COUNTY OF WASHINGTON, VIRGINIA FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2011



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County of Washington, Virginia Financial Report Fiscal Year Ended June 30, 2011

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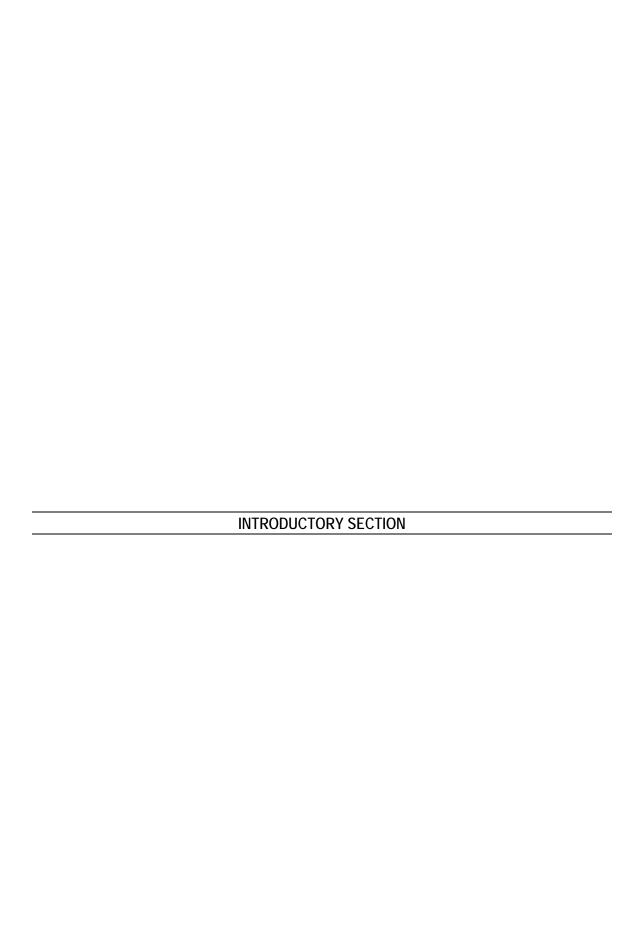
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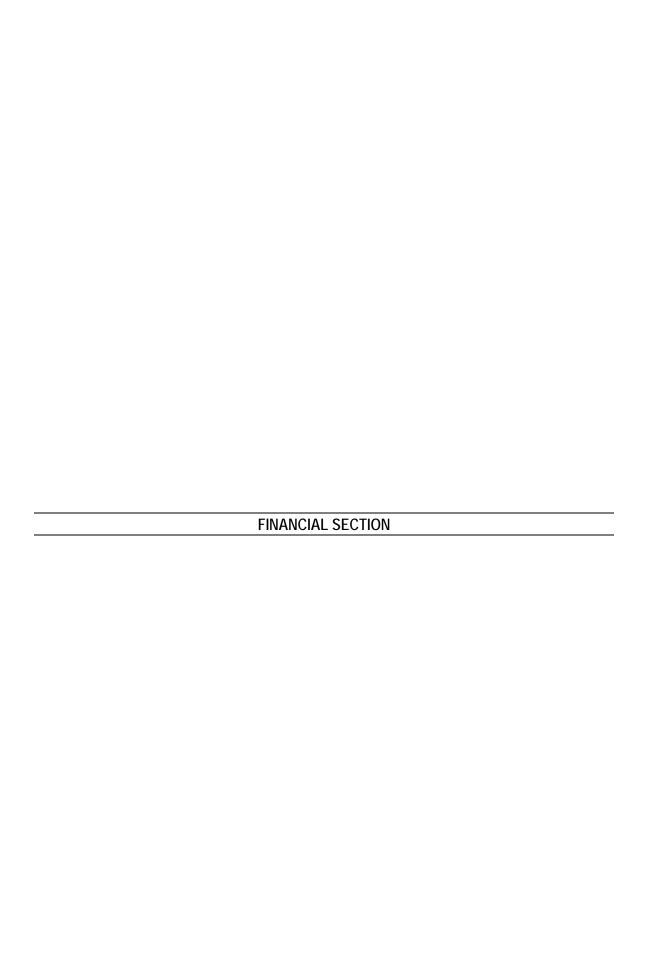
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	BOARD OF SUPERVIS	SORS
Phillip B. McCall Thomas G. Taylor	Dulcie M. Mumpower,	Chair Nicole M. Price Joseph C. Strater
Kenneth O. Reynolds	Mark K. Reeter, Cle	Odell Owens
	COUNTY SCHOOL BO	OARD
	Elizabeth P. Lowe, C	hair
Herschel Stevens Billy W. Brooks		J. Sanders Henderson, II William B. Boone
Tom D. Musick		Dayton Owens
	Melissa Caudill, Cle	rk
	SOCIAL SERVICES BO	DARD
	David M. Cline, Cha	air
Rhonda Lusk Jack C. Phelps		Linda Crane G. Douglas Meade
C. Allen Cook		Sarah Hadere
	OTHER OFFICIAL	S
Chief Judge of the Circuit C	ourt	C. Randall Lowe
Judge of the Circuit Court		Larry Kirkse
Judge of the Circuit Court		
		Joseph S. Tate, Chief Judge
Judge of the District Court	actic Deletions Count	Sage B. Johnson, Presiding JudgeCharles F. Lincoli
		Florence A. Powell, Chief Judg
		Patricia S. Phipps, Presiding Judge
		Dennis Godfre
•		David Henr
		Fred W. Parke
		Fred P. Newman
Interim Superintendent of S	chools	Mr. Jim R. Sullivar
		Tommy L. Castee
		Mark K. Reete
		Mark W. Seamor
County Attorney		Lucy E. Phillips



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF WASHINGTON, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Washington, Virginia's management. Our responsibility is to express opinions on these financial statements based on our We did not audit the financial statements of the Washington County Park Authority, a component unit, whose statements reflect total assets of \$1,777,951 as of June 30, 2011 and total revenues of \$274,297 for the year then ended. We did not audit the financial statements of the Industrial Development Authority a component unit, whose statements reflect total assets of \$31,216,872 as of June 30, 2011 and total revenues of \$3,082,587 for the year then ended. We did not audit the financial statements of the Virginia Highlands Airport Authority, a component unit, whose statements reflect total assets of \$18,576,068 as of June 30, 2011 and total revenues of \$2,220,151 for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington County Park Authority, the Industrial Development Authority, and the Virginia Highlands Airport Authority, is based solely on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of June 30, 2011, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011, on our consideration of the County of Washington, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Washington, Virginia's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Robinson, James, La associates

Christiansburg, Virginia November 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of Washington County County of Washington, Virginia

As management of the County of Washington, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County's governmental activities exceeded its liabilities at the close of the fiscal year by \$28,540,743 (net assets). Of this amount, \$5,722,577 was considered unrestricted.
- The assets of the School Board component unit exceeded its liabilities at the close of the fiscal year by \$17,732,414 (net assets). Of this amount \$(8,526) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$33,462,619. Of the amount \$22,937,384 was considered unassigned, \$1,188,624 was considered assigned, \$96,305 was considered committed, \$8,828,992 was considered restricted and \$411,314 was considered nonspendable.
- During the year, the County had governmental expenditures that were \$23,521,754 more than revenues.

Overview of the Financial Statements:

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

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

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

<u>Government-wide Financial Statements</u> – The Government-wide Financial Statements are designed to provide the readers with a broad overview of the County's finances in a manner similar to a private-sector business.

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

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

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

The Government-wide Financial Statements include not only the County of Washington, Virginia itself (known as the primary government), but also a legally separate school board for which the County of Washington, Virginia is financially accountable. The financial statements also include three discretely presented component units that we do not control, but do exercise a significant financial relationship with. These include the Park Authority, the Industrial Development Authority and the Virginia Highlands Airport Authority.

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

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

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

The County maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund and the School Capital Improvement Fund, of which all three are considered to be major funds.

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

<u>Proprietary Funds</u> – The County maintains one proprietary fund. This Intern Service Fund accounts for activities similar to those found in the private sector.

<u>Fiduciary funds</u> – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's Government-wide Financial Statements because the County cannot use these assets to finance its operations.

<u>Notes to the Financial Statements</u> – The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a County's financial position. In the case of the of the County's Primary Government, assets exceed liabilities by \$28,540,743 at the close of the most recent fiscal year.

The largest portion of the County's net assets \$13,989,174 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net assets \$8,828,992, are subject to restrictions on how they may be used. The remaining balance of net assets \$5,722,577 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Assets and Statement of Activities for 2011 and 2010.

Statement of Net Assets

Governmental Activities	(Governmental Activities
2011		2010
\$ 62,330,050	\$	64,824,487
30,070,311		23,943,404
\$ 92,400,361	\$	88,767,891
_		_
\$ 28,610,140	\$	28,545,903
35,249,478		34,877,681
\$ 63,859,618	\$	63,423,584
\$ 13,989,174	\$	13,353,809
8,828,992		222,298
5,722,577		11,768,200
\$ 28,540,743	\$	25,344,307
\$ \$ \$	Activities 2011 \$ 62,330,050 30,070,311 \$ 92,400,361 \$ 28,610,140 35,249,478 \$ 63,859,618 \$ 13,989,174 8,828,992 5,722,577	Activities 2011 \$ 62,330,050 \$ 30,070,311 \$ 92,400,361 \$ \$ 28,610,140 \$ 35,249,478 \$ 63,859,618 \$ \$ 13,989,174 \$ 8,828,992 5,722,577

Statement of Activities

	overnmental Activities 2011	(Governmental Activities 2010
Program revenues			
Charges for services	\$ 1,524,271	\$	1,485,955
Operating grants and contributions	11,060,940		9,857,596
General revenues			
Property taxes	30,775,045		39,788,130
Other taxes	9,042,116		8,725,269
Unrestricted revenues from use of			
money and property	255,378		190,909
Miscellaneous	1,541,929		647,220
Intergovernemental revenues			
Grants and contributions not			
restricted to specific programs	4,529,480		4,386,748
Total revenues	58,729,159		65,081,827
Expenses			
General government	2,758,254		2,444,129
Judicial administration	1,434,023		1,397,161
Public Safety	10,819,665		10,394,379
Public works	3,984,154		3,106,061
Health and welfare	7,631,737		7,750,392
Education	21,598,926		21,628,724
Parks, recreation and cultural	2,450,828		2,656,439
Community development	3,308,476		2,449,360
Interest on debt	 1,546,660		852,142
Total expenses	55,532,723		52,678,787
Change in net assets	\$ 3,196,436	\$	12,403,040

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets.

Financial Analysis of the County's Funds

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

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

combined ending fund balances of \$33,462,619. 1% or \$411,314 constitutes nonspendable fund balance, 26% or \$8,828,992 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 1% or \$96,305 has been committed by action of the Board of Supervisors and 4% or \$1,188,624 has been assigned by the Board of Supervisors. The remaining balance, \$22,937,384 or 68% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$25,525,724, of this amount \$22,937,384 was considered unassigned. The two Capital Improvement funds had restricted fund balances of \$7,936,895.

Total governmental fund revenues decreased \$5,968,643 and expenses increased \$18,169,814 over prior year amounts. For fiscal year ended June 30, 2011, expenses exceeded revenues by \$23,521,754, as compared to the fiscal year ended June 30, 2010, revenues exceeded expenses by \$616,703.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year.

Capital Assets and Debt Administration

<u>Capital assets</u> – The County's investment in capital assets for its governmental funds activities as of June 30, 2011 amounts to \$30,070,311 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County of Washington's capital assets can be found in Note 11 of this report.

<u>Long-term debt</u> – At the end of the current fiscal year, the County's primary government had total debt outstanding as follows:

Primary Government:	
Accrued leave	\$ 1,166,666
OPEB obligation	534,434
General obligation bonds	18,576,688
Lease revenue notes	13,340,000
Landfill post-closure costs	51,534
Literary Funds	3,195,159
Total	\$ 36,864,481

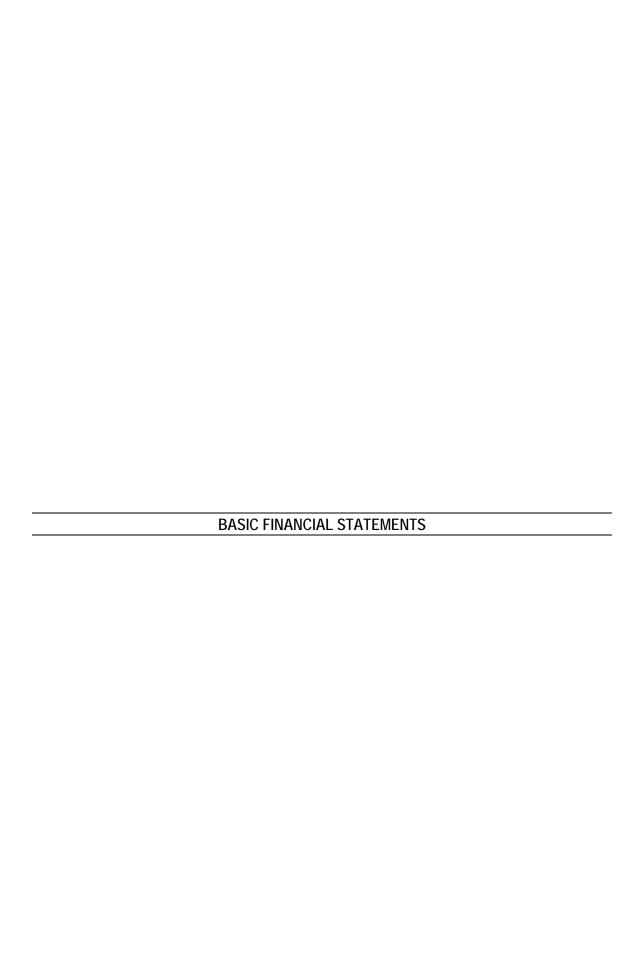
Additional information on the County of Washington's long-term debt can be found in Note 7 of this report.

Economic Factors

The June 2011 unemployment rate for the County of Washington, Virginia was 8.0%, which is a decrease from a rate of 8.4% in June 2010. This is slightly above the state's average unemployment rate of 6.0% and below the national average rate of 9.2%.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting Department, 205 Academy Drive, Abingdon, Virginia 24210.



County of Washington, Virginia Statement of Net Assets June 30, 2011

		ry Government overnmental		Comp Ur	onen nits	t
		<u>Activities</u>	So	chool Board		Other
ASSETS						
Cash and cash equivalents	\$	30,432,891	\$	4,366,419	\$	5,269,837
Investments		2,185,246		-		-
Receivables (net of allowance for uncollectibles):						
Taxes receivable		25,885,106		-		-
Accounts receivable		787,045		-		619,531
Notes receivable		-		169,840		13,340,000
Due from primary government		-		1,509,819		-
Due from other governmental units		2,628,448		2,383,768		-
Inventories		-		-		78,771
Prepaid expenses		411,314		515,214		14,360
Other assets:						044.407
Unamortized bond issue costs		-		-		211,107
Capital assets (net of accumulated depreciation):		4 000 545		0.040.475		04 000 000
Land		1,926,515		2,819,475		21,233,088
Buildings and system		19,333,178		9,055,321		3,420,655
Improvements other than buildings		8,180		- - 000 444		6,066,008
Machinery and equipment		1,182,378		5,866,144		186,405
Construction in progress	<u></u>	7,620,060	Φ		φ	1,131,129
Total assets	\$	92,400,361	\$	26,686,000	\$	51,570,891
LIABILITIES						
Accounts payable	\$	1,338,042	\$	381,637	\$	716,514
Accrued liabilities		-		705,953		-
Accrued wages		-		3,681,790		14,080
Accrued interest payable		673,810		-		464,878
Due to component unit		1,509,819		-		-
Unearned revenue		23,473,466		-		-
Long-term liabilities:						
Due within one year		1,615,003		-		725,237
Due in more than one year		35,249,478		4,184,206		19,493,050
Total liabilities	\$	63,859,618	\$	8,953,586	\$	21,413,759
NET ASSETS						
Invested in capital assets, net of related debt	\$	8,586,069	\$	17,740,940	\$	27,848,285
Restricted	*	8,828,992	Ψ		Ψ	-
Unrestricted (deficit)		11,125,682		(8,526)		2,308,847
Total net assets	\$	28,540,743	\$	17,732,414	\$	30,157,132
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County of Washington, Virginia Statement of Activities For the Year Ended June 30, 2011

			Program Revenues Operating	Capital	Prima	Primary Government	Vet (Expe Change	Net (Expense) Revenue and Changes in Net Assets Compon	nue and .ssets Component Unit	
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Ō	Governmental <u>Activities</u>	Sch	School Board	Other Component Units	nt Units
PRIMARY GOVERNMENT: Governmental activities:										
General government administration	\$ 2,758,254	\$ 74,934	\$ 349,133	· •	↔	(2,334,187)	s		∽	•
Judicial aufilinstration Public cafety	1,454,025	039,340	3 234 466			240,500 (7.435,456)				
Public works	3 984 154	387.588	0,234,400			(3.582.425)				
Health and welfare	7.631,737		5.234.893	•		(2,396,844)		•		
Education	21,598,926	•	1	,		(21,598,926)		1		
Parks, recreation, and cultural	2,450,828	52,458	155,881			(2,242,489)		1		1
Community development	3,308,476	. '	1,251,443	•		(2,057,033)		•		
Interest on long-term debt	1,546,660	•	•	•		(1,546,660)		٠		•
Total primary government	\$ 55,532,723	\$ 1,524,271	\$ 11,060,940	- \$	s	(42,947,512)	\$		\$	
COMPONENT UNITS: School Board	\$ 63,629,655	\$ 2,667,417	\$ 42,579,071	· · · · · · · · · · · · · · · · · · ·	↔	,	↔	(18,383,167)	&	
Other Component Units Total component units	3,141,419	\$ 4,845,798	- \$ 42,579,071	2,237,385	ક્ક	. .	s	(18,383,167)	s	1,274,347
								.11		
	General revenues: General property faxes	5:0×			€3	30,775,045	69		€£	,
	Other local taxes:				>		•		,	
	Local sales and use tax	se taxes				6,495,835		1		
	Consumers' utility taxes	taxes				1,124,352		•		•
	Utility license taxes	Ø				166,159		•		
	Motor vehicle licenses	ses				859,132		1		
	Bank stock taxes					32,523		•		
	Taxes on recordation and wills	ion and wills				329,510		•		
	Hotel and motel room taxes	om taxes				34,605		•		•
	Unrestricted revenu	Unrestricted revenues from use of money and property	y and property			255,378		14,648		14,713
	Miscellaneous					1,541,929		1,335,579		4,132
	Payments from Washington County	shington County	į					16,053,656		1,142,424
	Grants and contributions	S	not restricted to specific programs		,	4,529,480	,			
	Total general revenues	sen			S	46,143,948	ss ·		ક	1,161,269
	Change in net assets				છ	3,196,436	မှ	$\overline{}$	€	2,435,616
	Net assets - beginning	Ð			÷	25,344,307	e			27,721,516
	ivet assets - ending				Ð	26,540,743	A	17,732,414	9	30,137,132

County of Washington, Virginia Balance Sheet Governmental Funds June 30, 2011

	<u>General</u>	County Capital Improvements	School Capital Improvement Fund	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 21,682,930	\$ 6,808,911	\$ 1,941,050	\$ 30,432,891
Investments	2,185,246	-	-	2,185,246
Receivables (net of allowance				
for uncollectibles):				
Taxes receivable	25,885,106	-	-	25,885,106
Other receivables	787,045	-	-	787,045
Due from other governmental units	2,612,299	16,149	-	2,628,448
Prepaid items	 411,314	-	-	411,314
Total assets	\$ 53,563,940	\$ 6,825,060	\$ 1,941,050	\$ 62,330,050
LIABILITIES AND FUND BALANCES Liabilities: Accounts payable	\$ 568,827	\$ 305,603	463,612	\$ 1,338,042
Due to component unit	1,509,819	-	-	1,509,819
Deferred revenue	 25,959,570	60,000	-	26,019,570
Total liabilities	\$ 28,038,216	\$ 365,603	\$ 463,612	\$ 28,867,431
Fund balances:				
Nonspendable	\$ 411,314	\$ -	\$ -	\$ 411,314
Restricted	892,097	6,459,457	1,477,438	8,828,992
Committed	96,305	-	-	96,305
Assigned	1,188,624	-	-	1,188,624
Unassigned	22,937,384	-	-	22,937,384
Total fund balances	\$ 25,525,724	\$ 6,459,457	\$ 1,477,438	\$ 33,462,619
Total liabilities and fund balances	\$ 53,563,940	\$ 6,825,060	\$ 1,941,050	\$ 62,330,050

28,540,743

County of Washington, Virginia Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets June 30, 2011

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

different pecados.	
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 33,462,619
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,070,311
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,546,104
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(37,538,291)

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

Net assets of governmental activities

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

REVENUES		<u>General</u>	<u>lı</u>	County Capital mprovements		School Capital Improvements Fund		<u>Total</u>
General property taxes	\$	30,533,935	\$		\$		\$	30,533,935
Other local taxes	Ψ	9,042,116	Ψ	-	Ψ	-	Ψ	9,042,116
Permits, privilege fees,		3,042,110		_		_		3,042,110
and regulatory licenses		118,976						118,976
Fines and forfeitures		834,151		-		-		834,151
Revenue from the use of		054,151		-		-		034,131
		244 090				11 200		255 270
money and property		244,080 571,144		-		11,298		255,378
Charges for services Miscellaneous				922.045		-		571,144
		708,884		833,045		- 020 007		1,541,929
Recovered costs		349,793		-		230,887		580,680
Intergovernmental revenues:		44 770 070						44 770 070
Commonwealth		11,773,979		-		-		11,773,979
Federal	_	3,816,441	Φ.	- 000 045	Φ	- 040 405	Φ.	3,816,441
Total revenues	\$	57,993,499	\$	833,045	\$	242,185	\$	59,068,729
EXPENDITURES Current:								
General government administration	\$	2,900,525	\$	-	\$	-	\$	2,900,525
Judicial administration		1,407,319		-		-		1,407,319
Public safety		10,644,584		-		-		10,644,584
Public works		3,549,820		358,788		-		3,908,608
Health and welfare		7,589,378		-		-		7,589,378
Education		21,445,083		-		5,693,625		27,138,708
Parks, recreation, and cultural		2,123,190		1,223,712		-		3,346,902
Community development		3,286,491		- -		-		3,286,491
Nondepartmental		231,976		_		-		231,976
Debt service:		,						,
Principal retirement		984,980		9,750,000		10,200,000		20,934,980
Interest and other fiscal charges		506,210		450,954		243,848		1,201,012
Total expenditures	\$	54,669,556	\$	11,783,454	\$	16,137,473	\$	82,590,483
		, , , , , , , , , , , , , , , , , , , ,		,, -				
Excess (deficiency) of revenues over								
(under) expenditures	\$	3,323,943	\$	(10,950,409)	\$	(15,895,288)	\$	(23,521,754)
(4.125.) 5.45		2,0_2,0		(10,000,100)		(10,000,000)		(==,==+,+=+)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$	2,846,108	\$	1,693,331	\$	1,052,496	\$	5,591,935
Transfers out	,	(246,072)		(3,898,604)	*	(1,447,259)	•	(5,591,935)
Issuance of general obligation bond		(= :0,0:=)		(0,000,00.)		8,145,000		8,145,000
Issuance of lease revenue notes		_		13,340,000		-		13,340,000
Total other financing sources (uses)	\$	2,600,036	\$	11,134,727	\$	7,750,237	\$	21,485,000
Total other interioring doubted (4000)	Ψ	2,000,000	Ψ	11,107,121	Ψ	1,100,201	Ψ	21,100,000
Net change in fund balances	\$	5,923,979	\$	184,318	\$	(8,145,051)	\$	(2,036,754)
Fund balances - beginning	Ψ	19,601,745	*	6,275,139	*	9,622,489	7	35,499,373
Fund balances - ending	\$	25,525,724	\$	6,459,457	\$	1,477,438	\$	33,462,619
		,,	7	-,,	7	., ,	7	,,,

County of Washington, 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, 2011

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

Net change in fund balances - total governmental funds

\$ (2,036,754)

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.

6,126,907

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

241,110

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.

(550,536)

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.

(584,291)

Change in net assets of governmental activities

\$ 3,196,436

County of Washington, Virginia Statement of Net Assets Proprietary Fund June 30, 2011

	Internal Service <u>Fund</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,267,785	
LIABILITIES		
Current liabilities:		
Incurred but unpaid liability	\$ 705,953	
NET ASSETS		
Unrestricted	\$ 561,832	
Total net assets	\$ 561,832	

County of Washington, Virginia Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Fund For the Year Ended June 30, 2011

OPERATING REVENUES	Internal Service <u>Fund</u>	
Charges for services:		
Insurance premiums	\$ 7,770,289	
OPERATING EXPENSES		
Insurance claims and expenses	\$ 7,584,662	
Operating income (loss)	\$ 185,627	
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	\$ 25,682	
Change in net assets	\$ 211,309	
Total net assets - beginning	350,523	
Total net assets - ending	\$ 561,832	

County of Washington, Virginia Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2011

		Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES Receipts for insurance premiums	\$	7,770,289
Payments for premiums Net cash provided (used) by operating activities	\$	(7,529,428) 240,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received Net cash provided (used) by investing activities	<u>\$</u> \$	25,682 25,682
iver cash provided (used) by investing activities	Ψ_	23,002
Net increase (decrease) in cash and cash equivalents	\$	266,543
Cash and cash equivalents - beginning (including restricted)		1,001,242
Cash and cash equivalents - ending (including restricted)	\$	1,267,785
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$	185,627
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Increase (decrease) in amounts incurred but unpaid	\$	55,234
Net cash provided (used) by operating activities	\$	240,861

County of Washington, Virginia Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2011

	Agency <u>Funds</u>		
ASSETS			
Cash and cash equivalents	\$	232,595	
Other receivables		4,446	
Total assets	\$	237,041	
LIABILITIES Amounts held for Social Services clients Amounts held for County employee fringe benefits	\$	209,014 28,027	
Total liabilities	\$	237,041	

Notes to Financial Statements June 30, 2011

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental 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 Washington, Virginia is a political subdivision governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

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 Washington County School Board operates the elementary and secondary public schools in the County. School Board members are 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.

Other Discretely Presented Component Units:

The Virginia Highlands Airport Authority was created by the County of Washington to operate a regional airport. Washington County Board of Supervisors appoints the members of the Airport Authority. The County contributes a significant amount to the Authority's operations and there exists a financial benefit/burden relationship. A complete financial report of the Authority can be obtained by contacting the Authority.

The Industrial Development Authority of Washington County is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Washington County. Washington County Board of Supervisors appoints the members of the Board of Directors of the Industrial Development Authority. There exists a financial benefit/burden relationship between the County and the Industrial Development Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

The Park Authority of Washington County, Virginia is authorized to acquire, operate and maintain public parks and recreation areas within Washington County, Virginia. Washington County Board of Supervisors appoints the eight member board of directors of the Park Authority. There exists a financial benefit/burden relationship between the County and the Park Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

A. Reporting Entity (continued)

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

Jointly Governed Organizations - None

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 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

Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

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

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 and reports 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 Forfeited Asset, Law Library, Road Improvement, E-911 project, County Library, Virginia Public Assistance, Comprehensive Service, Title IV-E Rev Max, Prebook Tax and Trigon Reserve Funds.

The County Capital Improvements Fund is reported as a major *capital projects fund*. The fund accounts for and reports financial resources to be used for the acquisition and construction of major capital projects of the County.

The County reports the following nonmajor governmental fund:

The School Capital Projects fund is reported as a nonmajor *capital projects fund*. The fund accounts for and reports financial resources to be used for the acquisition and construction of major capital projects of the School Board.

Additionally, the County reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the School Board's Self-health Insurance Fund.

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

Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

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

Welfare and Fringe Benefits funds.

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

As a general rule, the effect of 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. 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.

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

Activities 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

Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

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

2. Receivables and payables (continued)

"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 nonspendable fund balance 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 May 20th and November 20th. Personal property taxes are due and collectible annually on November 20th. The County bills and collects its own property taxes.

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 \$327,324 at June 30, 2011 and is comprised solely of property taxes.

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.

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 the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

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

6. Capital assets (continued)

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

Assets	Years
Buildings	50
Building improvements	50
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Land improvements	10

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 Governmental 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.

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.

Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

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

9. Fund equity

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

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

The Board of Supervisors is the County's highest level of decision-making authority and a resolution is required prior to the last day of the fiscal year in order to establish, modify, or rescind a fund balance commitment. The amount subject to the constraint may be determined in the subsequent period.

The County's Board of Supervisors has authorized the Finance Director to assign fund balance in accordance with the County's fund balance policy.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

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Notes to Financial Statements (Continued) June 30, 2011

Note 1-Summary of Significant Accounting Policies: (continued)

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

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.

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 (\$37,538,291) and (\$4,184,206) differences for the primary government and discretely presented component unit, respectively, are as follows:

		Primary Government		Component Unit School Board
Literary loans	\$	(3,195,159)	\$	-
Bonds, bond premium and note		(31,916,688)		-
Accrued interest payable		(673,810)		-
Landfill accrued post-closure monitoring costs		(51,534)		-
Net OPEB obligation		(534,434)		(1,412,712)
Compensated absences		(1,166,666)		(2,771,494)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$_	(37,538,291)	\$	(4,184,206)

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Notes to Financial Statements (Continued) June 30, 2011

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 \$6,126,907 and (\$425,224) differences for the primary government and discretely presented component unit, respectively, are as follows:

	_	Primary Government	_	Component Unit School Board
Capital outlays	\$	7,101,154	\$	1,434,957
Depreciation expenses		(974,247)		(1,860,181)
Assets deleted		(268,525)		(236,880)
Accumulated depreciation deleted	_	268,525	-	236,880
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in				
net assets of governmental activities	\$_	6,126,907	\$	(425,224)

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Notes to Financial Statements (Continued) June 30, 2011

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

 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 this (\$550,536) difference in the primary government, are as follows:

		Primary
		Government
Debt Issued or Incurred:		
General obligation bonds	\$	(8,145,000)
Lease revenue notes		(13,340,000)
Landfill post-closure care costs		(516)
Principal Payments:		
Literary loans		302,660
Bonds and note	_	20,632,320
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in		
net assets of governmental activities	\$_	(550,536)

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Notes to Financial Statements (Continued) June 30, 2011

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 (\$584,291) and (\$354,144) differences for the primary government and discretely presented component unit, respectively, are as follows:

		Primary Government	Component Unit School Board	
(Increase) decrease in compensated absences (Increase) decrease in accrued interest (Increase) decrease in net OPEB obligation (Increase) decrease in premium amortization	\$	(87,046) (357,440) (151,597) 11,792	\$ (28,194) - (325,950) -	
Net adjustment to increase (decrease) <i>net changes</i> in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$_	(584,291)	\$ (354,144)	

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:

- 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. All non-fiduciary funds have legally adopted budgets.
- 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.

Notes to Financial Statements (Continued) June 30, 2011

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 Operating 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. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.
- B. Excess of expenditures over appropriations

For fiscal year 2011, there was no excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2011, the School Capital Improvements fund had deficit fund equity.

Note 4-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize 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).

Notes to Financial Statements (Continued) June 30, 2011

Note 4-Deposits and Investments: (Continued)

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2011 were held in the County's name by the County's custodial bank. The Local Government Investment (LGIP) and State Non-Arbitrage (SNAP) Pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 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 for LGIP and SNAP investments.

County's Rated Debt Investments' Values									
Rated Debt Investments		Fair Qualit	y Rating	S					
		AAAm	AAm						
LGIP	\$	264,628	\$	-					
SNAP		- 1,920,618							

Concentration of Credit Risk

At June 30, 2011, 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, 2011, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Notes to Financial Statements (Continued) June 30, 2011

Note 5-Due from Other Governmental Units:

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

		Primary		Component Unit-
	_	Government		School Board
Local Government:				
Southwest Virginia Regional Jail	\$	104,857	\$	-
Commonwealth of Virginia:				
Local sales tax		1,168,117		-
State sales tax		-		1,104,272
Categorical aid-shared expenses		83,376		-
Categorical aid-other		439,674		-
Non-categorical aid		256,677		-
Categorical aid-VPA funds		185,470		-
Categorical aid-CSA funds		207,439		-
Other state aid		-		1,219
Federal Government:				
Categorical aid-VPA funds		182,838		-
Categorical aid-other	_	-		1,278,277
Totals	\$	2,628,448	\$	2,383,768

Note 6-Interfund/Component-Unit Obligations:

		Due to Primary Government/		Due from Primary Government/
Fund		Component Unit	ı	Component Unit
Primary Government: General Fund	\$=	1,509,819	\$	
Component Unit - School Board: School Fund	\$_	-	\$	1,509,819

Notes to Financial Statements (Continued) June 30, 2011

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending	Literary	Loans	GO Bonds	and Note	Lease Revenue Note			
June 30,	Principal	Interest	Principal	Interest	Principal	Interest		
2012	\$ 282,023	\$ 95,855	\$ 1,048,798	\$ 568,479	\$ 270,000	\$ 681,365		
2013	282,023	87,394	1,013,075	504,033	350,000	599,158		
2014	282,022	78,933	1,036,579	456,436	350,000	592,158		
2015	282,024	70,473	1,176,154	407,729	360,000	584,832		
2015	282,023	62,012	1,316,805	357,485	365,000	576,445		
2017-2021	1,407,352	183,150	7,036,925	1,145,626	2,030,000	2,703,386		
2022-2026	377,692	19,077	4,490,659	333,901	2,480,000	2,246,716		
2027-2031	-	-	1,152,676	29,613	2,815,000	1,545,656		
2032-2036	-	-	-	-	1,865,000	942,837		
2037-2041					2,455,000	351,862		
Totals	\$ 3,195,159	\$ 596,894	\$ 18,271,671	\$ 3,803,302	\$ 13,340,000	\$ 10,824,415		

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

	_	Balance July 1, 2010	_	Issuances		Retirements	_	Balance June 30, 2011
GO bonds	\$	10,808,991	\$	8,145,000	\$	(682,320)	\$	18,271,671
GO bond premium		316,809		-		(11,792)		305,017
Literary loans		3,497,819		-		(302,660)		3,195,159
Lease revenue note		19,950,000		13,340,000		(19,950,000)		13,340,000
Landfill post-closure liability		51,018		516		-		51,534
Net OPEB obligation		382,837		224,801		(73,204)		534,434
Compensated absences	_	1,079,620		87,046	_	<u>-</u>	_	1,166,666
Total	\$_	36,087,094	\$_	21,797,363	\$_	(21,019,976)	§_	36,864,481

Notes to Financial Statements (Continued) June 30, 2011

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds and Note	miorosi riatos	locae Bate	Date	<u> </u>	710071000	
GO Bond	6.1-6.4%	5/19/1992	2012	\$ 305,000	\$ 15,000	\$ 15,000
GO Bond	4.85-6.6%	1/15/1992	2012	801,818	57,101	57,101
GO Bond	6.1-6.6%	11/22/1994	2015	585,000	105,000	30,000
GO Bond	6.1-6.6%	11/22/1994	2015	143,947	37,575	8,789
GO Bond	5.4-5.975%	5/18/1995	2016	1,260,000	300,000	60,000
GO Bond	5.1-6.1%	12/21/1995	2016	2,086,692	632,145	119,173
GO Bond	4.1-5.225%	5/13/1999	2020	1,400,000	630,000	70,000
GO Bond	3.1-5.35%	11/15/2001	2022	1,217,614	707,319	59,231
GO Bond	3.1-5.35%	12/23/2003	2024	972,237	665,357	46,279
GO Bond	5.05%	11/1/2007	2027	1,565,886	1,359,985	71,006
GO Bond	5.05%	11/1/2007	2027	1,204,508	1,046,131	54,619
GO Bond	5.05%	11/1/2007	2027	1,243,435	1,079,939	56,385
GO Bond	5.05%	11/1/2007	2027	989,925	859,767	44,889
Early retirement refunding note	6.77%	7/15/2001	2021	3,889,483	2,631,352	171,326
QSC Bond	5.31%	7/1/2010	2027	8,145,000	8,145,000	185,000
Total GO Bonds and Note					\$ 18,271,671	\$ 1,048,798

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Notes to Financial Statements (Continued) June 30, 2011

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	Interest Rates	Issue Date	Maturity Date	Original Issue	G	Governmental Activities		ue Within One Year
Literary Loans:								
State Literary Fund Loan	3%	12/15/2000	2021	\$ 957,237	\$	477,237	\$	48,000
State Literary Fund Loan	3%	10/1/2001	2022	1,001,149		550,636		50,057
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618		644,948		58,630
State Literary Fund Loan	3%	10/1/2001	2022	530,000		291,500		26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338		363,744		33,066
State Literary Fund Loan	3%	7/15/1991	2012	164,300		90,365		8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206		196,436		15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506		181,681		13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616		307,736		21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816		90,876		6,490
Total Literary Loans					\$	3,195,159	\$	282,023
Leave Revenue Notes:								
Lease Revenue Note	2% - 5%	12/16/2010	2041	\$ 4,860,000	\$	4,860,000	\$	170,000
Lease Revenue Note	2% - 5%	12/16/2010	2041	8,480,000		8,480,000		100,000
Total Lease Revenue Notes					\$	13,340,000	\$	270,000
Other Obligations:								
Landfill Post-closure								
Monitoring Costs	n/a	n/a	n/a	n/a		51,534		-
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a		40,538		3,118
Premium on \$5,003,754 2007 bonds	n/a	n/a	n/a	n/a		264,479		11,064
Net OPEB obligation	n/a	n/a	n/a	n/a		534,434		-
Compensated Absences	n/a	n/a	n/a	n/a		1,166,666		
Total Other Obligations					\$	2,057,651	\$	14,182
Total Long-term debt					\$	36,864,481	\$	1,615,003

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Notes to Financial Statements (Continued) June 30, 2011

Note 7-Long-Term Debt: (continued)

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, 2011.

		Balance					Balance
		July 1, 2010	Issuances Retirements			June 30, 2011	
Compensated absences Net OPEB obligation	\$	2,743,300 1,086,762	\$	28,194 1,135,421	\$	- (809,471)	\$ 2,771,494 1,412,712
Total	\$_	3,830,062	\$_	1,163,615	\$	(809,471)	\$ 4,184,206

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:	,					
Compensated Absences	n/a	n/a	n/a	n/a	\$ 2,771,494	\$ -
Net OPEB Obligation	n/a	n/a	n/a	n/a	1,412,712	-
Total Other Obligations					\$ 4,184,206	\$ -

Note 8-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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or at age 50 with at least five years of service credit.

Notes to Financial Statements (Continued) June 30, 2011

Note 8-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description (Continued)

Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Notes to Financial Statements (Continued) June 30, 2011

Note 8-Employee Retirement System and Pension Plans: (continued)

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was 11.09% of annual covered payroll.

<u>Discretely Presented Component Unit - School Board (Non-Professional Employees):</u>

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2011 was 11.43% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County of Washington, Virginia's annual pension cost of \$943,781 and \$278,732 was equal to the County of Washington, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

	Three-Year Trend	Information		
	Fiscal	Annual	Percentage	Net
	Year	Pension	of APC	Pension
	Ending	Cost (APC) 1	Contributed	Obligation
Primary Government:				
County	6/30/2009	767,426	100.00%	-
	6/30/2010	766,507	100.00%	-
	6/30/2011	943,781	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2009	321,581	100.00%	-
	6/30/2010	288,943	100.00%	-
	6/30/2010	278,732	100.00%	-
1				

¹ Employer portion only

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of

Notes to Financial Statements (Continued) June 30, 2011

Note 8-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost (continued)

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 of Washington, Virginia'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 of Washington, Virginia'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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 75.51% funded. The actuarial accrued liability for benefits was \$37,172,928, and the actuarial value of assets was \$28,070,208, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,102,720. The covered payroll (annual payroll of active employees covered by the plan) was \$8,377,940, and ratio of the UAAL to the covered payroll was 108.65%.

<u>Discretely Presented Component Unit - School Board (Non-Professional Employees):</u>

As of June 30, 2010, the most recent actuarial valuation date, the plan was 76.88% funded. The actuarial accrued liability for benefits was \$13.919,236, and the actuarial value of assets was \$10,701,034, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,218,202. The covered payroll (annual payroll of active employees covered by the plan) was \$2,449,548, and ratio of the UAAL to the covered payroll was 131.38%.

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

E. Discretely Presented Component Unit - School Board (Professional Employees)

Plan Description

The Washington 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 State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be downloaded from the System's web site at http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, Virginia 23218-2500.

Notes to Financial Statements (Continued) June 30, 2011

Note 8-Employee Retirement System and Pension Plans: (continued)

E. Discretely Presented Component Unit - School Board (Professional Employees) (continued)

Funding Policy

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$1,269,544, \$2,266,366, and \$3,093,123, for the fiscal years ended 2011, 2010, and 2009, respectively. Employer contributions represented 3.93% for the entire fiscal year 2011, 8.81% from July 2009 through March 2010 and 0.00% from April to June 2011, and 8.81% for the entire fiscal year 2009.

Note 9-Other Post-Employment Benefits:

A. Plan Description

The County's Retiree Medical Program (the "Program") is a single-employer defined benefit healthcare plan administered by the County. The Program provides health insurance benefits to eligible retirees and their spouses. To be eligible as a retiree from the County, an employee must be a full-time employee who retires directly from the County and is eligible to receive an early or regular retirement benefit from VRS. Retirees of the Public Schools must also be employed for at least five consecutive years. The benefit provisions, including employer and employee contributions, are governed by the County and can be amended through County Council action. The Program does not issue a publicly available financial report.

B. Funding Policy

The Washington 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 2011, the County and the Schools continued to follow the pay-as-you-go basis with no pre-funding.

Retirees of the County who had five years of continuous full-time employment with Washington County prior to January 1, 1998 and were enrolled in the County's health insurance program for at least five years prior to January 1, 1998 receive \$22.50 per month from the County. All other retired government employees who participate in the retiree medical plan pay the entire blended active and early retiree rate to continue coverage.

Retired school employees who participate in the retiree medical and dental plans pay the entire blended active and early retiree rate to continue coverage with the exception of a \$125 per month school board supplement for employees electing the Supplemental Retirement Program. This benefit is available to the employee for 5-7 years.

Notes to Financial Statements (Continued) June 30, 2011

Note 9-Other Post-Employment Benefits: (continued)

B. Funding Policy (continued)

The following are the 2011 blended medical rates for active employees and early retirees:

	 Monthly Premiums							
	County	School						
Employee	\$ 540	\$	490					
Employee and spouse	1,080		1,027					

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:

	School				
		County	Board		Total
Annual required contribution	\$	225,427 \$	1,137,198	\$	1,362,625
Interest on net OPEB obligation		15,313	43,470		58,783
Adjustment to annual required contribution		(15,939)	(45,247)		(61,186)
Annual OPEB cost (expense)		224,801	1,135,421		1,360,222
Estimated pay-as-you-go contributions		(73,204)	(809,471)		(882,675)
Increase in net OPEB obligation		151,597	325,950		477,547
Net OPEB obligation - beginning of year		382,837	1,086,762		1,469,599
Net OPEB obligation - end of year	\$	534,434 \$	1,412,712	\$	1,947,146

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

	Percentage of					
Fiscal	Annual	Annual OPEB Cost	Net OPEB			
Year Ended	OPEB Cost	Contributed	Obligation			
6/30/2011	\$ 1,360,222	65%	\$ 1,947,146			
6/30/2010	1,470,800	53%	1,469,599			
6/30/2009	1,408,098	45%	776,899			

Notes to Financial Statements (Continued) June 30, 2011

Note 9-Other Post-Employment Benefits: (continued)

D. Funded Status and Funding Progress

County:

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$2,085,032, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,764,831, and the ratio of the UAAL to the covered payroll was 23.79%.

School Board:

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$12,434,361, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$39,665,329, and ratio of the UAAL to the covered payroll was 31.35%.

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 liability (AAL) 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 2010 actuarial valuation, the projected unit credit 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 8 percent initially, reduced by decrements of 0.5 percent each year until 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011, was 29 years.

Notes to Financial Statements (Continued) June 30, 2011

Note 10-VRS Health Insurance Credit – Other Postemployment Benefits:

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the <u>Code of Virginia</u>. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

B. Funding Policy

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the <u>Code of Virginia</u> and the VRS Board of Trustees. The School Board's contribution rate was 0.78% of covered payroll.

C. OPEB Cost and Net OPEB Obligation

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

Notes to Financial Statements (Continued) June 30, 2011

Note 10-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)

C. OPEB Cost and Net OPEB Obligation (continued)

For 2011, the School Board's contribution of \$19,021 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and 2010 are as follows:

	Annual	Percentage	Net
	OPEB Cost	of ARC	OPEB
Fiscal Year Ending	(ARC)	Contributed	Obligation
June 30, 2011	\$ 19,021	100%	-
June 30, 2010	17,529	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

	Sc	hool Board
Actuarial accrued liability (AAL)	\$	331,837
Actuarial value of plan assets	\$	34,879
Unfunded actuarial accrued liability (UAAL)	\$	296,958
Funded ratio (actuarial value of plan assets/AAL)		10.51%
Covered payroll (active plan members)	\$	2,449,548
UAAL as a percentage of covered payroll		12.12%

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

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

Notes to Financial Statements (Continued) June 30, 2011

Note 10-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 27 years.

F. Professional Employees – Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2011 was \$193,824 and equaled the required contributions.

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Notes to Financial Statements (Continued) June 30, 2011

Note 11-Capital Assets:

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government:

•		Beginning						Ending
		Balance		Increases		Decreases		Balance
Governmental Activities:								
Capital assets, not being depreciated:								
Land	\$	1,926,515	\$	-	\$	-	\$	1,926,515
Construction in progress		2,468,979		6,733,174		(1,582,093)		7,620,060
Total capital assets not being depreciated	\$	4,395,494	\$	6,733,174	\$	(1,582,093)	\$	9,546,575
Capital assets, being depreciated:								
Buildings	\$	22,257,051	\$	1,474,394	\$	-	\$	23,731,445
Improvements other than buildings		178,924		-		-		178,924
Machinery and equipment		7,944,424	_	475,679		(268,525)		8,151,578
Total capital assets being depreciated	\$	30,380,399	\$	1,950,073	\$	(268,525)	\$	32,061,947
Less: accumulated depreciation for:								
Buildings	\$	(3,960,542)	\$	(437,725)	\$	-	\$	(4,398,267)
Improvements other than buildings		(144,622)		(26,122)		-		(170,744)
Machinery and equipment	_	(6,727,325)	_	(510,400)		268,525		(6,969,200)
Total accumulated depreciation	\$	(10,832,489)	\$_	(974,247)	\$_	268,525	\$_	(11,538,211)
Total capital assets being depreciated, net	\$_	19,547,910	\$_	975,826	\$_		\$_	20,523,736
Governmental activities capital assets, net	\$_	23,943,404	\$_	7,709,000	\$_	(1,582,093)	\$_	30,070,311

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Notes to Financial Statements (Continued) June 30, 2011

Note 11-Capital Assets: (continued)

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

Governmental activities:	
General government administration	\$ 269,258
Judicial administration	8,696
Public safety	408,728
Public works	56,515
Health and welfare	29,112
Education	182,647
Parks, recreation, and cultural	 19,291
Total depreciation expense-primary government	\$ 974,247

Capital asset activity for the School Board for the year ended June 30, 2011 was as follows:

Discretely Presented Component Unit:

,		Beginning						Ending
		Balance		Increases		Decreases		Balance
Governmental Activities:	_							
Capital assets, not being depreciated:								
Land	\$	2,819,475	\$	-	\$	-	\$	2,819,475
Construction in progress		327,759		20,084		(347,843)		
Total capital assets not being depreciated	\$_	3,147,234	\$_	20,084	\$	(347,843)	\$	2,819,475
Capital assets, being depreciated:								
Buildings	\$	37,936,519	\$	42,611	\$	-	\$	37,979,130
Machinery and equipment		15,386,745		1,720,105		(236,880)		16,869,970
Total capital assets being depreciated	\$	53,323,264	\$	1,762,716	\$	(236,880)	\$	54,849,100
Less: accumulated depreciation for:								
Buildings	\$	(28,098,702)	\$	(825,107)	\$	-	\$	(28,923,809)
Machinery and equipment		(10,205,632)		(1,035,074)		236,880		(11,003,826)
Total accumulated depreciation	\$	(38,304,334)	\$	(1,860,181)	\$	236,880	\$	(39,927,635)
Total capital assets being depreciated, net	\$_	15,018,930	\$_	(97,465)	\$_		\$_	14,921,465
Governmental activities capital assets, net	\$_	18,166,164	\$_	(77,381)	\$_	(347,843)	\$_	17,740,940

Notes to Financial Statements (Continued) June 30, 2011

Note 12-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; injuries to employees 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 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.

Note 13-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, <u>Audits of States, Local Governments, and Non-Profit Organizations</u>. 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.

Commitments:

In December 1, 2010, the County entered into a lease purchase agreement with the Washington County Industrial Development Authority related to the 2010 IDA bond issue. Two components of this agreement (the Sheriff's office building and the County administration building) are presented as debt in the County's financial statements. The third component (the Hawkins Payne building) does not have an associated asset and therefore does not qualify as a lease purchase arrangement. The County pays the IDA a contribution annually to satisfy the debt payment for the Hawkins Payne building.

In January 2008, the Washington County IDA obtained \$3,580,000 in Public Infrastructure Facilities Revenue Bonds Series 2007, to build infrastructure for an Exit 7 shopping complex. There is no County asset associated with these bonds, however, the County does have a Memorandum of Agreement related to the bond issue and contributes an amount annually to the IDA for the amount of the debt service.

Notes to Financial Statements (Continued) June 30, 2011

Note 14-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:		
Patricia S. Phipps, Clerk of the Circuit Court	\$	330,000
Fred W. Parker, Treasurer		750,000
David Henry, Commissioner of the Revenue		3,000
Fred P. Newman, Sheriff		30,000
All constitutional officers: blanket bond		50,000
Virginia Association of Counties	_	
All Social Services employees: blanket bond	\$	250,000
All County employees-blanket bond		250,000

Component Unit – School Board:

Fidelity & Deposit Company of Maryland-Surety:		
All School Board employees: blanket bond	\$	100,000
Towardson Occupies		
Travelers-Surety:	_	
Melissa W. Caudill, Clerk of the School Board	\$	10,000
United States Fidelity and Guaranty Company-Surety:		
Deputy Clerk of the School Board	\$	10,000
Textbook Clerk		10,000
Alan Lee, Ed. D., Superintendent of Schools		10,000

Note 15-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$51,534 liability is the total estimated post-closure care liability at June 30, 2011 and represents what it would cost to perform all post-closure care in 2011. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the DEQ's assurance requirements for landfill post-closure costs.

Notes to Financial Statements (Continued) June 30, 2011

Note 16-School Board Early Retirement Incentive Program:

SunTrust administers an early retirement incentive program for the Component Unit – School Board employees. Early retirement is available to those contracted employees who are members of the Virginia Retirement System (VRS) and are eligible to retire with the VRS. The employee must have been employed with Washington County School System for 10 consecutive years, immediately preceding retirement and must not be eligible for disability retirement benefits from the VRS and/or Social Security. Finally, participants must be approved by the School Board and must have a bonafide separation from service of at least 30 days. The program allows for several different methods of payment depending upon the number of months the participant wishes to be paid. The School Board reserves the right to amend or terminate the program.

Note 17 – Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$26,019,570 is comprised of the following:

<u>Prepaid Property Taxes</u> - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$379,334 at June 30, 2011.

<u>Property Taxes Receivable</u> – Taxes billed and not due until after June 30, 2011, less amounts received 60 days after the period end totaled \$25,580,236 at June 30, 2011.

Rent Receivable – Rental payments received and not due until after June 30, 2011 totaled \$60,000 at June 30, 2011.

Note 18 – Self Health Insurance:

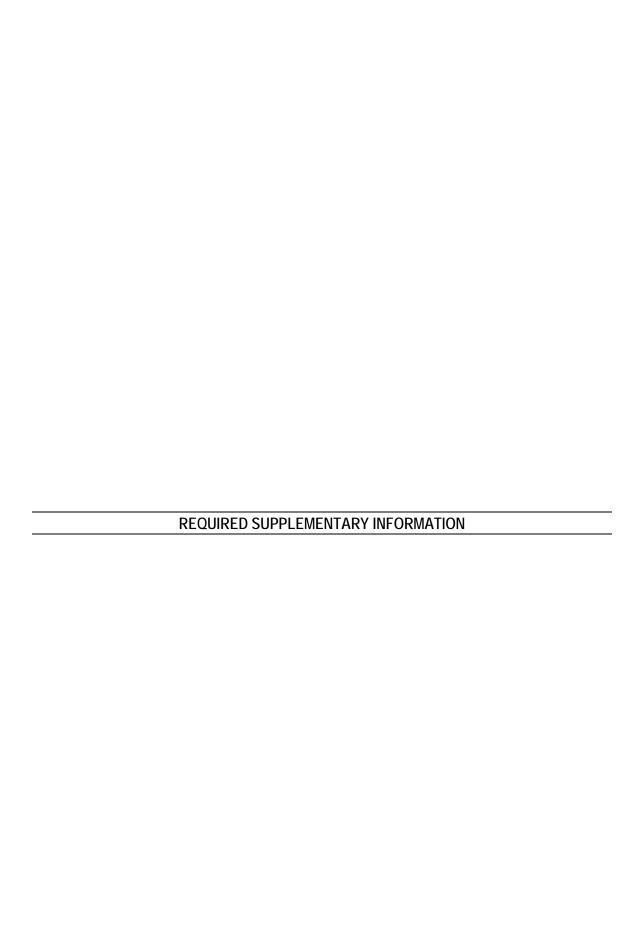
The County of Washington, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2011, a total of \$7,584,662 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$705,953 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2011 were as follows:

		Current Year		
	Balance at	Claims and		Balance at
	Beginning of	Changes in	Claim	End of
Fiscal Year	Fiscal Year	Estimates	Payments	Fiscal Year
2010-11 \$	650,719 \$	7,584,662	(7,529,428) \$	705,953

Notes to Financial Statements (Continued) June 30, 2011

Note 19 - Fund Balance Classifications:

	Ge	neral Fund	County Capital Improvements				S	chool Fund
Nonspendable for:								
Prepaids	\$	411,314	\$	-	\$	-	\$	-
Restricted for:								
Forfeited Asset Sharing	\$	150,988	\$	-	\$	-	\$	-
Special Grant Projects		150,000		-		-		-
Disaster Recovery		277,699		-		-		-
Soil Erosion		6,982		-		-		-
Health Insurance		257,737		-		-		-
E911 GIS Data		48,691		-		-		-
Capital Improvements:								
Damascus Library		-		694,500		-		-
Public Safety		-		350,000		-		-
Government Center Building		-		1,270,000		-		-
School Capital Improvements		-		-		1,477,438		-
Other		- 000 007	Φ.	4,144,957	Φ.	4 477 400	Φ	-
	\$	892,097	\$	6,459,457	\$	1,477,438	\$	-
Committed for:								
Law Library	\$	8,264	\$	-	\$	-	\$	-
Road Improvements		88,041		-		-		-
Special Revenue Funds		-		-		-		3,098,634
	\$	96,305	\$	-	\$	-	\$	3,098,634
Assigned for:								
Economic Development	\$	253,931	\$	-	\$	-	\$	-
Utilities		55,069		-		-		-
Traffic Enforcement		239,381		-		-		-
Contingencies		181,000		-		-		-
Disaster Recovery		250,000		-		-		-
Capital Improvements		209,243		-		-		-
	\$	1,188,624	\$	-	\$	_	\$	-



County of Washington, Virginia General Fund

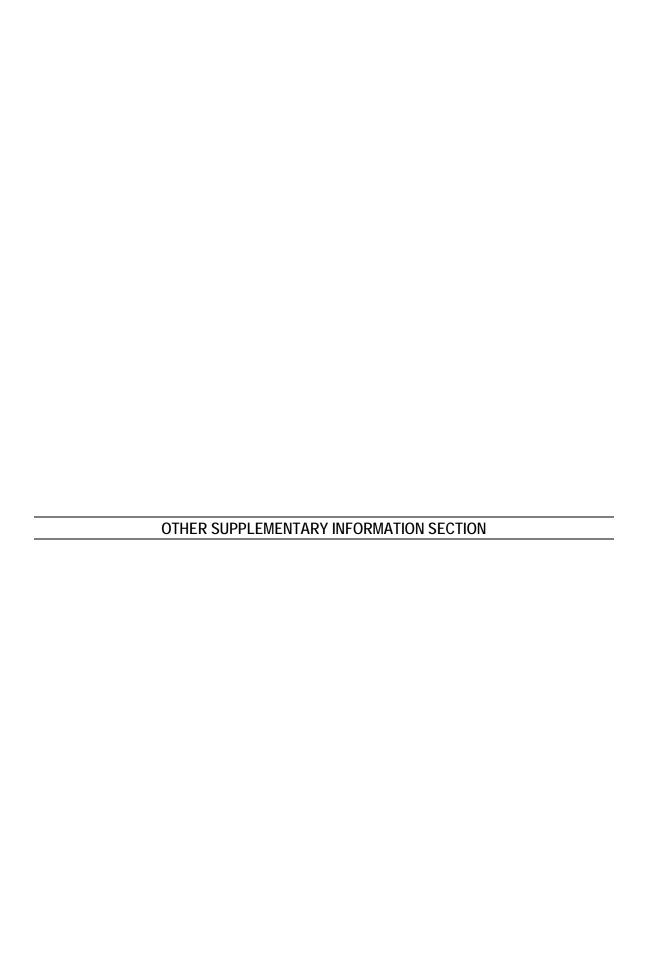
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2011

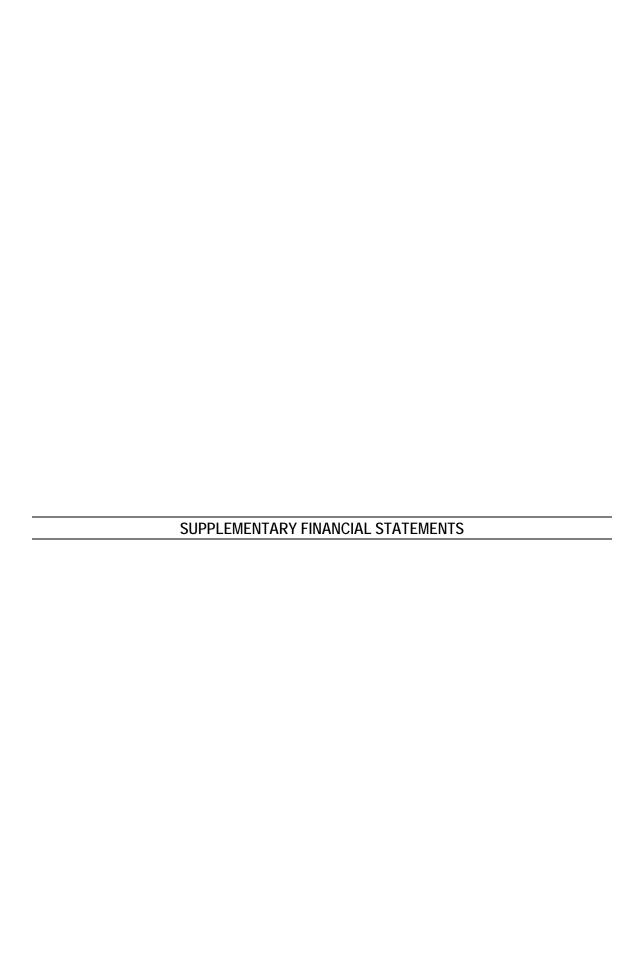
	Budgeted Amounts					Actual		Variance with Final Budget - Positive
		<u>Original</u>		<u>Final</u>		Actual Amounts		(Negative)
REVENUES		<u>g</u>		<u></u>		<u> </u>		<u>(i.i.ogui.i.o/</u>
General property taxes	\$	29,999,872	\$	29,999,872	\$	30,533,935	\$	534,063
Other local taxes		8,643,000		8,643,000		9,042,116		399,116
Permits, privilege fees, and regulatory licenses		150,250		150,250		118,976		(31,274)
Fines and forfeitures		760,000		760,000		834,151		74,151
Revenue from the use of money and property		258,500		258,500		244,080		(14,420)
Charges for services		526,500		581,120		571,144		(9,976)
Miscellaneous		458,338		465,476		708,884		243,408
Recovered costs		525,383		601,833		349,793		(252,040)
Intergovernmental revenues:								
Commonwealth		11,487,827		12,268,800		11,773,979		(494,821)
Federal		2,495,350		3,823,302		3,816,441		(6,861)
Total revenues	\$	55,305,020	\$	57,552,153	\$	57,993,499	\$	441,346
EXPENDITURES								
Current:								
General government administration	\$	3,086,374	\$	3,263,656	\$	2,900,525	\$	363,131
Judicial administration	•	1,489,480		1,561,397		1,407,319	·	154,078
Public safety		10,331,294		11,780,239		10,644,584		1,135,655
Public works		3,393,053		3,782,542		3,549,820		232,722
Health and welfare		6,914,661		6,979,661		7,589,378		(609,717)
Education		24,571,846		25,423,778		21,445,083		3,978,695
Parks, recreation, and cultural		2,165,932		2,270,149		2,123,190		146,959
Community development		2,515,734		4,727,193		3,286,491		1,440,702
Nondepartmental		415,920		422,323		231,976		190,347
Debt service:								
Principal retirement		-		-		984,980		(984,980)
Interest and other fiscal charges		-		-		506,210		(506,210)
Total expenditures	\$	54,884,294	\$	60,210,938	\$	54,669,556	\$	5,541,382
Excess (deficiency) of revenues over (under)								
expenditures	\$	420,726	\$	(2,658,785)	\$	3,323,943	\$	5,982,728
OTHER FINANCING SOURCES (USES)								
Transfers in	\$	_	\$	2,846,108	¢	2,846,108	¢	_
Transfers out	ψ	(436,255)	Ψ	(50,000)	ψ	(246,072)		(196,072)
Total other financing sources and uses	\$	(436,255)	\$	2,796,108	\$	2,600,036		(196,072)
·		, /		•		•		, , ,
Net change in fund balances	\$	(15,529)	\$	137,323	\$	5,923,979	\$	5,786,656
Fund balances - beginning		2,278,750		4,517,101		19,601,745		15,084,644
Fund balances - ending	\$	2,263,221	\$	4,654,424	\$	25,525,724	\$	20,871,300

County of Washington, Virginia Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plan For the Year Ended June 30, 2011

Primary Government: County Retirement Plan	ı								
Valuation as of (1)		Actuarial Value of Assets	L	Actuarial Accrued iability (AAL)		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, 2010 June 30, 2009 June 30, 2008	\$	28,070,208 28,096,019 27,777,346	\$	37,172,928 34,112,983 32,139,125	\$	9,102,720 6,016,964 4,361,779	75.51% 82.36% 86.43%	\$ 8,377,940 8,350,870 8,342,076	108.65% 72.05% 52.29%
County Post-Retiremen	t Medica	l Plan:							
Actuarial Valuation Date (1)		Actuarial Value of Assets (2)	<u>L</u>	Actuarial Accrued iability (AAL) (3)	<u> </u>	nfunded 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, 2010 January 31, 2008	\$	- -	\$	2,085,032 2,342,233	\$	2,085,032 2,342,233	0.00% 0.00%	\$ 8,764,831 8,342,492	23.79% 28.08%
Discretely Presented (School Board Non-Profe									
Valuation as of (1)		Actuarial Value of Assets (2)	<u>L</u>	Actuarial Accrued iability (AAL)		Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2010 June 30, 2009 June 30, 2008	\$	10,701,034 11,000,576 11,204,025	\$	13,919,236 13,314,234 12,915,031	\$	3,218,202 2,313,658 1,711,006	76.88% 82.62% 86.75%	\$ 2,449,548 2,755,609 2,644,799	131.38% 83.96% 64.69%
School Board Post-Reti	rement I	Medical Plan:							
Actuarial Valuation Date (1)		Actuarial Value of Assets (2)	<u>L</u>	Actuarial Accrued iability (AAL)	U	nfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
July 1, 2010 January 31, 2008	\$	-	\$	12,434,361 14,354,306	\$	12,434,361 14,354,306	0.00% 0.00%	\$ 39,665,329 37,754,031	31.35% 38.02%
School Board Non-Profe	essional	VRS Health Inst	ırance	Credit:					
Actuarial Valuation Date (1)		Actuarial Value of Assets (2)	<u>_</u> L	Actuarial Accrued iability (AAL)	U	nfunded 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, 2010 June 30, 2009	\$	34,879 25,120	\$	331,837 292,396	\$	296,958 267,276	10.51% 8.59%	\$ 2,449,548 2,755,609	12.12% 9.70%





County of Washington, Virginia Capital Projects Fund

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

		County Capital Improvements Fund							
	Budgeted Amounts					Actual		Variance with Final Budget -	
REVENUES		<u>Original</u>		<u>Final</u>		Actual <u>Amounts</u>		Positive (Negative)	
Miscellaneous	\$	720,000	\$	1,199,500	\$	833,045	\$	(366,455)	
Intergovernmental revenues: Commonwealth		-		880,218		-		(880,218)	
Total revenues	\$	720,000.00	\$	2,079,718.00	\$	833,045	\$	(1,246,673)	
EXPENDITURES Current:									
Public works	\$	865,000	\$	3,945,935	\$	358,788	\$	3,587,147	
Parks, recreation, and cultural		595,000		2,932,735		1,223,712		1,709,023	
Debt service: Principal retirement		130,000		604,756		9,750,000		(9,145,244)	
Interest and other fiscal charges		506,255		837,753		450,954		386,799	
Total expenditures	\$	2,096,255	\$	8,321,179	\$	11,783,454	\$	(3,462,275)	
Excess (deficiency) of revenues over (under)									
expenditures	\$	(1,376,255)	\$	(6,241,461)	\$	(10,950,409)	\$	(4,708,948)	
OTHER FINANCING SOURCES (USES)									
Transfers in	\$	436,255	\$	1,407,194		1,693,331	\$	286,137	
Transfers out		-		(3,092,349)		(3,898,604)		(806,255)	
Issuance of debt		- 400.055	Φ.	2,637,870.00	Φ	13,340,000	Φ	10,702,130	
Total other financing sources and uses	\$	436,255	\$	952,715	\$	11,134,727	Ф	10,182,012	
Net change in fund balances	\$	(940,000)	\$	(5,288,746)	\$	184,318	\$	5,473,064	
Fund balances - beginning		5,952,544	_	6,788,746	_	6,275,139	_	(513,607)	
Fund balances - ending	\$	5,012,544	\$	1,500,000	\$	6,459,457	\$	4,959,457	

County of Washington, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Major Capital Projects Fund For the Year Ended June 30, 2011

	School Capital Improvements Fund										
		Budgeted <u>Original</u>	l A m	ounts <u>Final</u>		<u>Actual</u>		Variance with Final Budget Positive (Negative)			
REVENUES	Φ.		Φ		Φ.	44.000	Φ.	44.000			
Revenue from the use of money and property Recovered costs	\$	-	\$	-	\$	11,298 230,887	Ъ	11,298 230,887			
Intergovernmental revenues:		_		_		230,007		230,007			
Commonwealth		250,000		250,000		_		(250,000)			
Total revenues	\$	250,000	\$	250,000	\$	242,185	\$	(7,815)			
EXPENDITURES Current:											
Education	\$	4,957,000	\$	6,462,150	\$	5,693,625	\$	768,525			
Debt service:											
Principal retirement		-		-		10,200,000		(10,200,000)			
Interest and other fiscal charges Total expenditures	\$	4,957,000	\$	6,462,150	\$	243,848 16,137,473	\$	(243,848) (9,675,323)			
Total experiultures	Ψ	4,937,000	Ψ	0,402,130	Ψ	10, 137,473	ψ	(9,073,323)			
Excess (deficiency) of revenues over (under)											
expenditures	\$	(4,707,000.00)	\$	(6,212,150.00)	\$	(15,895,288)	\$	(9,683,138)			
OTHER FINANCING SOURCES (USES)											
Transfers in	\$	_	\$	_	\$	1.052.496	\$	1,052,496			
Transfers out	•	-	•	(1,110,953)	•	(1,447,259)	•	(336,306)			
Issuance of general obligation bond		6,359,985		8,000,000		8,145,000		145,000			
Total other financing sources and uses	\$	6,359,985	\$	6,889,047	\$	7,750,237	\$	861,190			
Net change in fund balances	\$	1,652,985	\$	676,897	\$	(8,145,051)	\$	(8,821,948)			
Fund balances - beginning	*	-	*	165,503	*	9,622,489	т	9,456,986			
Fund balances - ending	\$	1,652,985	\$	842,400	\$	1,477,438	\$	635,038			

FIDUCIARY FUNDS

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

 $\underline{\text{Fringe Benefits}}$ – The Fringe Benefits fund accounts for those funds belonging to County employees.

County of Washington, Virginia Combining Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2011

		Special <u>Welfare</u>	Fringe Benefits	-	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$	204,568	\$ 28,027	\$	232,595
Receivables:					
Other receivables		4,446	-		4,446
Total assets	\$	209,014	\$ 28,027	\$	237,041
LIABILITIES					
Amounts held for social services clients	\$	209,014	\$ -	\$	209,014
Amounts held for County employee fringe benefits		-	28,027		28,027
Total liabilities	\$	209,014	\$ 28,027	\$	237,041

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

<u>School Operating Fund</u> - The School Operating Fund accounts for and reports 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 Washington, Virginia Balance Sheet Discretely Presented Component Unit - School Board June 30, 2011

		School Operating <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$	3,098,634
Accounts receivable		169,840
Due from primary government		1,509,819
Due from other governmental units Total assets	\$	2,383,768 7,162,061
10tal 8556t5	Ψ	7,102,001
LIABILITIES AND FUND BALANCES Liabilities:		
Accounts payable	\$	381,637
Contracts payable		3,681,790
Total liabilities	\$	4,063,427
		_
Fund balances:		
Committed	\$	3,098,634
Total fund balances	ф.	3,098,634
Total liabilities and fund balances	\$	7,162,061
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Total fund balances per above	\$	3,098,634
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		17,740,940
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.		515,214
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		561,832
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(4,184,206)
Net assets of governmental activities	\$	17,732,414
		,,

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

DEVENUES		School Operating <u>Fund</u>
REVENUES Revenue from the use of money and property	\$	14,648
Charges for services	Ψ	2,667,417
Miscellaneous		1,335,579
Recovered costs		76,330
Intergovernmental revenues:		
Local government		21,362,551
Commonwealth		35,417,617
Federal	_	7,401,671
Total revenues	\$	68,275,813
EXPENDITURES		
Current:		
Education	\$	68,398,805
Toward (deficiency) of accompany and (wider)		
Excess (deficiency) of revenues over (under) expenditures	φ	(122.002)
Fund balances - beginning	\$	(122,992) 3,221,626
Fund balances - beginning Fund balances - ending	\$	3,098,634
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different becau	se:	
Net change in fund balances - total governmental funds - per above	\$	(122,992)
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 depreciation exceeded		
capital outlays in the current period.		(425,224)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.		(48,016)
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.		(354,144)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		211,309
Change in net assets of governmental activities	\$	(739,067)
Shango in not abboto of governmental abaviaco	Ψ	(100,001)

County of Washington, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board For the Year Ended June 30, 2011

			School Opera	ting	Fund		
	Budgeted <u>Original</u>	Amo	unts Final		Actual	F	ariance with inal Budget Positive (Negative)
REVENUES	_						_
Revenue from the use of money and property	\$ 31,500	\$	31,500	\$	14,648	\$	(16,852)
Charges for services	2,680,655		2,680,655		2,667,417		(13,238)
Miscellaneous	1,035,681		1,094,856		1,335,579		240,723
Recovered costs	110,553		110,553		76,330		(34,223)
Intergovernmental revenues:							
Local government	24,489,314		25,341,246		21,362,551		(3,978,695)
Commonwealth	36,596,904		36,758,723		35,417,617		(1,341,106)
Federal	 7,649,939		9,812,964		7,401,671		(2,411,293)
Total revenues	\$ 72,594,546	\$	75,830,497	\$	68,275,813	\$	(7,554,684)
EXPENDITURES Current:							
Education	\$ 75,328,760	\$	79,570,742	\$	68,398,805	\$	11,171,937
Excess (deficiency) of revenues over (under)							
expenditures	\$ (2,734,214)	\$	(3,740,245)	\$	(122,992)	\$	3,617,253
Net change in fund balances	\$ (2,734,214)	\$	(3,740,245)	\$	(122,992)	\$	3,617,253
Fund balances - beginning	 -		-		3,221,626		3,221,626
Fund balances - ending	\$ (2,734,214)	\$	(3,740,245)	\$	3,098,634	\$	6,838,879

County of Washington, Virginia Combining Statement of Net Assets Other Component Units June 30, 2011

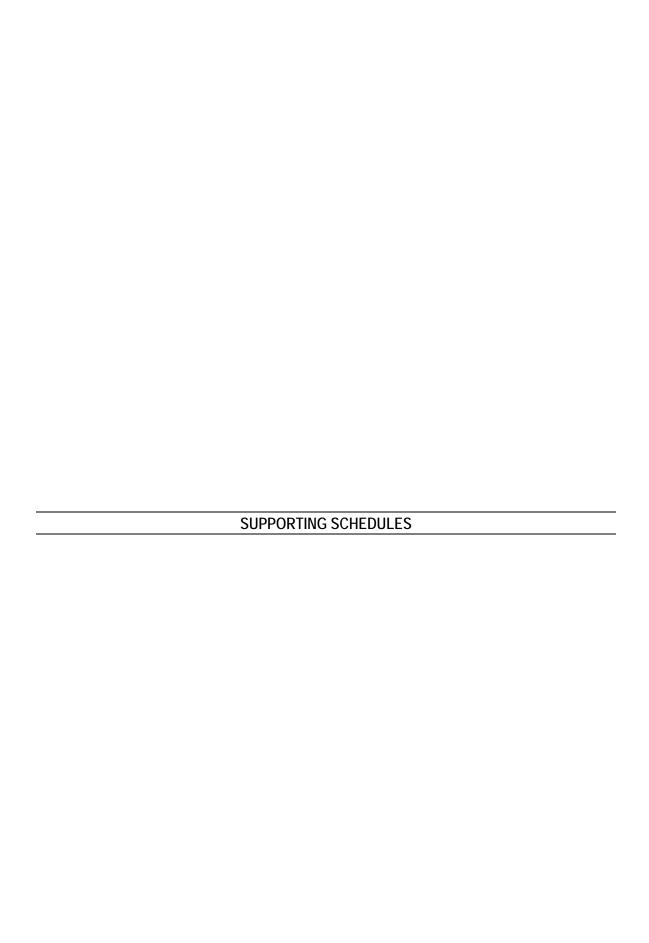
Receivables (net of allowance for uncollectibles): Accounts receivable	9,837 - 9,531 0,000 8,771
Receivables (net of allowance for uncollectibles): Accounts receivable	9,531 0,000
Accounts receivable - 539,710 79,821 6 Notes receivable - 13,340,000 - 13,3 Inventories - - - 78,771 - Prepaid expenses 10,935 - 3,425 - - - 3,425 - - - - - 3,425 - - - - - 3,425 - - - - - 3,425 -	0,000
Notes receivable - 13,340,000 - 13,34 Inventories - - 78,771 - Prepaid expenses 10,935 - 3,425 - Other assets: - 201,628 9,479 2 Capital assets (net of accumulated depreciation): - 201,628 9,479 2 Land 753,776 11,948,271 8,531,041 21,2 Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages -	0,000
Inventories - - 78,771 Prepaid expenses 10,935 - 3,425	,
Prepaid expenses 10,935 - 3,425 Other assets: Unamortized bond issue costs - 201,628 9,479 2 Capital assets (net of accumulated depreciation): Land 753,776 11,948,271 8,531,041 21,2 Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	3,771
Other assets: Unamortized bond issue costs - 201,628 9,479 2 Capital assets (net of accumulated depreciation): Land 753,776 11,948,271 8,531,041 21,2 Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	
Unamortized bond issue costs - 201,628 9,479 2 Capital assets (net of accumulated depreciation): Land 753,776 11,948,271 8,531,041 21,2 Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	4,360
Capital assets (net of accumulated depreciation): Land 753,776 11,948,271 8,531,041 21,2 Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	
Land 753,776 11,948,271 8,531,041 21,2 Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	1,107
Buildings and system 110,742 1,402,475 1,907,438 3,4 Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	
Improvements other than buildings 651,135 - 5,414,873 6,0 Machinery and equipment 51,400 - 135,005 1 Construction in progress - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	
Machinery and equipment Construction in progress 51,400 - 135,005 1 Total assets - - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	0,655
Construction in progress - - 1,131,129 1,1 Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	,
Total assets \$ 1,777,951 \$ 31,216,872 \$ 18,576,068 \$ 51,5 LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 Accrued interest payable - 448,949 15,929 4	6,405
LIABILITIES Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - 14,080 Accrued interest payable - 448,949 \$ 15,929 \$ 4	
Accounts payable \$ 1,611 \$ 409,110 \$ 305,793 \$ 7 Accrued wages - - - 14,080 \$ 15,929 \$ 4 Accrued interest payable - 448,949 \$ 15,929 \$ 4	7,091
Accrued wages - - 14,080 Accrued interest payable - 448,949 15,929 4	
Accrued interest payable - 448,949 15,929 4	6,514
	4,080
1 (19.1.99)	4,878
Long-term liabilities:	
Due within one year - 715,000 10,237 7	5,237
Due in more than one year - 18,840,000 653,050 19,4	3,050
Total liabilities \$ 1,611 \$ 20,413,059 \$ 999,089 \$ 21,4	3,759
NET ASSETS	
	8,285
	-,
Total net assets \$ 1,776,340 \$ 10,803,813 \$ 17,576,979 \$ 30,1	8,847

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

County of Washington, Virginia Combining Statement of Activities Other Component Units For the Year Ended June 30, 2011

		_	Program Revenues	S			Net (Expense) Revenue and Changes in Net Assets	evenue and et Assets	
			Operating	Capital			Component Unit	nt Unit	
:	,	Charges for	Grants and	Grants and	Washin	gton County	Washington County Industrial Development	Virginia Highlands	
Functions/Programs_	<u>Expenses</u>	Services	Contributions	Contributions	Park	Park Authority	Authority	Airport Authority	<u>Total</u>
OTHER COMPONENT UNITS:		0	•	÷	€	ĺ			Í
Washington Park Authority	\$ 268,499	202,152	·	·	₽	(66,347) \$			(66,347)
Industrial Development Authority	759,847	227,383	•	1,860,202		•	1,327,738	ı	1,327,738
Virginia Highlands Airport Authority	2,113,073	1,748,846	•	377,183		•	•	12,956	12,956
Total component units	\$ 3,141,419 \$	2,178,381	-	- \$ 2,237,385	s	(66,347) \$	1,327,738	12,956	\$ 1,274,347
	General revenues:								
	Unrestricted revenues from use of money and property	from use of mone	y and property		↔	545	8,585	5,583	14,713
	Miscellaneous					009	3,532	•	4,132
	Payments from Washington County	ngton County				71,000	982,885	88,539	1,142,424
	Total general revenues	S			s	72,145 \$	\$ 995,002 \$	3 94,122	1,161,269
	Change in net assets				s	5,798	3,322,740	3 107,078	3,435,616
	Net assets - beginning					1,770,542	8,481,073	17,469,901	27,721,516
	Net assets - ending				s	1,776,340 \$	10,803,813 \$	\$ 17,576,979 \$	30,157,132

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



Fund, Major and Minor Revenue Source		Original Budget		Final <u>Budget</u>		<u>Actual</u>		Variance with inal Budget - Positive (Negative)
General Fund:								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	21,097,078	\$	21,097,078	\$	21,315,670	\$	218,592
Real and personal public service corporation taxes		1,139,294		1,139,294		1,027,141		(112,153)
Personal property taxes		4,757,000		4,757,000		5,014,751		257,751
Mobile home taxes		111,500		111,500		102,531		(8,969)
Machinery and tools taxes		2,480,000		2,480,000		2,475,696		(4,304)
Penalties		235,000		235,000		299,496		64,496
Interest		180,000		180,000		298,650		118,650
Total general property taxes	\$	29,999,872	\$	29,999,872	\$	30,533,935	\$	534,063
Other local taxes:								
Local sales and use taxes	\$	6,200,000	\$	6.200.000	\$	6,495,835	\$	295,835
Consumers' utility taxes	·	1,125,000	•	1,125,000	,	1,124,352		(648)
Utility license taxes		120,000		120,000		166,159		46,159 [°]
Motor vehicle licenses		825,000		825,000		859,132		34,132
Bank stock taxes		31,000		31,000		32,523		1,523
Taxes on recordation and wills		302,000		302,000		329,510		27,510
Hotel and motel room taxes		40,000		40,000		34,605		(5,395)
Total other local taxes	\$	8,643,000	\$	8,643,000	\$	9,042,116	\$	399,116
Permits, privilege fees, and regulatory licenses:								
Animal licenses and other animal related fees	\$	50,000	\$	50,000	\$	40,682	\$	(9,318)
Zoning, subdivision plat and soil erosion permits		4,500		4,500		4,857		357
Transfer and public hearing fees		1,250		1,250		600		(650)
Building permits		80,000		80,000		65,837		(14,163)
Waste hauling fees		14,500		14,500		7,000		(7,500)
Total permits, privilege fees, and regulatory licenses	\$	150,250	\$	150,250	\$	118,976	\$	(31,274)
Fines and forfeitures:								
Court fines, forfeitures and interest	\$	760,000	\$	760,000	\$	834,151	\$	74,151
Revenue from use of money and property:								
Revenue from use of money	\$	225,000	\$	225,000	\$	216.797	\$	(8,203)
Revenue from use of property	Ψ	33,500	Ψ	33,500	Ψ	27,283	Ψ	(6,217)
Total revenue from use of money and property	\$	258,500	\$	258,500	\$	244,080	\$	(14,420)
Charges for services:								
Excess fees of clerk	\$	25,000	¢	25,000	¢	10,633	¢	(14,367)
Charges for law enforcement and traffic contro	φ	28,000	φ	28,000	φ	31,000	φ	3,000
Charges for transportation of prisoners		2,000		2,000		6,767		4,767
Charges for copies		8,000		8,000		4,119		(3,881)
Law library fees		8,500		8,500		11,222		2,722
Charges for Commonwealth's Attorney		2,000		2,000		3,542		1,542
Charges for Commonwealth's Attorney Charges for highways and streets		10,000		10,000		27,021		17,021
Commission fees		7,500		62,120		70,815		8,695
Charges for sanitation and waste removal and other related fees		375,000		375,000		353,567		(21,433)
Charges for parks and recreation		31,500		31,500		28,800		(2,700)
Charges for library		29,000		29,000		23,658		(5,342)
Total charges for services	\$	526,500	¢	581,120	¢	571,144	¢	(9,976)
Total Granges for services	Ψ	320,300	Ψ	501,120	Ψ	J/ 1, 1 44	Ψ	(3,310)

Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>		Variance with inal Budget - Positive (Negative)
General Fund: (Continued)								
Revenue from local sources: (Continued) Miscellaneous revenue:								
Miscellaneous	\$	43.767	¢	50,905	¢	35,451	\$	(15,454)
Bristol, Tennpayment in lieu of taxes	Ψ	900	Ψ	900	Ψ	1,170	Ψ	270
Bristol, VA utilities board		48,671		48,671		48,671		-
Tennessee Valley Authority-payment in lieu of taxes		365,000		365,000		623,592		258,592
Total miscellaneous revenue	\$	458,338	\$	465,476	\$	708,884	\$	243,408
Recovered costs:								
Insurance recoveries	\$	-	\$	_	\$	34,289	\$	34,289
Facility management CS building	·	100,000		100,000	•	177,197	·	77,197
Alcohol, tobacco and firearms funds		10,000		10,000		6,037		(3,963)
Other recovered costs		415,383		491,833		132,270		(359,563)
Total recovered costs	\$	525,383	\$	601,833	\$	349,793	\$	(252,040)
Total revenue from local sources	\$	41,321,843	\$	41,460,051	\$	42,403,079	\$	943,028
Intergovernmental revenues:								
Revenue from the Commonwealth:								
Noncategorical aid:								
Motor vehicle carriers' tax	\$	37,500	\$	37,500	\$	63,620	\$	26,120
Mobile home titling tax		90,000		90,000		84,354		(5,646)
Grantors tax		135,000		135,000		115,877		(19,123)
Communications sales taxes		1,800,000		1,800,000		1,683,882		(116,118)
Personal property tax relief funds Total noncategorical aid	\$	2,559,281 4,621,781	\$	2,559,281 4,621,781	\$	2,559,286 4,507,019	\$	(114,762)
Catagorical aid:								
Categorical aid: Shared expenses:								
Commonwealth's attorney	\$	364,813	¢	364,813	\$	361,797	\$	(3,016)
Sheriff	Ψ	2,090,744	Ψ	2,090,744	Ψ	2,134,050	Ψ	43,306
Commissioner of revenue		147,697		147,697		150,926		3,229
Treasurer		143,869		143,869		141,487		(2,382)
Registrar/electoral board		48,727		48,727		48,101		(626)
Clerk of the Circuit Court		319,223		336,134		337,510		1,376
Total shared expenses	\$	3,115,073	\$	3,131,984	\$	3,173,871	\$	41,887
Other categorical aid:								
Virginia Public Assistance	\$	2,205,025	\$	2,205,025	\$	2,127,441	\$	(77,584)
Comprehensive services		1,114,182		1,114,182		767,439	·	(346,743)
Victim witness grant		40,000		40,000		50,148		10,148
Litter control grant		12,500		12,500		12,659		159
EMS grant-Four for life		60,000		60,000		52,105		(7,895)
Fire programs		125,000		125,000		117,526		(7,474)
Dog and cat sterilization grant		-		-		1,154		1,154
E-911 wireless grant		32,000		594,753		495,532		(99,221)
Library state aid		150,766		150,881		150,881		-
Asset forfeiture funds		5 000		75,048 5,000		75,048 5,000		-
Arts grant DCJS-Edward Byrne IT grant		5,000		2,309		2,152		- (157)
DEQ Mining rent and royalties		2,000		2,000		1,482		(518)
SLC E-rate		2,000		_,000		8,619		8,619
Library of VA preservation of records		-		2,903		-		(2,903)

Fund, Major and Minor Revenue Source		Original <u>Budget</u>	Final <u>Budget</u>		<u>Actual</u>	Fii	ariance with nal Budget - Positive (Negative)
General Fund: (Continued)							
Intergovernmental revenues: (Continued) Revenue from the Commonwealth: (Continued)							
Other categorical aid: (Continued)							
DOJ - internet crimes against children	\$	- 9	71,521	\$	2.674	\$	(68,847)
Homeland security grant	•	- `	34,235	•	17,000	,	(17,235)
Bullet proof vest		-	15,178		5,485		(9,693)
Forest land management		-	-		2,251		2,251
VDEM - tornado recovery		-	-		194,168		194,168
Emergency medical services	_	4,500	4,500	•	4,325	^	(175)
Total other categorical aid	_\$	3,750,973	4,515,035	\$	4,093,089	\$	(421,946)
Total categorical aid	\$	6,866,046	7,647,019	\$	7,266,960	\$	(380,059)
Total revenue from the Commonwealth	\$	11,487,827	12,268,800	\$	11,773,979	\$	(494,821)
Revenue from the federal government:							
Payments in lieu of taxes	\$	35,000	35,000	\$	22,461	\$	(12,539)
Categorical aid:							
Virginia Public Assistance	\$	2,425,350	3 2.425.350	\$	2,340,013	\$	(85,337)
VDEM - citizen alerting grant	Ψ	-	6,719	Ψ	5,000	Ψ	(1,719)
CDBG projects grant		-	156,131		74,954		(81,177)
CDBG SW VA Artisan Center grant		-	1,092,713		1,026,489		(66,224)
CDBG Meadowview community facility grant		-	-		150,000		150,000
DMV Highway safety		-	32,613		33,812		1,199
VDEM - radio project		-	-		94,336		94,336
DCJS-Byrne justice assistance grant		-	39,122		37,767		(1,355)
DCJS-VSTOP grant	•	35,000	35,654	¢	31,609 3,793,980	¢	(4,045)
Total categorical aid	\$	2,460,350	3,788,302	φ	3,793,900	\$	5,678
Total revenue from the federal government	\$	2,495,350	3,823,302	\$	3,816,441	\$	(6,861)
Total General Fund	\$	55,305,020	57,552,153	\$	57,993,499	\$	441,346
Capital Projects Fund:							
County Capital Improvements Fund:							
Revenue from local sources:							
Miscellaneous revenue: Other miscellaneous	¢	720,000	1 100 500	¢	933 045	¢	(266 455)
Other miscellaneous	\$	720,000	1,199,500	Ф	833,045	Þ	(366,455)
Intergovernmental revenues:							
Revenue from the Commonwealth:							
Categorical aid:							
VDOT-Industrial access road funds	\$	- 9	,	\$	-	\$	(442,730)
VTC Grant	_	-	437,488	Φ	-	Φ.	(437,488)
Total categorical aid	\$	- (880,218	\$	-	\$	(880,218)
Total revenue from the Commonwealth	\$	- 5	880,218	\$	-	\$	(880,218)
Total County Capital Improvements Fund	\$	720,000	2,079,718	\$	833,045	\$	(1,246,673)

Fund, Major and Minor Revenue Source		Original Budget		Final <u>Budget</u>		<u>Actual</u>	Fir	riance with nal Budget - Positive Negative)
Capital Projects Funds: (continued)								
School Capital Improvements Fund:								
Revenue from local sources:								
Revenue from use of money and property:	¢		\$		\$	11,298	¢	11 200
Revenue from the use of money	\$	-	φ	-	φ	11,290	φ	11,298
Recovered costs:								
Other recovered costs	\$	-	\$	-	\$	230,887	\$	230,887
					•	*		<u>, </u>
Total revenue from local sources	\$	-	\$	-	\$	242,185	\$	242,185
Intergovernmental revenues:								
Revenue from the Commonwealth:								
Categorical aid:								
Literary subsidy proceeds	\$	250,000	\$	250,000	\$	-	\$	(250,000)
Total School Capital Improvements Fund	\$	250,000	\$	250,000	\$	242,185	\$	(7,815)
Total Primary Government	\$	56,275,020	\$	59,881,871	\$	59,068,729	\$	(813,142)
Discretely Presented Component Unit - School Board: School Operating Fund: Revenue from local sources: Revenue from use of money and property: Revenue from the use of money	\$	26,500	¢	26,500	¢	14,313	¢	(12,187)
Revenue from the use of money	Ψ	5.000	Ψ	5,000	Ψ	335	Ψ	(4,665)
Total revenue from use of money and property	\$	31,500	\$	31,500	\$	14,648	\$	(16,852)
rotal rotalide from add of money and property	<u> </u>	01,000	Ψ	01,000	Ψ	11,010	Ψ	(10,002)
Charges for services:								
Charges for education	\$	521,100	\$	521,100	\$	616,044	\$	94,944
Governor's School		140,536		140,536		414,375		273,839
Transportation of pupils		50,000		50,000		89,753		39,753
Cafeteria sales		1,969,019		1,969,019		1,547,245		(421,774)
Total charges for services	\$	2,680,655	\$	2,680,655	\$	2,667,417	\$	(13,238)
Miscellaneous revenue:								
Other miscellaneous	\$	1,035,681	\$	1,094,856	\$	1,335,579	\$	240,723
Recovered costs:								
Other recovered costs	\$	110,553	\$	110,553	\$	76,330	\$	(34,223)
Total revenue from local sources	\$	3,858,389	\$	3,917,564	\$	4,093,974	\$	176,410
Intergovernmental revenues:								
Revenues from local governments:								
Contribution from County of Washington, Virginia	\$	24,489,314	\$	25,341,246	\$	21,362,551	\$	(3,978,695)

Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>	<u>Actual</u>	Fir	riance with nal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)							
School Operating Fund: (Continued)							
Intergovernmental revenues: (Continued)							
Revenue from the Commonwealth:							
Categorical aid:	•	0.044.575	•	0.044.575	0.405.400	•	050.004
Share of state sales tax	\$	6,211,575	\$	6,211,575 \$	6,465,499	\$	253,924
Basic school aid		20,642,027		20,642,027	19,325,365		(1,316,662)
GED funding		23,576		23,576	23,576		(054.440)
Regular foster care		376,755		376,755	122,343		(254,412)
Adult high school courses		4,200		4,200	22,063		17,863
Gifted and talented		222,564		222,564	220,040		(2,524)
Remedial education		544,046		544,046	537,876		(6,170)
National board certifed teacher		-		17,500	17,500		(00.404)
Preschool initiative		467,514		467,514	369,090		(98,424)
Special education		1,928,891 364,094		1,928,891 364,094	1,907,017		(21,874)
Textbook payment				364,094 727,044	256,909		(107,185)
Vocational education Vocational adult education		727,044 188,054		188,054	718,799 62,854		(8,245) (125,200)
Vocational addit education Vocational equipment		100,004		100,004	16,449		16,449
Vocational equipment Vocational educational occupational tech ed		-		-	110,694		110,694
Social security fringe benefits		1,246,360		1,246,360	1,232,226		
Retirement fringe benefits		736,935		736,935	728,578		(14,134)
Life insurance fringe benefits		44,513		44,513	44,008		(8,357) (505)
Early reading intervention		43,612		43,612	39,458		(4,154)
Governors school		849,464		849,464	686,841		(162,623)
Jobs for Virginia graduates-lottery proceeds		043,404		043,404	21,000		21,000
Adult literacy		171,235		315,554	325,026		9,472
Homebound		45,772		45,772	45,258		(514)
School food					54,472		54,472
Regional programs		189,268		189,268	112,402		(76,866)
Special education - foster care		103,200		-	234,518		234,518
At risk payments		453,955		453.955	448,723		(5,232)
Mentor teacher program		2,693		2,693	4,270		1,577
Primary class size		535,806		535,806	528,720		(7,086)
Technology		466,000		466,000	518,000		52,000
Special ed jail program		2,461		2,461	2,421		(40)
SOL algebra readiness		74,547		74,547	72,366		(2,181)
English as a second language		33,943		33,943	43,167		9,224
GED testing		-		-	10,000		10,000
GED		_		-	75,000		75,000
Other state funds		_		-	15,089		15,089
Total categorical aid	\$	36,596,904	\$	36,758,723 \$	35,417,617	\$	(1,341,106)
Total revenue from the Commonwealth	\$	36,596,904	\$	36,758,723 \$	35,417,617	\$	(1,341,106)

Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>		ariance with nal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)								
School Operating Fund: (Continued)								
Intergovernmental revenues: (Continued)								
Revenue from the federal government:								
Categorical aid:	_							
Forest reserve fund	\$	11,000	\$	11,000	\$	27,793	\$	16,793
Adult basic education		400,000		400,000		366,168		(33,832)
Title I		-		654,540		348,553		(305,987)
Title VI-B, special education flow-through ARRA		1,454,440		1,454,440		1,354,011		(100,429)
Title VI-B, special education flow-through		-		1,073,863		799,769		(274,094)
Title VI-B, special education preschool		47,722		47,722		46,346		(1,376)
Title VI-B, special education preschool ARRA		-		-		35,679		35,679
Vocational education		130,000		130,000		141,587		11,587
Title II Part D ARRA		40.200		40.200		15,090		15,090
Drug free schools		42,389		42,389		1,958		(40,431)
Smiles VI grant fund		372,358		372,358		419,612		47,254
School breakfast and lunch program		1,525,000		1,525,000		1,909,363		384,363
Education technology formula grant		-		-		15,897		15,897
State fiscal stabilization funds		500,000		1,155,616		500,000		(655,616)
Title V		1,461,627		1,461,627		1,387,895		(73,732)
Other federal funds	_	1,705,403	•	1,484,409	Φ.	31,950	Φ.	(1,452,459)
Total categorical aid	\$	7,649,939	\$	9,812,964	\$	7,401,671	\$	(2,411,293)
Total revenue from the federal government	\$	7,649,939	\$	9,812,964	\$	7,401,671	\$	(2,411,293)
Total Discretely Presented Component Unit - School Board	\$	72,594,546	\$	75,830,497	\$	68,275,813	\$	(7,554,684)

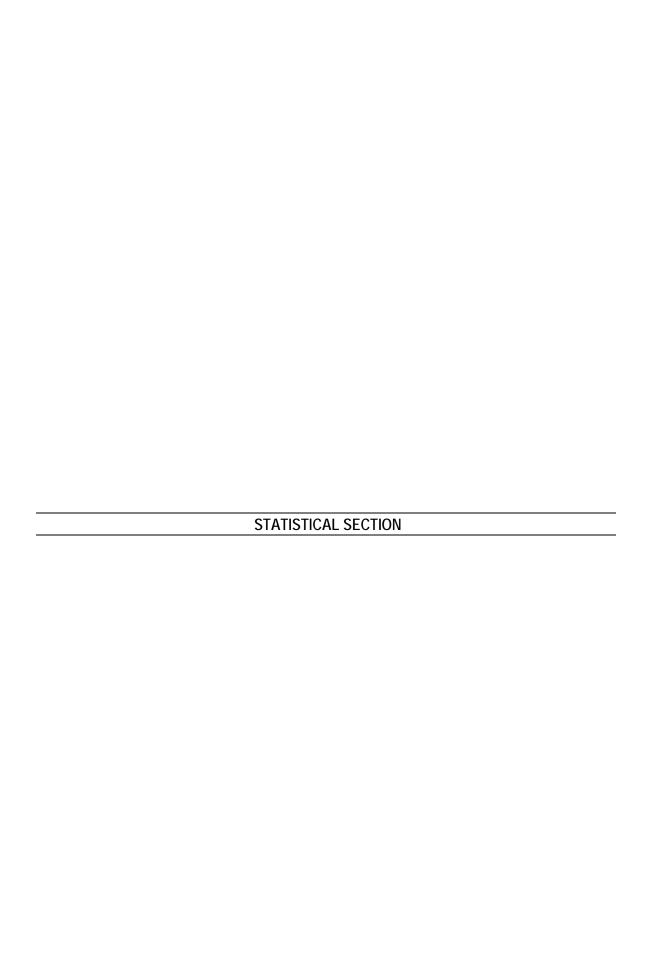
Fund, Function, Activity and Element	T Ended Julie 30	Original Budget	Final Budget	<u>Actual</u>	Fin	riance with al Budget - Positive Negative)
General Fund: General government administration:						
Legislative:						
Board of supervisors	\$	171,450	\$ 180,897	\$ 152,124	\$	28,773
General and financial administration:						
County administrator	\$	213,049	\$ 317,903	\$ 305,853	\$	12,050
Legal services		208,131	217,652	210,316		7,336
Commissioner of revenue		566,006	566,006	551,474		14,532
Treasurer		641,836	729,456	627,742		101,714
Central accounting and purchasing		267,858	267,858	261,225		6,633
Information technology		622,935	549,188	502,347		46,841
Assessor		100,000	100,000	33,425		66,575
Auditor	<u> </u>	60,000	99,587	69,600		29,987
Total general and financial administration	\$	2,679,815	\$ 2,847,650	\$ 2,561,982	\$	285,668
Board of elections:						
Registrar	\$	132,861	\$ 132,861	\$ 129,364	\$	3,497
Electoral board		102,248	 102,248	 57,055		45,193
Total board of elections	\$	235,109	\$ 235,109	\$ 186,419	\$	48,690
Total general government administration	\$	3,086,374	\$ 3,263,656	\$ 2,900,525	\$	363,131
Judicial administration:						
Courts:						
Circuit court	\$	64,676	\$ 64,676	\$ 59,882	\$	4,794
General district court		29,721	29,721	25,662		4,059
Special magistrates		5,820	5,820	3,294		2,526
Clerk of the circuit court		610,717	634,531	579,907		54,624
Law library		8,500	11,676	7,573		4,103
Total courts	\$	719,434	\$ 746,424	\$ 676,318	\$	70,106
Commonwealth's attorney:						
Commonwealth's attorney	\$	770,046	\$ 814,973	\$ 731,001	\$	83,972
Total judicial administration	\$	1,489,480	\$ 1,561,397	\$ 1,407,319	\$	154,078
Public safety:						
Law enforcement and traffic control:						
Sheriff	\$	2,448,343	\$ 2,484,687	\$ 2,415,431	\$	69,256
Litter Control		114,178	114,178	97,768		16,410
Victim witness assistance		56,055	56,543	51,370		5,173
Animal control		280,226	318,840	246,403		72,437
Interstate enforcement		1,683,099	1,711,954	1,636,275		75,679
Court security		258,838	262,162	249,129		13,033
Other Sheriff grants		144,367	510,873	304,651		206,222
Total law enforcement and traffic control	\$	4,985,106	\$ 5,459,237	\$ 5,001,027	\$	458,210
Fire and rescue services:						
Volunteer fire departments	\$	838,678	\$ 838,678	\$ 816,799	\$	21,879
Volunteer emergency operations		892,520	892,520	801,125		91,395
E-911		584,545	1,292,933	940,634		352,299
Other fire and rescue services	_	=	122,719	99,602		23,117
Total fire and rescue services	\$	2,315,743	\$ 3,146,850	\$ 2,658,160	\$	488,690

Fund, Function, Activity and Element	Ended Julie 30	Original Budget	Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund: (Continued) Public safety: (Continued)							
Correction and detention:							
Regional jail payments	\$	2,144,203 \$	2,144,203	\$	2,143,554	\$	649
Juvenile probation and detention		273,200	273,200		273,200		-
Total correction and detention	\$	2,417,403 \$	2,417,403	\$	2,416,754	\$	649
Inspections:							
Building	\$	322,112 \$	465,319	\$	342,968	\$	122,351
Other protection:							
Medical examiner	\$	1,000 \$	1,000	\$	940	\$	60
Emergency services		289,930	290,430		224,735		65,695
Total other protection	_\$	290,930 \$	291,430	\$	225,675	\$	65,755
Total public safety	\$	10,331,294 \$	11,780,239	\$	10,644,584	\$	1,135,655
Public works:							
Sanitation and waste removal:							
Refuse collection and disposal	\$	2,193,167 \$	2,193,167	\$	2,029,674	\$	163,493
Maintenance of general buildings and grounds							
General properties	\$	1,199,886 \$	1,231,875	\$	1,125,593	\$	106,282
Disaster recovery		-	357,500		394,553		(37,053)
Total maintenance of general buildings and grounds	\$	1,199,886 \$	1,589,375	\$	1,520,146	\$	69,229
Total public works	\$	3,393,053 \$	3,782,542	\$	3,549,820	\$	232,722
Health and welfare:							
Health:							
Supplement of local health department	\$	476,491 \$	476,491	\$	476,491	\$	-
Mental health and mental retardation:							
Community services board	_\$	329,337 \$	329,337	\$	329,337	\$	-
Welfare:							
Virginia public assistance	\$	5,693,443 \$	5,753,443	\$	5,297,462	\$	455,981
Parent aide services grant		5,383	5,383		1,410		3,973
Area agency on aging		44,927	44,927		44,927		-
Community action agency		360,080	365,080		378,326		(13,246
Community services		-	-		1,060,505		(1,060,505)
Indigent care Total welfare	•	5,000	5,000	¢	920	Φ	4,080
i otal wellare	<u>\$</u>	6,108,833 \$	6,173,833	\$	6,783,550	Ф	(609,717)
Total health and welfare	\$	6,914,661 \$	6,979,661	\$	7,589,378	\$	(609,717)
Education:							
Other instructional costs:							
Contributions to community college	\$	82,532 \$	82,532	\$	82,532	\$	- 0.0=0.00=
Contribution to County School Board	•	24,489,314	25,341,246	Φ	21,362,551	r.	3,978,695
Total education	_\$_	24,571,846 \$	25,423,778	\$	21,445,083	\$	3,978,695

Fund, Function, Activity and Element		Original Budget	Final <u>Budget</u>		<u>Actual</u>		/ariance with inal Budget - Positive (Negative)
General Fund: (Continued)							
Parks, recreation, and cultural:							
Parks and recreation: Parks	\$	6,500	¢ 6	,500 \$	6 440	¢	60
Recreation	φ	254,718		,500 ş ,422	6,440 234,428		26,994
Washington County Park Authority		71,000		,000	71,000		20,334
Community centers		119,490		,490	119,490		_
Athletic group activities		64,990		,990	50,875		14,115
Total parks and recreation	\$	516,698	\$ 523	,402 \$	482,233	\$	41,169
Cultural enrichment:							
Cultural enrichment	\$	152,720	\$ 152	,720 \$	148,220	\$	4,500
Library:							
Washington County library	\$	1,384,811		,383 \$	1,374,486	\$	104,897
Branch libraries		111,703		,644	118,251	•	(3,607
Total library	\$	1,496,514	\$ 1,594	,027 \$	1,492,737	\$	101,290
Total parks, recreation, and cultural	\$	2,165,932	\$ 2,270	,149 \$	2,123,190	\$	146,959
Community development:							
Planning and community development:							
Regional planning	\$	41,141		,141 \$	41,141		-
Planning commission		23,807		,807	23,062		745
Zoning		143,064		,064	122,195		20,869
Community development Economic development		181,543 216,342		,631 ,342	161,729 214,992		16,902 1,350
Contribution to Virginia Highlands Airport		303,089		,089	303,089		1,000
Contribution to Smyth/Washington Industrial Facility		365,142		,142	346,940		18,202
Contribution to Washington County Industrial Development Authority		1,073,770	1,023		815,215		208,555
Contribution to Economic development		20,000	2,284		1,118,044		1,166,327
Total planning and community development	\$	2,367,898	\$ 4,579	,357 \$	3,146,407	\$	1,432,950
Environmental management:							
Contribution to soil and water district	\$	30,330	\$ 30	,330 \$	30,330	\$	
Cooperative extension program:							
Extension office	\$	117,506	\$ 117	,506 \$	109,754	\$	7,752
Total community development	\$	2,515,734	\$ 4,727	,193 \$	3,286,491	\$	1,440,702
Nondepartmental:							
Revenue refunds	\$		\$	- \$	46,731		(46,731
Other non departmental	_	415,920		,323	185,245		237,078
Total nondepartmental	\$	415,920	\$ 422	,323 \$	231,976	\$	190,347
Debt service:	_		•			_	/e
Principal retirement	\$	-	\$	- \$	984,980		(984,980
Interest and other fiscal charges	•	-	¢	- •	506,210		(506,210
Total debt service	\$	-	\$	- \$	1,491,190	Ф	(1,491,190
Total General Fund	\$	54,884,294	\$ 60,210	,938 \$	54,669,556	\$	5,541,382

School Capital Improvements Fund: Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) \$ (10	Fund, Function, Activity and Element	Ended June 30	<u>Actual</u>	Fi	Variance with Final Budget - Positive (Negative)			
Public wrist Maintenance of general buildings and grounds September Se								
Maintenance of general buildings and grounds \$ 520,000 \$ 527,500 \$ 102,041 \$ 425,459 Sheriff's office 165,000 3,238,435 235,775 3,002,600 Solid waste quipment 155,000 155,000 19,99 153,041 Solid waste facilities 26,000 \$ 3,945,935 \$ 358,788 \$ 3,587,147 Total public works \$ 865,000 \$ 3,945,935 \$ 358,788 \$ 3,587,147 Parks, recreation, and cultural: Parks and recreation: White's Mill restoration \$ 2.00 \$ 409,623 \$ 40,981 \$ 368,642 Damascous branch library project 25,000 996,600 3,5624 960,935 Glade Spring branch library project 25,000 442,500 449,153 3,347 Glade Spring branch library project 25,000 803,715 439,787 363,282 Glade Spring branch library project 25,000 803,715 439,787 363,282 Captal Contributions 250,000 803,715 439,787 363,282 Captal Contributions <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>								
Administration \$ 520,000 \$ 527,500 \$ 102,041 \$ 425,439 Sheriffs office 165,000 3,238,435 235,775 3,002,660 Solid waste equipment 155,000 25,000 1,9013 5,907 Total maintenance of general building and grounds \$ 865,000 \$ 3,945,935 \$ 358,788 \$ 3,587,147 Total public works \$ 865,000 \$ 3,945,935 \$ 358,788 \$ 3,587,147 Parks, recreation, and cultural: White's Mill restoration \$ 2 409,623 \$ 40,981 \$ 368,642 Damascus branch library project 25,000 996,093 35,524 960,995 Glade Spring branch library project 25,000 996,093 35,624 960,995 Glade Spring branch library project 25,000 996,093 35,624 960,995 Glade Spring branch library project 25,000 803,715 449,578 363,928 Capital Contributions 25,000 803,715 449,578 363,928 Capital Contributions 25,000 803,715 97								
Sheriffs office								
Solid waste equipment 155,000 155,000 1,959 153,041 Solid waste facilities 25,000 25,000 19,013 5,967 Total maintenance of general building and grounds 8 65,000 3,945,935 \$ 358,788 3,387,147 Parks recreation, and cultural: Parks and recreation: White's Mill restoration \$ 65,000 409,623 40,981 \$ 368,642 Damascus branch library project 25,000 996,609 35,624 969,335 Glade Spring branch library project 345,000 449,153 3,345 Main branch library project 345,000 449,153 3,345 Glade Spring branch library project 345,000 449,153 3,345 Main branch library project 5,000 803,715 439,767 363,928 Glade Spring branch library project 5,000 803,715 439,767 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total Service: 10,200,000 604,756 9,750,000 9		\$		•	\$	•	\$	-,
Solid waste facilities						,		
Total maintenance of general building and grounds \$865,000 \$3,945,935 \$358,788 \$3,587,147	Solid waste equipment							
Total public works	Solid waste facilities		25,000			19,013		
Parks, recreation, and cultural: Parks and recreation: White's Mill restoration \$ - \$ 409,623 \$ 40,981 \$ 368,642 Damascus branch library project 345,000 452,500 449,153 3,347 Glade Spring branch library project 345,000 452,500 449,153 3,347 Main branch library project - 15,000 14,500 500 Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,88 243,667 11,621 Total parks, recreation, and cultural \$ 995,000 2,932,735 1,223,712 1,709,023 Debt service: Principal retirement \$ 130,000 \$ 604,756 \$ 9,750,000 \$ (9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total Capital Projects Fund \$ 2,096,255 8,321,179 \$ 11,783,454 \$ (3,462,275) School Capital Improvements Fund: Debt service: Principal	Total maintenance of general building and grounds	\$	865,000 \$	3,945,935	\$	358,788	\$	3,587,147
Parks and recreation: White's Mill restoration \$ - \$ \$409,623 \$40,981 \$368,642 Damascus branch library projecl 25,000 996,609 35,624 960,985 Glade Spring branch library projecl 345,000 452,500 449,153 3,347 Main branch library projecl - 15,000 803,715 449,787 363,928 Capital Contributions 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$ 595,000 \$2,932,735 \$1,223,712 \$1,709,023 Debt service: ***Principal retirement \$ 130,000 \$604,756 \$9,750,000 \$9,145,244 \$1,600 Interest and other fiscal charges 506,255 \$837,753 \$450,954 \$366,799 Total Capital Projects Fund \$ 2,096,255 \$8,321,779 \$11,783,454 \$6,462,759 School Capital Improvements Fund: \$ 2,096,255 \$8,321,779 \$11,783,454 \$6,462,759 School Capital Improvements Fund: \$ 2,096,255 \$8,321,779 \$11,783,454 \$6,462,759 Debt service: ***Principal retirement Principal retirement \$ 2,096,255 \$1,000 \$1,000,000 \$1,000,000 Interest and other fiscal charges \$ 2,096,255 \$1,000 \$1,000,000 \$1,000,000 Interest and other fiscal charges \$ 2,000,000 \$1,000,000 Interest and other fiscal charges<	Total public works	\$	865,000 \$	3,945,935	\$	358,788	\$	3,587,147
White's Mill restoration \$ - \$ 409,623 \$ 40,981 \$ 368,642 Damascus branch library project 25,000 996,609 35,624 960,995 Glade Spring branch library project 345,000 452,500 449,153 3,347 Main branch library project - \$ 15,000 14,500 500 Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$ 595,000 \$ 2,932,735 \$ 1,223,712 \$ 1,709,023 Debt service: Principal retirement \$ 130,000 \$ 604,756 \$ 9,750,000 \$ (9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 366,799 Total Capital Projects Fund \$ 2,096,255 8,321,179 \$ 11,783,454 \$ (3,462,275) School Capital Improvements Fund: Education: Principal retirement \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 <	Parks, recreation, and cultural:							
Damascus branch library project 25,000 996,609 35,624 960,985 Glade Spring branch library project 345,000 452,500 449,153 3,347 Main branch library project 25,000 803,715 439,787 363,928 Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$595,000 2,932,735 \$1,223,712 \$1,709,023 Debt service: Principal retirement \$130,000 \$604,756 \$9,750,000 \$(9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 36,799 Total Capital Projects Fund \$2,096,255 8,321,179 \$11,783,454 \$(3,58,445) School Capital Improvements Fund: Education: \$4,957,000 \$6,462,150 \$5,693,625 \$768,525 Debt service: \$4,957,000 \$6,462,150 \$5,693,625 \$768,525 Principal retirement \$1,0200,000	Parks and recreation:							
Glade Spring branch library project 345,000 452,500 449,153 3,347 Main branch library project 2-0 15,000 14,500 500 Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$595,000 \$2,932,735 \$1,223,712 \$1,709,023 Debt service:	White's Mill restoration	\$	- \$	409,623	\$	40,981	\$	368,642
Main branch library project 15,000 14,500 500 Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$ 595,000 2,932,735 \$ 1,223,712 \$ 1,709,023 Debt service: Principal retirement \$ 130,000 \$ 604,756 \$ 9,750,000 \$ (9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total Capital Projects Fund \$ 2,096,255 \$ 3,321,179 \$ 11,783,454 \$ (8,758,445) School Capital Improvements Fund: Education: Specifical S	Damascus branch library project		25,000	996,609		35,624		960,985
Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$ 595,000 \$ 2,932,735 \$ 1,223,712 \$ 1,709,023 Debt service: Principal retirement \$ 130,000 \$ 604,756 \$ 9,750,000 \$ (9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total Capital Projects Fund \$ 2,096,255 \$ 3,21,179 \$ 11,783,454 \$ (8,758,445) School Capital Improvements Fund: Education: \$ 2,096,255 \$ 8,321,179 \$ 11,783,454 \$ (3,462,275) School Capital Improvements Fund: Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) Interest and other fiscal charges - - \$ 243,848<	Glade Spring branch library project		345,000	452,500		449,153		3,347
Beaverdam Creek park 25,000 803,715 439,787 363,928 Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$ 595,000 \$ 2,932,735 \$ 1,223,712 \$ 1,709,023 Debt service: Principal retirement \$ 130,000 \$ 604,756 \$ 9,750,000 \$ (9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total Capital Projects Fund \$ 2,096,255 \$ 3,321,179 \$ 11,783,454 \$ (8,758,445) School Capital Improvements Fund: Education: \$ 2,096,255 \$ 8,321,179 \$ 11,783,454 \$ (3,462,275) School Capital Improvements Fund: Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) Interest and other fiscal charges - - \$ 243,848			-	15,000		14,500		500
Capital Contributions 200,000 255,288 243,667 11,621 Total parks, recreation, and cultural \$595,000 2,932,735 \$1,223,712 \$1,709,023 Debt service: Principal retirement \$130,000 \$604,756 \$9,750,000 \$(9,145,244) Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total Capital Projects Fund \$2,096,255 \$8,321,179 \$11,783,454 \$(8,758,445) School Capital Improvements Fund: Education: Principal costs: Facilities \$4,957,000 \$6,462,150 \$5,693,625 \$768,525 Debt service: Principal retirement \$ \$1,000,000 \$(10,200,000) Interest and other fiscal charges \$2,096,255 \$10,200,000 \$(10,200,000) Interest and other fiscal charges \$2,096,255 \$10,200,000 \$(10,200,000) Interest and other fiscal charges \$2,096,255 \$2,096,255 \$2,096,255 \$2,096,255 \$2,096,255 \$2,096,255 \$2,096,255 \$2,096,255 <			25,000			439,787		363,928
Total parks, recreation, and cultural \$ 595,000 \$ 2,932,735 \$ 1,223,712 \$ 1,709,023	•		200,000					11,621
Principal retirement Interest and other fiscal charges Total debt service \$ 130,000 \$ 604,756 \$ 9,750,000 \$ (9,145,244) 386,799 \$ 70 tal debt service \$ 506,255 \$ 837,753 \$ 450,954 \$ 386,799 \$ 70 tal debt service \$ 636,255 \$ 1,442,509 \$ 10,200,954 \$ (8,758,445) \$ 70 tal Capital Projects Fund \$ 2,096,255 \$ 8,321,179 \$ 11,783,454 \$ (3,462,275) \$ 70 tal Capital Improvements Fund: School Capital Improvements Fund: Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ 10,200,000 \$ (10,200,000) \$ (10,	Total parks, recreation, and cultural	\$			\$		\$	
Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total debt service \$636,255 1,442,509 10,200,954 (8,758,445) Total Capital Projects Fund \$2,096,255 8,321,179 11,783,454 (3,462,275) Total Capital Improvements Fund:	Debt service:							
Interest and other fiscal charges 506,255 837,753 450,954 386,799 Total debt service \$636,255 1,442,509 10,200,954 (8,758,445) Total Capital Projects Fund \$2,096,255 8,321,179 11,783,454 (3,462,275) Total Capital Improvements Fund:	Principal retirement	\$	130,000 \$	604,756	\$	9,750,000	\$	(9,145,244)
Total debt service \$ 636,255 \$ 1,442,509 \$ 10,200,954 \$ (8,758,445) Total Capital Projects Fund \$ 2,096,255 \$ 8,321,179 \$ 11,783,454 \$ (3,462,275) School Capital Improvements Fund: Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) Interest and other fiscal charges - 243,848 (243,848) Total School Capital Improvements Fund \$ 4,957,000 \$ 6,462,150 \$ 16,137,473 \$ (9,675,323)	·		506,255			450,954		
School Capital Improvements Fund: Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) \$ (10	<u> </u>	\$			\$		\$	
Education: Operating costs: Facilities \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 \$ Debt service: Principal retirement Interest and other fiscal charges Total debt service Total School Capital Improvements Fund \$ 4,957,000 \$ 6,462,150 \$ 16,137,473 \$ (9,675,323)	Total Capital Projects Fund	\$	2,096,255 \$	8,321,179	\$	11,783,454	\$	(3,462,275)
Operating costs: \$ 4,957,000 \$ 6,462,150 \$ 5,693,625 \$ 768,525 Debt service: Principal retirement \$ - \$ 10,200,000 \$ (10,200,000) Interest and other fiscal charges 243,848 (243,848) Total debt service \$ - \$ - \$ 10,443,848 \$ (10,443,848) Total School Capital Improvements Fund \$ 4,957,000 \$ 6,462,150 \$ 16,137,473 \$ (9,675,323)								
Facilities								
Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) Interest and other fiscal charges 243,848 (243,848) Total debt service \$ - \$ - \$ 10,443,848 \$ (10,443,848) Total School Capital Improvements Fund \$ 4,957,000 \$ 6,462,150 \$ 16,137,473 \$ (9,675,323)	, ,	\$	4,957,000 \$	6,462,150	\$	5,693,625	\$	768,525
Principal retirement \$ - \$ - \$ 10,200,000 \$ (10,200,000) Interest and other fiscal charges 243,848 (243,848) Total debt service \$ - \$ - \$ 10,443,848 \$ (10,443,848) Total School Capital Improvements Fund \$ 4,957,000 \$ 6,462,150 \$ 16,137,473 \$ (9,675,323)	Debt service:							
Interest and other fiscal charges		\$	- \$	_	\$	10.200.000	\$	(10.200.000)
Total debt service \$ - \$ - \$ 10,443,848 \$ (10,443,848) Total School Capital Improvements Fund \$ 4,957,000 \$ 6,462,150 \$ 16,137,473 \$ (9,675,323)	•	Ψ	-	_	Ψ		Ψ.	
	-	\$	- \$	-	\$		\$	(10,443,848)
Total Primary Government \$ 66.894.549 \$ 81.456.417 \$ 88.284.108 \$ (6.827.601)	Total School Capital Improvements Fund	\$	4,957,000 \$	6,462,150	\$	16,137,473	\$	(9,675,323)
	Total Primary Government	\$	66,894,549 \$	81 456 417	\$	88 284 108	\$	(6,827,691)

Fund, Function, Activity and Element	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board					
School Operating Fund:					
Education:					
Administration, attendance and health	\$ 2,662,376	\$ 2,713,087	\$ 2,429,931	\$	283,156
Instruction	56,619,632	59,479,961	49,413,090		10,066,871
Instructional technology	 1,552,156	1,655,265	1,646,803		8,462
Total instruction costs	\$ 60,834,164	\$ 63,848,313	\$ 53,489,824	\$	10,358,489
Operating costs:					
Pupil transportation	\$ 4,128,441	\$ 4,837,479	\$ 4,806,379	\$	31,100
Operation and maintenance of school plant	6,343,341	6,608,418	6,443,918		164,500
School food services	4,022,814	4,276,532	3,658,684		617,848
Total operating costs	\$ 14,494,596	\$ 15,722,429	\$ 14,908,981	\$	813,448
Total Discretely Presented Component Unit - School Board	\$ 75,328,760	\$ 79,570,742	\$ 68,398,805	\$	11,171,937



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

Total	55,532,723	52,678,787	53,779,934	52,409,853	47,798,143	46,993,461	42,475,765	40,966,883	40,740,870
Interest on Long- Term Debt	1,546,660 \$	852,142	823,279	767,918	606,752	722,722	695,607	731,995	764,540
Non- departmental	·			104,973	74,973	36,915			•
Community Development	3,308,476 \$	2,449,360	5,671,641	1,703,097	3,150,805	3,138,763	2,398,560	1,911,480	2,203,361
Parks, Recreation, and Cultural	2,450,828	2,656,439	1,920,026	2,383,626	2,523,061	2,230,629	1,826,571	1,945,075	1,767,870
Education	21,598,926 \$	21,628,724	22,493,692	22,874,878	19,514,072	20,769,223	18,710,982	18,128,858	18,636,740
Health and Welfare	7,631,737 \$	7,750,392	7,953,182	7,878,987	6,507,588	6,356,765	6,033,168	5,944,374	5,660,015
Public Works	3,984,154 \$	3,106,061	3,123,952	3,205,042	2,980,655	2,768,015	2,773,862	2,901,134	2,636,127
Public Safety	10,819,665 \$	10,394,379	7,537,178	9,184,107	8,618,032	7,807,347	6,504,777	6,014,035	6,199,608
Judicial Administration	1,434,023 \$	1,397,161	1,445,528	1,374,450	1,207,193	1,076,485	955,655	964,271	960,706
General Government Administration	2,758,254 \$	2,444,129	2,811,456	2,932,775	2,615,012	2,086,597	2,576,583	2,425,661	1,965,513
Fiscal Year	2010-11 \$	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03

(1) Information has only been available for 9 years.

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

	Total	58,729,159 65,081,827 53,754,700 52,947,320 52,211,885 49,691,449 43,935,893 42,427,895	41,505,715
	Grants and Contributions Not Restricted to Specific Programs	3,649,262 \$ 4,386,748 2,990,777 2,984,398 3,076,887 2,984,389 2,781,514 3,054,045	2,010,000
	C N Miscellaneous	1,541,929 \$ 647,220 737,526 375,646 290,841 228,164 283,502 310,098	702,822
GENERAL REVENUES	Jnrestricted nvestment Earnings Miso	255,378 \$ 190,909 298,747 772,256 962,314 677,984 304,809 149,444	00,/00
GENER	Other U Local II Taxes	9,042,116 \$ 8,725,269 10,579,402 10,300,503 9,989,193 9,658,574 8,818,508 8,109,926	000, 100, 1
	General Property Taxes	30,775,045 \$ 39,788,130 27,016,329 27,402,967 27,165,999 26,006,562 22,923,994 21,794,488	21,384,708
	Capital Grants and Contributions	96,650 145,954 950,924 558,988 106,713	
PROGRAM REVENUES	Operating Grants and Contributions	11,941,158 \$ 9,857,596 10,464,847 9,367,762 8,271,422 8,145,800 7,613,600 8,031,632	0,004,010
PROC	Charges for Services	1,524,271 \$ 1,485,955 1,570,422 1,597,834 1,504,305 1,430,988 1,103,253 864,568	1,009,911
	Fiscal Year	2010-11 \$ 2009-10 2008-09 2007-08 2006-07 2005-06 2003-04	500Z-03

(1) Information has only been available for 9 years.

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

		Total	101,705,810	103,820,169	109,554,292	105,007,059	97,444,103	92,748,388	86,372,724	79,927,651	75,884,014	74,970,766
	Debt	Service	1,491,190 \$	1,896,518	1,985,076	1,565,256	1,631,432	1,791,288	1,731,564	1,664,198	1,702,725	1,502,666
	Capital	Projects	1	•						113,181		1,553,224
	Non-	departmental	231,976 \$	134,080	169,856	104,973	74,973	36,915				,
	Community	Development	3,286,491 \$	2,570,449	2,057,953	2,321,698	2,258,385	2,574,454	2,373,141	1,653,248	1,640,176	1,051,687
Parks,	Recreation,	and Cultural	\$ 2,123,190 \$	2,099,216	2,214,686	2,234,793	2,379,074	2,027,826	1,855,139	1,967,825	1,812,792	1,690,285
		Education (2)	68,481,337	71,791,638	77,482,208	74,909,110	68,809,819	65,171,654	60,747,665	55,503,567	52,941,775	51,901,352
	Health and	Welfare	7,589,378 \$	7,657,509	7,852,356	7,822,985	6,677,452	6,516,858	6,054,137	5,955,399	5,655,059	5,273,000
	Public	Works	3,549,820 \$	2,968,124	3,044,273	3,138,392	2,838,179	2,699,574	2,839,772	3,204,556	2,775,497	2,759,583
	Public	Safety	10,644,584 \$	10,569,641	10,271,050	8,699,315	8,937,458	8,610,710	7,132,070	6,391,711	6,490,676	6,273,257
	Judicial	Administration	1,407,319 \$	1,362,945	1,400,889	1,368,456	1,202,363	1,074,231	945,152	980'626	891,155	961,544
General		Administration Adm	2,900,525 \$	2,770,049	3,075,945	2,842,081	2,634,968	2,244,878	2,694,084	2,494,880	1,974,159	2,004,168
Ō	9 G	Admi	↔									
	Fiscal	Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02

(1) Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County Capital Improvements Fund and School Capital Improvements Fund and School Capital Improvements Fund) (2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

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

Total	104,906,761	115,481,198	105,855,047	104,114,614	101,836,850	94,562,913	86,176,918	80,568,059	76,549,930	74,866,052
Inter- governmental (2)	58,409,708 \$	60,875,451	61,985,504	58,876,159	57,148,625	51,939,383	48,641,733	45,220,337	42,853,981	42,519,287
Recovered Costs	426,123 \$	748,070	725,498	802,570	567,255	793,956	875,276	796,201	601,200	229,100
	မှ	2	6	7	0	က	_	2	_	2
/iscellaneous	2,044,46	1,877,392	1,517,47	1,697,30	1,912,09	1,563,95	1,260,83	1,401,78	910,32	669,18
Σ	8									
Charges for Services	3,238,561	3,107,170	3,280,511	3,420,910	3,315,650	3,142,978	2,888,994	2,930,174	3,005,906	3,089,810
Revenue from the Use of Money and Property	258,728 \$	204,914	277,468	822,081	1,010,631	707,243	320,188	156,575	169,320	313,267
Fines and Forfeitures	834,151 \$	722,986	854,554	738,157	641,383	511,401	203,629	52,500	38,101	46,270
Permits, Privilege Fees, Regulatory Licenses	118,976 \$	154,291	125,669	157,441	205,520	190,732	189,395	163,692	159,222	190,769
Other Local Taxes	9,042,116 \$	8,725,269	10,319,402	10,300,503	9,989,193	9,658,574	8,818,508	8,109,926	7,857,865	7,440,430
General Property Taxes	30,533,935 \$	39,065,655	26,768,962	27,299,486	27,046,503	26,054,693	22,978,358	21,736,872	20,954,014	20,367,934
Fiscal Year	10-11 \$	2009-10	60-80	80-70	20-90	90-50	04-05	03-04	02-03	01-02
ਜ਼ ≻	20	20	20	20	20	20	20	20	20	20

(1) Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County Capital Improvements Fund and School Capital Improvements Fund and School Capital Improvements Fund) Excludes contribution from Primary Government to Discretely Presented Component Unit.

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

Percent of Delinquent Taxes to Tax Levy	9.23%	%58.9	3.98%	3.17%	7.66%	2.49%	2.74%	3.09%	3.10%	2.50%
Outstanding Delinquent Taxes (1,2,3)	2,776,060	2,693,322	1,187,140	934,569	777,927	707,620	684,019	736,482	715,056	561,003
Percent of Total Tax Collections to Tax Levy	\$ %86.66	%86'26	98.32%	89.63%	99.29%	%80.66	99.73%	99.81%	99.25%	%65'66
Total Tax Collections	30,075,798	38,498,471	29,328,248	29,398,995	29,028,349	28,145,351	24,909,597	23,801,223	22,908,378	22,318,990
Delinquent Tax collections (1)	1,149,142 \$	861,595	445,044	733,341	613,503	589,755	575,192	658,030	489,539	455,267
Percent of Levy Collected C	96.16% \$	95.79%	96.82%	97.14%	97.19%	97.01%	97.43%	92.05%	97.13%	%95.26
Current Tax Collections (1)	28,926,656	37,636,876	28,883,204	28,665,654	28,414,846	27,555,596	24,334,405	23,143,193	22,418,839	21,863,723
Total Tax Levy	30,081,650 \$	39,292,118	29,830,388	29,509,653	29,237,381	28,406,115	24,976,439	23,847,667	23,080,947	22,411,076
Fiscal Year	2010-11 \$	2009-10 (4)	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02

(1) Exclusive of penalties and interest.(2) Includes current year taxes receivable only.(3) Excludes bills totalling \$128,957 that are before the tax commissioner and are not considered

delinquent until a ruling is reached. (4) 2009-10 was the first year that the County began twice-year tax collections.

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

- - !	lotal	4,549,810,919	4,485,628,264	4,053,345,585	4,224,561,664	4,045,012,169	3,968,718,705	3,288,127,294	3,244,581,100	3,169,017,493	3,059,661,386
ı		↔									
Public Utility (2) Real Estate and	Personal Property	176,316,906	171,979,877	161,732,484	181,363,006	203,630,931	216,983,390	184,733,489	211,993,150	214,914,064	124,865,310
'	_	↔									
Machinery and	sloo l	160,572,846	158,176,655	129,910,105	310,175,750	229,222,785	229,320,270	196,611,365	190,009,524	171,601,551	192,089,250
		↔									
Personal Property and Mobile	Homes (3)	498,040,367	470,661,432	492,537,196	463,976,908	436,066,753	410,332,545	376,789,058	377,647,003	367,167,603	366,583,026
		↔									
7 Seal	Estate	3,714,880,800	3,684,810,300	3,269,165,800	3,269,046,000	3,176,091,700	3,112,082,500	2,529,993,382	2,464,931,423	2,415,334,275	2,376,123,800
		છ									
Fiscal	Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02

⁽¹⁾ Assessed at 100% of fair market value.(2) Assessed values are established by the State Corporation Commission.(3) Includes Volunteer and Air Tax assessments.

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

	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
Machinery and Tools										
	↔									
	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
Personal Property										
	↔									
	0.58	0.57	0.57	0.57	0.57	0.57	0.60	0.57	0.57	0.57
Real Estate										
	↔									
Fiscal Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02

(1) Per \$100 of assessed value.

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

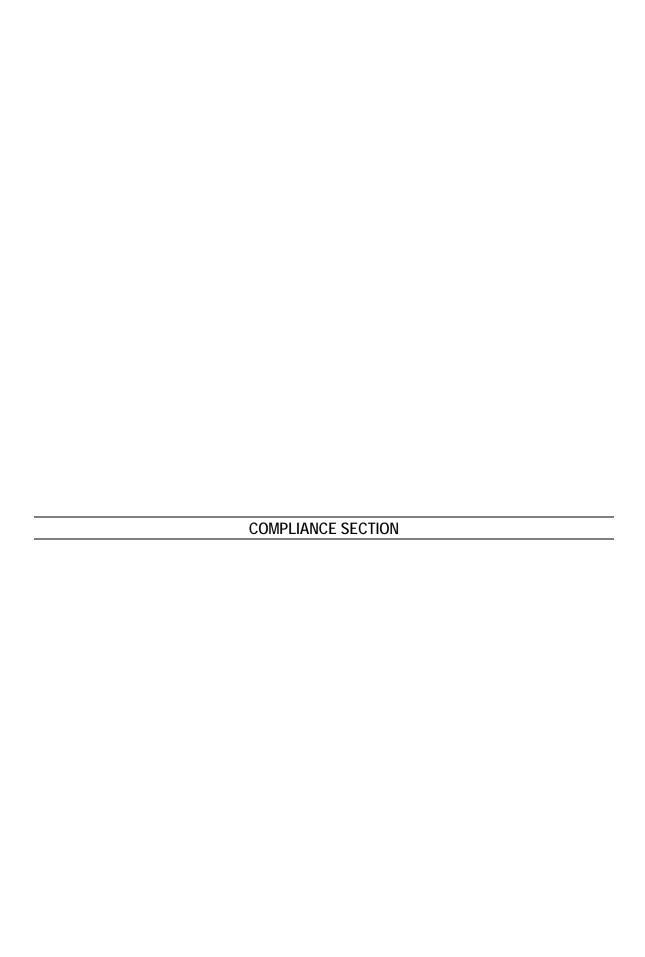
Net Bonded Debt per Capita	391	438	303	325	245	265	285	304	305	306
Ratio of Net Bonded Debt to Assessed Value	0.47%	0.50%	0.38%	0.39%	0.31%	0.34%	0.44%	0.48%	0.49%	0.51%
Net Bonded Debt	21,466,830	22,397,804	15,474,811	16,610,898	12,545,145	13,532,193	14,549,075	15,520,021	15,582,385	15,656,012
	s									
Gross Bonded Debt (3)	21,466,830	22,397,804	15,474,811	16,610,898	12,545,145	13,532,193	14,549,075	15,520,021	15,582,385	15,656,012
	↔									
Assessed Value (in nousands) (2)	4,549,811	4,485,628	4,053,346	4,224,562	4,045,012	3,968,719	3,288,127	3,244,581	3,169,017	3,059,661
th	↔									
Population (1)	54,876	51,103	51,103	51,103	51,103	51,103	51,103	51,103	51,103	51,103
Fiscal Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02

⁽¹⁾ Bureau of the Census(2) Assessed at 100% of fair market value.(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.(3) Includes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

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

Ratio of Debt Service to General Governmental Expenditures	21.76% 1.95%	1.81%	1.68%	1.93%	2.00%	2.08%	2.24%	2.04%
Total General Governmental Expenditures	101,705,810 103,820,169	109,554,292 105,007,059	97,444,103	92,748,388	86,372,724	79,927,651	75,884,014	74,970,766
	392 \$ 535	376 256	132	288	564	198	725	211
Total Debt Service	22,135,992 2,026,535	1,985,0 1,565,2	1,634,	1,791,	1,731,	1,664,	1,702,7	1,532,2
	0 4 &	တ္က ဣ	່າວ	/ -		9	က္သ	7
Interest	1,201,012 858,534	848,98 606,73	617,86	744,54	735,87	729,81	762,53	883,04
	↔							
Principal	20,934,980 1,168,001	1,136,087 958,523	1,016,567	1,046,741	995,687	934,382	940,192	619,624
	↔							
Fiscal Year	2010-11(2) 2009-10	2008-09 2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02

(1) Includes General fund of the Primary Government and operating fund of the Discretely Presented Component Unit - School Board.
(2) Includes principal of \$17,950,000 to pay off anticipation notes and bonds



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit - School Board, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Washington, Virginia's basic financial statements and have issued our report thereon dated November 28, 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 Washington, 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 Washington, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Washington, 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 Washington, 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 Washington, Virginia in a separate letter dated November 28, 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.

Robinson, James, Ly Associates
Christiansburg, Virginia

November 28, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED DURING ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the County of Washington, 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 Washington, Virginia's major federal programs for the year ended June 30, 2011. The County of Washington, 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 Washington, Virginia's management. Our responsibility is to express an opinion on the County of Washington, 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 Washington, 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 Washington, Virginia's compliance with those requirements.

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

Internal Control Over Compliance

Management of the County of Washington, 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 Washington, 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 Washington, 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.

Christiansburg, Virginia November 28, 2011

Kohimson, Farmer, la Associates

County of Washington, Virginia Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number			Federal Expenditures
Department of Health and Human Services:					
Pass Through Payments: Department of Social Services:					
Child Care and Development Fund Cluster:					
Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575 93.596	90544, 90545 90116, 90117, 90118, 90236		\$	135,864 118,147
Office date wardatory and watering raines of the Office date and Development raine	30.030	90237, 90238, 90378			110,147
ARRA - Child Care and Development Block Grant	93.713	90116, 90117, 90118, 90236 90237, 90238, 90378			14,853
Promoting Safe and Stable Families	93.556	90237, 90238, 90378			25,602
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112			461,029
		90127, 90229, 90230, 90231 90232, 90247, 90366, 90409			
	00 500	90411, 90412, 90413			0.45
Refugee and Entrant Assistance - State Administered Programs Low-Income Home Energy Assistance	93.566 93.568	90113, 90233, 90413, 90713 90114, 90115, 90234, 90235			845 29,195
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251			1,805
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209			401,959
		90225, 90226, 90227, 90253 90258, 90405, 90406, 90407			
		90636, 90637, 90639, 90658			
		90705, 90706, 90707, 90733 90738			
Adoption Assistance	93.659	90108, 90214, 90228, 90408			109,697
Social Services Block Grant	93.667	90606, 90708 90120, 90122, 90123, 90240			317,181
Social Services Block Grant	93.007	90242, 90243, 90262, 90306			317,101
	00.074	90312, 90322, 90339, 90340			0.054
Chafee Foster Care Independence Program Children's Health Insurance Program	93.674 93.767	90254 90102, 90222, 90402, 90702			8,251 13,095
Medical Assistance Program	93.778	90101, 90146, 90213, 90221			261,239
		90266, 90401, 90446, 90701 90746			
		90740		_	
Total Department of Health and Human Services				_\$	1,898,762
Department of Agriculture:					
Pass Through Payments:					
Department of Agriculture: Child Nutrition Cluster-Food Distribution (Note 3)	10.555	40623	\$	240,217	
Department of Education: Child Nutrition Cluster-National school lunch program	10.555	40623	\$	1,669,146 \$	1,909,363
Schools and Roads Cluster-Schools and RoadsGrants to States	10.665	43841	<u> </u>	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	27,793
Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223		_	441,251
		90224, 90403, 90404, 90703		_	
		90704			
Total Department of Agriculture				\$	2,378,407
Department of the Interior:					
Direct payments:					
Bureau of Land Management: Payments in Lieu of Taxes	15.226	Not applicable		\$	22,461
·	10.220	ττοι αρριιοασίο		<u> </u>	22,701
Department of Justice:					
Pass Through Payments: Department of Criminal Justice Service:					
Violence Against Women Formula Grants	16.588	08WFAX0050; 09WFAX0037		\$	31,609
Compensation Board:					
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09SUB9033		_\$	37,767
Total Department of Justice				\$	69,376
					· .
Department of Transportation: Pass Through Payments:					
Department of Motor Vehicles:					_
Alcohol Open Container Requirements	20.607			<u>\$</u>	33,812

County of Washington, Virginia Schedule of Expenditures of Federal Awards (Continued) For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Emergency Management Agency: Pass Through Payments: Department of Emergency Management: State and Local All Hazards Emergency Operations Planning	83.562	99910	\$ 5,000
Department of Education: Pass Through Payments: Department of Education: Title I, Part A Cluster:			
Title I: Grants to local educational agencies ARRA - Title I: Grants to local educational agencies Special Education Cluster:	84.010 84.389	42901; 42999 42913	\$ 1,387,895 348,553
Special Education Cluster: Special Education - Grants to states ARRA - Special Education - Grants to states Special Education - Preschool grants ARRA - Special Education - Preschool grants Improving Teacher Quality State Grants ARRA - Teacher Quality Enhancement Partnerships Adult Education - Basic grants to states Career and Technical Education - Basic grants to states Safe and drug-free schools and communities - state grants Education Technology State Grants Gaining Early Awareness and Readiness for Undergraduate Programs ARRA - State Fiscal Stabilization Funds - Education State Grants	84.027 84.391 84.173 84.392 84.367 84.405 84.002 84.048 84.186 84.318 84.334 84.394	43071 61245 62521 62521 61480 61480 42801; 61111 61095 65011 61600	1,354,011 799,769 46,346 35,679 419,612 15,090 366,168 141,587 1,958 15,897 31,950 500,000
Total Department of Education Department of Housing and Urban Development:			\$ 5,464,515
Pass Through Payments: Department of Housing and Community Development: Community development block grant	14.228	50797	<u>\$ 1,251,443</u>
Department of Homeland Security: Pass Through Payments: Department of Emergency Services: Inoperable Emergency Communications Grant	97.001		\$ 94,336
Total Expenditures of Federal Awards			\$ 11,218,112

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Washington, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of the County of Washington, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Washington, 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, 2011, 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	\$	3,816,441
Component Unit Schools: School Operating Fund	_\$	7,401,671
Total federal expenditures per basic financial statements	<u> \$ </u>	11,218,112
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	11,218,112

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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?

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Type of auditor's report issued on compliance

for major programs: Unqualified

Any findings disclosed that are required to be reported in accordance with Circular A-133

roportou in accordance with onedial 71 100

Section 510(a)?

Identification of major programs:

CFDA Numbers Name of Federal Program or Cluster

84.010/84.389 Title I, Part A Cluster

93.575/93.596/93.713 Child Care and Development Funds Cluster 84.367/84.405 Improving Teacher Quality State Grants

84.394 ARRA - State Fiscal Stabilization Funds-Education State Grants

84.027/84.173/84.391/84.392 Special Education - IDEA Cluster

14.228 Community Development Block Grant

84.002 Adult Basic Education
93.667 Social Services Block Grant

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2011

\$

342,368

Section I – Summary of Auditor's Results (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

Section II – Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Audit Findings

None



COUNTY OF WASHINGTON, VIRGINIA



AUDIT PRESENTATION FEBRUARY 14, 2012

COUNTY OF WASHINGTON, VIRGINIA AUDIT PRESENTATION FISCAL YEAR ENDED JUNE 30, 2011

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County of Washington, Virginia General Fund Summary

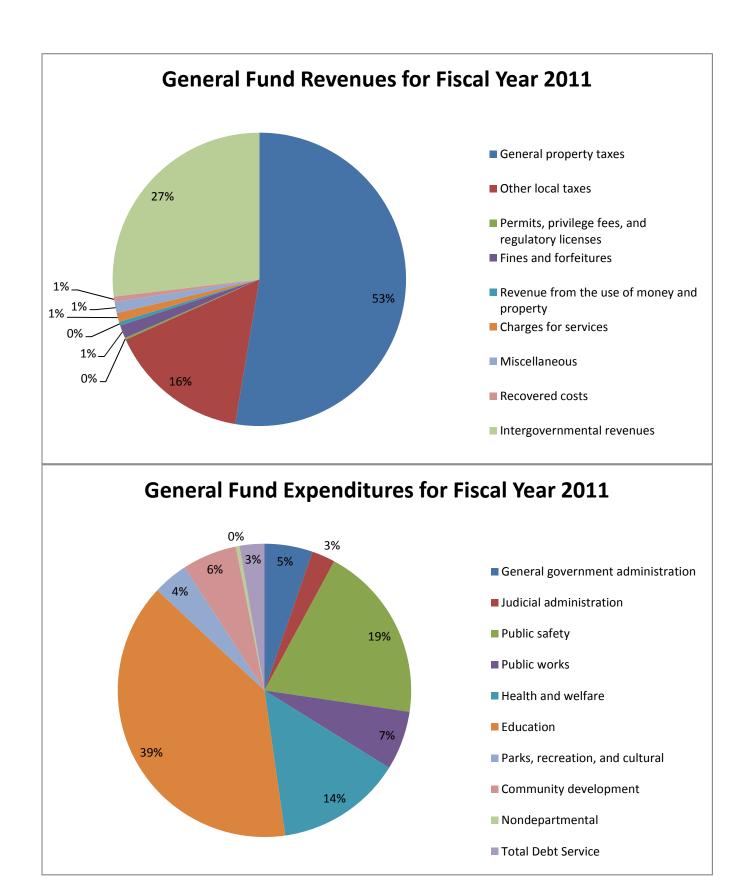
Revenues:		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Compounded Annual <u>Growth Rate</u>
General property taxes	\$	27.046.503 \$	27,299,486 \$	26,768,962 \$	39,065,655 \$	30.533.935	3.08%
Other local taxes	Ÿ	9,989,193	10,300,503	10,319,402	8,725,269	9,042,116	0.0070
Permits, privilege fees, and regulatory licenses		205,520	157,441	125,669	154,291	118,976	
Fines and forfeitures		641,383	738,157	854,554	722,986	834,151	
Revenue from the use of money and property		952.409	643,911	260,718	189,966	244,080	
Charges for services		657,402	702,236	590,199	68,678	571,144	
Miscellaneous		290.841	272,712	387,525	460,917	708,884	
Recovered costs		508.789	753,738	665,589	678,020	349.793	
Intergovernmental revenues		11,348,309	12,352,160	13,274,877	14,218,463	15,590,420	8.26%
Total Revenues		51,640,349	53,220,344	53,247,495	64,284,245	57,993,499	2.94%
Expenditures							
General government administration		2,634,968	2,842,081	3,075,945	2,770,049	2,900,525	
Judicial administration		1,202,363	1,368,456	1,400,889	1,362,945	1,407,319	
Public safety		8,937,458	8,699,315	10,271,050	10,569,641	10,644,584	
Public works		2,838,179	3,138,392	3,044,273	2,968,124	3,549,820	
Health and welfare		6,677,452	7,822,985	7,852,356	7,657,509	7,589,378	
Education		18,956,088	22,737,373	22,306,897	21,268,667	21,445,083	
Parks, recreation, and cultural		2,379,074	2,234,793	2,214,686	2,099,216	2,123,190	
Community development		2,258,385	2,321,698	2,057,953	2,570,449	3,286,491	
Nondepartmental		74,973	104,973	169,856	134,080	231,976	
Total operating expenditures		45,958,940	51,270,066	52,393,905	51,400,680	53,178,366	3.71%
Capital projects Debt service: Principal retirement Interest and other fiscal charges		1,016,567 617,865	958,523 606,733	1,136,087 848,989	1,168,001 728,517	984,980 506,210	
interest and other fiscal charges		017,003	000,733	040,909	720,317	300,210	
Total Debt Service		1,634,432	1,565,256	1,985,076	1,896,518	1,491,190	-2.27%
Total Expenditures		47,593,372	52,835,322	54,378,981	53,297,198	54,669,556	3.53%
Other Financing Sources/(Uses)		(2,879,429)	(759,060)	(797,596)	(2,466,126)	2,600,036	
Change in Fund Balance		1,167,548	(374,038)	(1,929,082)	8,520,921	5,923,979	
Beginning Fund Balance		11,676,396	12,843,944	12,469,906	10,540,824	19,601,745	
Ending Fund Balance	\$	12,843,944 \$	12,469,906 \$	10,540,824 \$	19,061,745 \$	25,525,724	
Ending Cash and Investments Balance	\$	12,282,245 \$	11,609,690 \$	10,976,013 \$	18,953,440 \$	23,868,175	

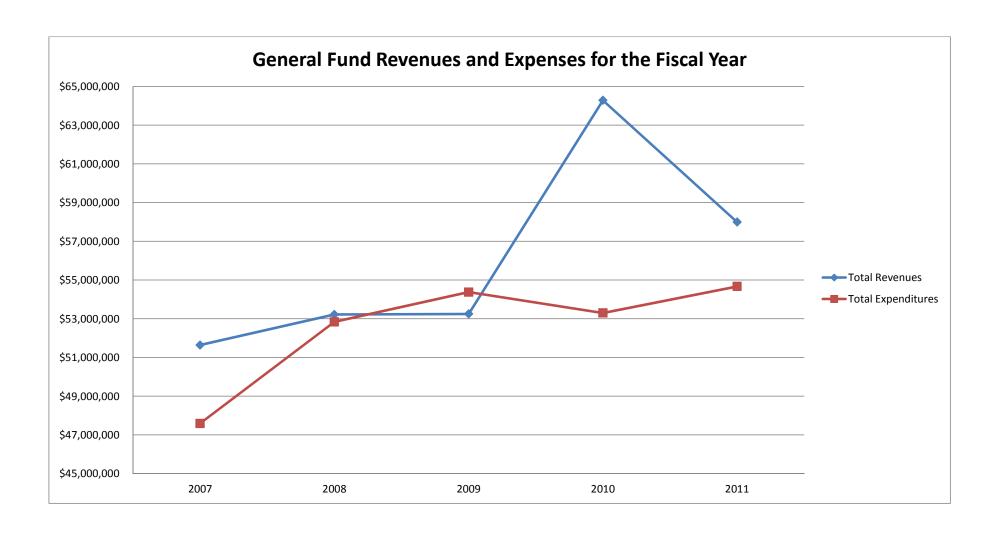
Summarized from Financial Reports for the fiscal years listed above.

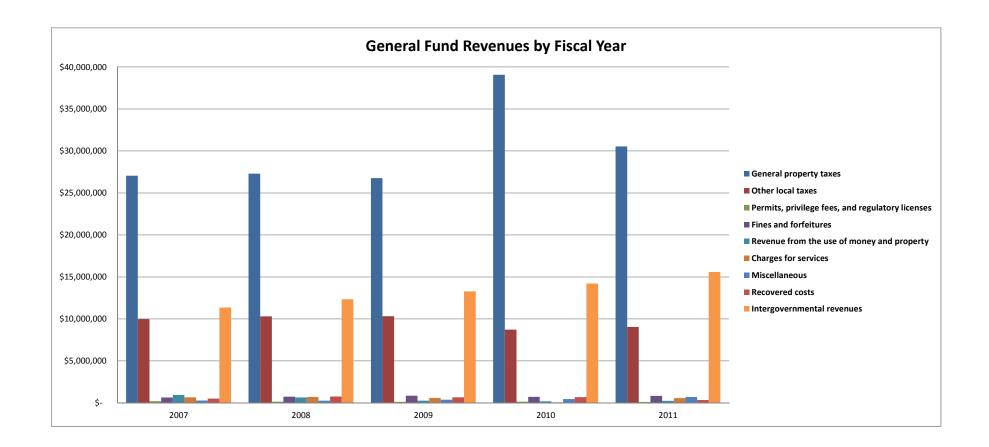
County of Washington, Virginia Calculation of Operating Reserve

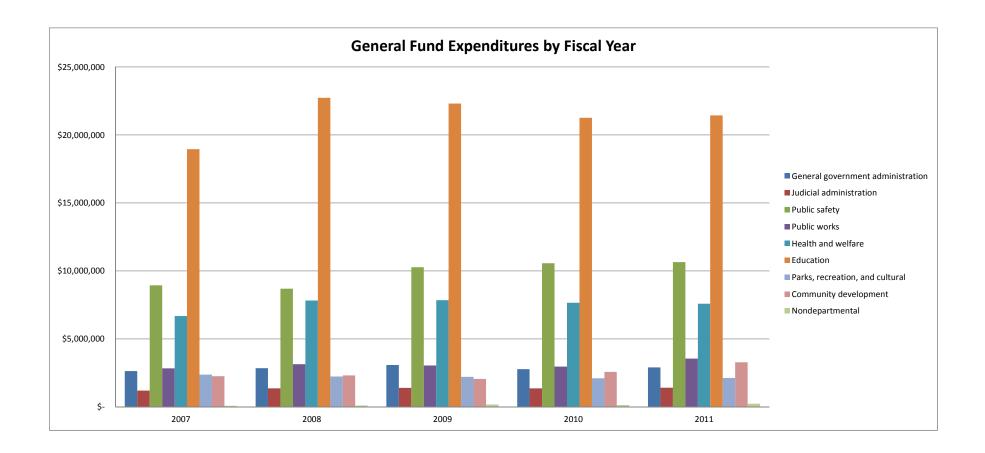
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Ending General Fund Balance	\$ 12,843,944	\$ 12,469,906	\$ 10,540,824	\$ 19,061,745	\$ 25,525,724
Ending General Fund Cash and Investment Balance	\$ 12,282,245	\$ 11,609,690	\$ 10,976,013	\$ 18,953,440	\$ 23,868,175
Total County operating expenditures (includes debt) School Board operating expenditures Transfer to School Board shown in County	\$ 47,593,372 68,196,953	\$ 52,835,322 72,876,955	\$ 54,378,981 74,016,053	\$ 53,297,198 71,657,371	\$ 54,669,556 68,398,805
expenditures	 (18,831,045)	(22,602,873)	(22,168,670)	(21,134,400)	(21,362,551)
Net Government Operating Expenditures	\$ 96,959,280	\$ 103,109,404	\$ 106,226,364	\$ 103,820,169	\$ 101,705,810
Ending Fund Balance as a % of Operating Expenditures	13.25%	12.09%	9.92%	18.36%	25.10%
Ending Cash Balance as a % of Operating Expenditures	12.67%	11.26%	10.33%	18.26%	23.47%
Days held in operating reserve (fund balance)	48	44	36	67	92
Days held in operating reserve (cash balance)	46	41	38	67	86

Summarized from Financial Reports for the fiscal years listed above.



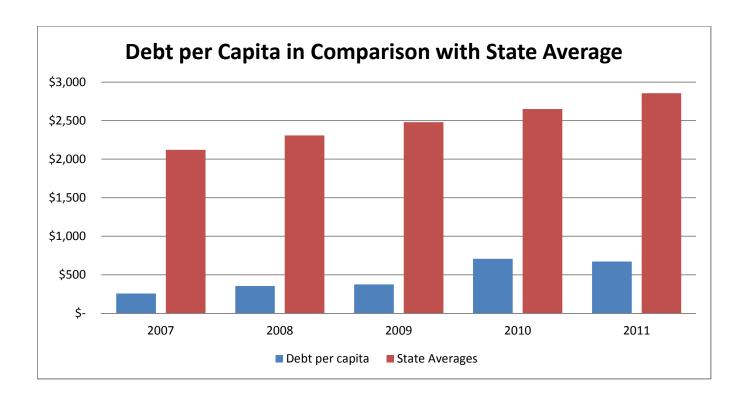






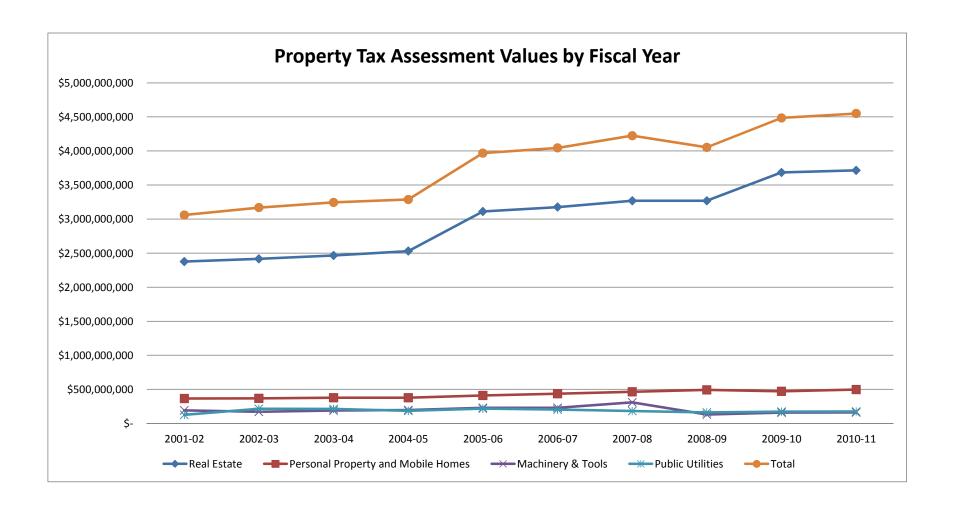
County of Washington, Virginia Debt Summary

Company I amount amount Obligations		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Long-term Obligations Literary Loans Lease Revenue Notes	- \$	4,463,280	\$ 4,118,793 -	\$ 3,808,306 \$ 2,000,000	3,497,819 19,950,000	\$ 3,195,159 13,340,000
Capital Leases General Obligation Debt Unfunded Pension Refunding Bond		17,404 8,081,865	12,492,105	11,666,505	10,808,991	18,271,671
Other Long-term Obligations		575,447	1,447,265	1,701,574	1,830,284	2,057,651
General Long-term Obligations	\$	13,137,996	\$ 18,058,163	\$ 19,176,385 \$	36,087,094	\$ 36,864,481
Population		51,103	51,103	51,103	51,103	54,876
Debt per capita		257	353	375	706	672
State Averages		2,122	2,307	2,481	2,651	2,855
General Debt Repayment:	_					
Total General Debt Repayment	\$	1,634,432	\$ 1,565,256	\$ 1,985,076 \$	1,896,518	\$ 1,491,190
Debt as a % of Operating and Debt Service Expenditures		3.43%	2.96%	3.65%	3.56%	2.73%
Projected Debt Repayment		2012	2013	2014	2015	2016
гтојестей реві кераушент	_	2012	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2010</u>
Total General Debt Repayment	\$	1,600,821	\$ 1,645,098	\$ 1,668,601 \$	1,818,178	\$ 1,963,828



County of Washington, Virginia Assessment Summary

Fiscal						Overall
		Personal Property and				
Year	Real Estate	Mobile Homes	Machinery & Tools	Public Utilities	Total	Growth rates
2001-02	2,376,123,800	366,583,026	192,089,250	124,865,310	3,059,661,386	n/a
2002-03	2,415,334,275	367,167,603	171,601,551	214,914,064	3,169,017,493	3.57%
2003-04	2,464,931,423	377,647,003	190,009,524	211,993,150	3,244,581,100	2.38%
2004-05	2,529,993,382	376,789,058	196,611,365	184,733,489	3,288,127,294	1.34%
2005-06	3,112,082,500	410,332,545	229,320,270	216,983,390	3,968,718,705	20.70%
2006-07	3,176,091,700	436,066,753	229,222,785	203,630,931	4,045,012,169	1.92%
2007-08	3,269,046,000	463,976,908	310,175,750	181,363,006	4,224,561,664	4.44%
2008-09	3,269,165,800	492,537,196	129,910,105	161,732,484	4,053,345,585	-4.05%
2009-10	3,684,810,300	470,661,432	158,176,655	171,979,877	4,485,628,264	10.66%
2010-11	3,714,880,800	498,040,367	160,572,846	176,316,906	4,549,810,919	1.43%
Increase entire	1.56342056	1.35860182	0.83592833	1.41205677	1.48703087	
Compound Annual Growth Rate	5.09%	3.46%	-1.97%	3.91%	4.51%	



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: November 28, 2011

MEMORANDUM TO: Mark Reeter

County of Washington

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit For the Year Ended June 30, 2011

In planning and performing our audit of the financial statements of County of Washington, Virginia for the year ended June 30, 2011, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 28, 2011 on the financial statements of the County of Washington, Virginia. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Purchasing-School Board:

During our audit of School Board contracts over \$50,000 we noted two contracts that did not go through the proper procurement process. For purchases occurring during the 2011 fiscal year, the Virginia Procurement Act required that purchases in excess of \$50,000 be procured through the sealed bidding process. The School Board had two contracts in excess of \$50,000 for which no sealed bids were requested or received. Effective July 1, 2011, the Virginia Procurement Act was revised and now requires that the sealed bidding process be followed for purchases in excess of \$100,000. We recommend that the School Board follow the state procurement policies for all future purchases.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

November 28, 2011

To the Board of Supervisors County of Washington, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 27, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. As described in Note 1, the County changed accounting policies relating to the classification of fund balance by adopting Statement of Government Accounting Standards (GASB) Statement No. 54 during 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the County's financial statements was:

Management's estimate of the useful lives of its assets is based on historical data. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the County's long term obligations in Note 7 to the financial statements is considered the most sensitive disclosure due to the material dollar amount it represents.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 28, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Supervisors and management of the County of Washington, Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Robinson, Farmer, Cox Associates

Christiansburg, Virginia November 28, 2011