pupil transportation	1,626,532	1,626,532	1,505,617	120,915
Operation and maintenance of school plant	2,037,791	2,037,791	1,967,559	70,232
Facilities	-	-	141,044	(141,044)
Total operating costs	<u>\$ 4,381,001</u>	<u>\$ 4,381,001</u>	<u>\$ 4,840,026</u>	<u>\$ (459,025)</u>
Total education	<u>\$ 22,295,029</u>	<u>\$ 22,295,029</u>	<u>\$ 21,451,445</u>	<u>\$ 843,584</u>
Total School Operating Fund	<u>\$ 22,295,029</u>	<u>\$ 22,295,029</u>	<u>\$ 21,451,445</u>	<u>\$ 843,584</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,295,029</u>	<u>\$ 22,295,029</u>	<u>\$ 21,451,445</u>	<u>\$ 843,584</u>

## **OTHER STATISTICAL INFORMATION**

Table 1

**County of Grayson, Virginia**  
**Government-Wide Expenses by Function**  
**Last Ten Fiscal Years (1)**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water Authority	Total
2009-10	\$ 1,220,378	\$ 613,634	\$ 3,061,422	\$ 1,382,333	\$ 2,492,346	\$ 4,416,305	\$ 320,739	\$ 1,216,399	\$ 685,093	\$ 173,138	\$ 15,581,787
2008-09	1,123,374	693,287	2,826,665	1,283,720	2,590,431	3,735,678	433,753	935,741	681,982	150,575	14,455,206
2007-08	893,250	683,193	2,487,752	1,274,895	2,438,176	4,603,796	453,423	650,528	343,186	142,093	13,970,292
2006-07	849,213	651,875	2,323,227	1,110,438	2,343,146	3,515,508	203,336	437,541	105,426	157,779	11,697,489
2005-06	824,348	662,423	2,359,612	1,146,742	2,385,991	3,299,957	184,361	396,003	18,590	133,723	11,411,750
2004-05	886,220	367,927	2,276,290	1,013,789	2,483,840	4,306,197	343,845	723,151	87,511	158,840	12,647,610
2003-04	815,905	285,987	2,016,822	919,099	2,842,738	4,007,809	331,340	452,427	124,277	122,592	11,918,996
2002-03	757,066	396,322	1,886,682	1,042,782	2,804,253	3,833,556	327,999	478,573	114,574	140,883	11,782,690

(1) Information has only been available for 8 years.

Table 2

County of Grayson, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2009-10	\$ 1,651,962	\$ 4,710,759	\$ 591,384	\$	7,102,465	1,253,058	60,409	237,769	886,581	\$	16,494,387
2008-09	479,492	4,062,893	-	-	6,399,521	1,666,459	348,547	98,332	596,129		13,651,373
2007-08	507,496	3,818,437	-	-	6,181,765	1,716,432	320,763	120,632	590,274		13,255,799
2006-07	397,917	3,628,836	185,121	-	6,112,092	1,668,962	296,834	224,502	596,605		13,111,869
2005-06	408,753	2,766,331	-	-	6,051,456	1,582,387	302,936	385,391	1,543,352		13,040,606
2004-05	423,183	2,826,205	-	-	6,044,936	1,653,557	160,420	253,822	2,759,376		14,121,499
2003-04	393,762	3,448,132	-	-	5,579,436	1,527,577	124,999	165,721	943,526		12,183,153
2002-03	395,144	3,781,281	-	-	5,163,344	1,488,192	133,976	230,046	631,238		11,823,221

(1) Information has only been available for 8 years.



Table 3

**County of Grayson, Virginia**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2009-10	\$ 1,394,457	\$ 736,291	\$ 3,044,741	\$ 1,358,343	\$ 2,484,195	\$ 21,473,545	\$ 480,181	\$ 1,169,713	\$ 2,712,923	\$ 34,854,389
2008-09	1,262,259	701,381	2,869,603	1,295,219	2,589,793	23,094,232	448,798	916,625	1,988,292	35,166,202
2007-08	993,506	686,829	2,487,696	1,393,860	2,449,335	21,234,923	452,820	608,193	619,217	30,926,379
2006-07	957,415	655,654	2,342,748	1,173,763	2,357,615	22,669,857	210,423	389,308	386,031	31,142,814
2005-06	901,030	658,821	2,359,812	1,150,125	2,383,671	18,925,440	184,361	395,563	235,275	27,194,098
2004-05	820,660	529,870	2,370,887	1,028,119	2,494,902	18,188,269	346,667	723,857	1,486,750	27,989,981
2003-04	774,740	414,770	2,026,132	1,007,432	2,875,274	18,806,243	330,782	453,787	502,748	27,191,908
2002-03	757,292	417,573	1,919,058	981,256	2,800,860	18,732,060	327,202	477,002	379,740	26,792,043
2001-02	807,655	456,974	1,883,120	970,411	2,664,189	17,566,725	332,782	252,666	384,670	25,319,192
2000-01	807,188	463,588	1,804,590	833,741	2,511,118	16,633,773	338,843	358,856	394,029	24,145,726

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Units. Exclusive of Capital Projects.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 4

**County of Grayson, Virginia**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2009-10	\$ 6,897,256	\$ 1,253,058	\$ 79,193	\$ 24,609	\$ 54,784	\$ 1,852,328	\$ 892,682	\$ 300,216	\$ 22,819,401	\$ 34,173,527
2008-09	6,284,555	1,666,459	97,988	14,873	236,907	725,331	564,441	260,966	22,783,741	32,635,261
2007-08	6,293,863	1,716,432	125,615	1,055	188,197	685,072	478,190	186,812	20,426,326	30,101,562
2006-07	6,085,153	1,668,962	102,810	1,921	287,296	761,065	676,792	224,859	20,969,382	30,788,240
2005-06	6,068,227	1,582,387	83,431	656	303,979	764,773	745,386	162,698	18,992,491	28,704,028
2004-05	5,973,509	1,653,557	76,984	1,335	160,890	685,657	486,018	168,118	19,565,917	28,771,985
2003-04	5,589,426	1,527,577	71,654	1,210	125,379	672,022	508,296	210,517	17,917,027	26,623,108
2002-03	5,144,630	1,488,192	72,474	1,388	136,034	684,933	555,492	192,947	17,870,815	26,126,905
2001-02	5,276,631	1,503,231	242,759	1,484	168,260	491,030	324,969	128,452	17,960,213	26,097,029
2000-01	4,968,625	1,484,464	166,191	1,421	475,610	619,026	296,610	183,345	17,069,998	25,265,290

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Units. Exclusive of Capital Projects.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

**County of Grayson, Virginia**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 7,483,293	\$ 7,105,026	94.95%	\$ 125,347	\$ 7,230,373	96.62%	\$ 507,066	6.78%
2008-09	6,749,174	6,400,262	94.83%	202,886	6,603,148	97.84%	541,748	8.03%
2007-08	6,527,134	6,351,609	97.31%	264,911	6,616,520	101.37%	509,974	7.81%
2006-07	6,496,946	6,212,415	95.62%	207,087	6,419,502	98.81%	523,523	8.06%
2005-06	6,507,897	6,200,206	95.27%	198,406	6,398,612	98.32%	532,713	8.19%
2004-05	6,349,758	6,122,542	96.42%	163,727	6,286,269	99.00%	453,537	7.14%
2003-04	5,902,071	5,693,158	96.46%	202,187	5,895,345	99.89%	457,901	7.76%
2002-03	5,503,074	5,320,352	96.68%	151,799	5,472,151	99.44%	446,404	8.11%
2001-02	5,663,665	5,476,127	96.69%	155,099	5,631,226	99.43%	436,485	7.71%
2000-01	5,217,948	5,036,394	96.52%	130,821	5,167,215	99.03%	344,422	6.60%

(1) Exclusive of penalties and interest.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(3) Does not include land redemptions.

Table 6

**County of Grayson, Virginia**  
**Assessed Value of Taxable Property (1)**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Merchant's Capital	Machinery and Tools	Public Utility (2)			Total
					Real Estate	Personal Property	Personal Property	
2009-10	\$ 1,621,461,200	\$ 99,919,088	\$ 524,132	\$ 9,131,754	\$ 31,935,368	\$ 56,855	\$	1,763,028,397
2008-09	1,613,126,400	112,401,550	591,240	10,251,338	31,152,651	64,327		1,767,587,506
2007-08	1,599,974,100	107,167,114	771,863	8,562,723	34,490,621	17,455		1,750,983,876
2006-07	1,585,856,000	107,399,775	711,519	11,060,509	39,087,380	21,634		1,744,136,817
2005-06	820,748,700	110,421,430	654,137	13,402,691	26,246,852	16,301		971,490,111
2004-05	814,103,887	99,919,340	573,498	11,277,161	26,717,935	-		952,591,821
2003-04	798,173,951	107,768,327	538,703	12,972,169	26,710,965	29,379		946,193,494
2002-03	786,702,128	102,010,802	529,071	15,218,772	32,355,152	-		936,815,925
2001-02	675,085,147	107,643,712	618,992	16,609,081	29,965,625	-		829,922,557
2000-01	665,911,664	99,865,711	599,930	19,235,139	33,522,180	-		819,134,624

(1) All property types are assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Grayson, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2009-10	\$ 0.34	\$ 1.75	\$ 1.75	\$ 6.70
2008-09	0.30	1.50	1.50	6.70
2007-08	0.30	1.50	1.50	6.70
2006-07	0.29	1.50	1.50	6.70
2005-06	0.55	1.50	1.50	6.70
2004-05	0.55	1.60	1.60	6.70
2003-04	0.53	1.35	1.35	6.70
2002-03	0.50	1.25	1.25	6.70
2001-02	0.59	1.25	1.25	6.70
2000-01	0.54	1.25	1.25	6.70

(1) Per \$100 of assessed value.

Table 8

**County of Grayson, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	17,917	\$ 1,763,028	\$ 19,585,001	\$ 19,585,001	1.11%	\$ 1,093
2008-09	17,917	1,767,588	17,778,438	17,778,438	1.01%	992
2007-08	17,917	1,750,984	18,056,971	18,056,971	1.03%	1,008
2006-07	17,917	1,744,137	1,960,336	1,960,336	0.11%	109
2005-06	17,917	971,490	2,161,935	2,161,935	0.22%	121
2004-05	17,917	952,592	631,470	631,470	0.07%	35
2003-04	17,917	946,193	769,470	769,470	0.08%	43
2002-03	17,917	936,816	975,470	975,470	0.10%	54
2001-02	17,917	829,923	1,181,470	1,181,470	0.14%	66
2000-01	17,917	819,135	1,387,470	1,387,470	0.17%	77

(1) Bureau of the Census.

(2) All property types assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, lease revenue notes and literary fund loans.  
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Grayson, Virginia  
Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures (1)  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 2,607,164	\$ 689,486	\$ 3,296,650	\$ 34,854,389	9.46%
2008-09	1,905,535	686,375	2,591,910	35,166,202	7.37%
2007-08	271,638	347,579	619,217	30,926,379	2.00%
2006-07	280,605	105,426	386,031	31,142,814	1.24%
2005-06	216,685	18,590	235,275	27,194,098	0.87%
2004-05	1,399,239	87,511	1,486,750	27,989,981	5.31%
2003-04	378,471	124,277	502,748	27,191,908	1.85%
2002-03	216,685	18,590	235,275	26,792,043	0.88%
2001-02	260,504	124,166	384,670	25,319,192	1.52%
2000-01	260,766	133,263	394,029	24,145,726	1.63%

(1) Includes General and Special Revenue funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit - School Board.

## **COMPLIANCE SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Members of the Board of Supervisors  
County of Grayson, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund and the aggregate remaining fund information of the County of Grayson, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Grayson, Virginia's basic financial statements and have issued our report thereon dated January 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Grayson, 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 Grayson, Virginia in a separate letter dated January 25, 2011.

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

*Rabinson, Turner, & Associates*

Christiansburg, Virginia

January 25, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 Independent Auditors' Report

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To the Members of the Board of Supervisors  
County of Grayson, Virginia

### Compliance

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

In our opinion, the County of Grayson, 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 the County of Grayson, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Grayson, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Grayson, 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, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Tamm, & Associates*

Christiansburg, Virginia  
January 25, 2011

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department Health and Human Services</b>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
<i>Child Care and Development Fund Cluster:</i>			
Child Care and Development Block Grant	93.575	90544, 90545	\$ 35,361
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	37,344
ARRA - Child Care and Development Block Grant	93.713	90116, 90117, 90118, 90236 90237, 90238, 90378	18,124
Promoting Safe and Stable Families	93.556	90249, 90360	12,149
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	173,680
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	385
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	10,246
Chafee Education and Training Vouchers Program	93.599	90353	3,587
Child Welfare Services - State Grants	93.645	90251	600
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	115,021
ARRA - Foster Care - Title IV-E	93.658	90636, 90637, 90639, 90658	9,205
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	37,696
ARRA - Adoption Assistance	93.659	90606	4,406
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	81,656
Chafee Foster Care Independence Program	93.674	90254	2,740
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	94,713
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	7,473
Total Department of Health and Human Services			\$ 644,386
<b>Department of Agriculture:</b>			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
<i>Child Nutrition Cluster:</i>			
Food Distribution (Note 3)	10.555	40623	\$ 59,455
Fresh Fruit and Vegetable Program	10.582	40599	9,028
USDA Community Facilities Grant	10.766	Not applicable	50,000
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	Not applicable	881,384
<i>Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National school breakfast program	10.553	40591	196,663
National school lunch program	10.555	40623	472,253
Schools and Roads - Grants to States	10.665	43841	81,033
<i>Department of Social Services:</i>			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	158,089
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	6,186
Total Department of Agriculture			\$ 1,914,091

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>National Foundation on the Arts and Humanities:</b>			
Pass Through Payments:			
<i>Virginia Commission for the Arts:</i>			
Promotion of the arts-partnership agreements	45.025	99910	\$ 2,000
<b>Department of Justice:</b>			
Pass Through Payments:			
<i>Department of Criminal Justice Service:</i>			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	47000	\$ 61,483
<i>Compensation Board:</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09SUB9033	\$ 44,671
Total Department of Justice			\$ 106,154
<b>Department of Energy:</b>			
Pass Through Payments:			
State Department of Mines, Minerals and Energy			
Energy Efficiency and Conservation Block Grant	81.128		\$ 131,115
<b>Department of Transportation:</b>			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	59198	\$ 8,590
<b>Department of Homeland Security:</b>			
Pass Through Payments:			
<i>Department of Emergency Services:</i>			
Emergency management performance grant	97.042	52749	\$ 62,050
<b>Department of Education:</b>			
Pass Through Payments:			
<i>Department of Education:</i>			
<i>Special Education Cluster:</i>			
Special Education - Preschool Grants	84.173	62521	\$ 22,551
Special Education - Grants to States	84.027	43071	482,071
<i>Education Technology State Grants Cluster:</i>			
Education Technology State Grants	84.318	61600	14,111
ARRA - Education Technology State Grants	84.386	60897	8,737
Title I: Grants to Local Educational Agencies	84.010	42892, 42901	703,654
Safe and Drug-free schools and communities - State Grants	84.186	65011	692
Twenty-first century community learning centers	84.287	60565	859,169
Career and Technical Education: Basic grants to states	84.048	61095	112,622
Gaining Early Awareness and Readiness for Undergraduate Program	84.334		28,920
Reading First State Grant	84.357	60655	88,821
Rural Education	84.358	43481	6,736
Improving Teacher Quality State Grants	84.367	61480	120,787
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	1,383,551
Total Department of Education			\$ 3,832,422
Total Expenditures of Federal Awards			\$ 6,700,808

See accompanying notes to schedule of expenditures of federal awards.

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

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Note 1 -- Basis of Presentation

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

Note 2 -- Summary of Significant Accounting Policies

(1)

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2010, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund

Less: Payment in lieu of taxes

\$	1,180,671
	<u>(12,101)</u>

Total primary government

\$	<u>1,168,570</u>
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Enterprise Fund

Add: Rural Development Bond Proceeds

\$	591,384
	<u>290,000</u>

Total enterprise fund

\$	<u>881,384</u>
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Component Unit Schools:

School Operating Fund

\$	<u>4,650,854</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$	<u><u>6,700,808</u></u>
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# COUNTY OF GRAYSON, VIRGINIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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

#### Financial Statements

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

#### Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
10.553/10.555/10.582	Child Nutrition Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	<u>    X    </u> yes <u>        </u> no
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**COUNTY OF GRAYSON, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

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Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Year Audit Findings

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