
COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2009



COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2009

**COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009**

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INTRODUCTORY SECTION

COUNTY OF WASHINGTON, VIRGINIA

BOARD OF SUPERVISORS

Phillip B. McCall	Kenneth O. Reynolds, Chair	Paul Price
Thomas G. Taylor		Jack R. McCrady, Jr.
Dulcie M. Mumpower		Odell Owens
	Mark K. Reeter, Clerk	

COUNTY SCHOOL BOARD

Herschel Stevens	Tom D. Musick, Chair	Curtis Burkett
Billy W. Brooks		William B. Boone
Elizabeth P. Lowe		Dayton Owens
	Melissa Caudill, Clerk	

SOCIAL SERVICES BOARD

Randall T. Blevins	Stephen B. Talbert, Chair	Dan C. Ball
John B. Roberts		Richard C. Buchanan
Lisa D. Andis		Sarah Haderer

OTHER OFFICIALS

Chief Judge of the Circuit Court.....	C. Randall Lowe
Judge of the Circuit Court.....	Larry Kirksey
Judge of the Circuit Court.....	Issac S. Freeman
Judge of the District Court.....	Joseph S. Tate
Judge of the District Court.....	Sage B. Johnson
Judge of Juvenile and Domestic Relations Court.....	Charles F. Lincoln
Judge of Juvenile and Domestic Relations Court.....	Florence A. Powell
Clerk of the Circuit Court.....	Patricia S. Phipps
Commonwealth's Attorney.....	Dennis Godfrey
Commissioner of the Revenue.....	David Henry
Treasurer.....	Fred W. Parker
Sheriff.....	Fred P. Newman
Superintendent of Schools.....	Dr. Alan T. Lee
Director of Social Services.....	Tommy L. Casteel
County Administrator.....	Mark K. Reeter
Finance Director.....	Mark W. Seamon
County Attorney.....	Lucy E. Phillips

FINANCIAL SECTION

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, the major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2009, 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 audit. We did not audit the financial statements of the Washington County Service Authority, the Virginia Highlands Airport Authority and the Industrial Development Authority of Washington County (note that the Airport Authority and IDA are presented as "other" discretely presented component units). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Washington County Service Authority, the Virginia Highlands Airport Authority and the Industrial Development Authority of Washington County is based on the report of the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the 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, the major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Post-Employment Benefits other than Pensions*, effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the County of Washington, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Washington, Virginia's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Washington, Virginia. The schedule of expenditures of federal awards 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. The introductory section and other supplementary information section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Co. Associates

Christiansburg, Virginia
November 30, 2009

Management's Discussion and Analysis

As management of the County of Washington, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights For Fiscal Year 2009

- Total net assets for governmental activities were \$12.9 million at the end of FY 2009. This figure is based on assets totaling \$67.5 million and liabilities of \$54.6 million. The liabilities amount includes a non-current component for long-term debt associated with the acquisition of assets for the County and School system. The total for assets includes only the school properties with related debt. (Exhibit 1).
- During the year, the County's General Revenues, which includes property taxes and other local taxes for the primary government, were \$0.3 million less than the \$41.6 million of net primary government expenses. (Exhibit 2).
- Total general fund revenues were \$4.0 million less than the final budgeted amount. Actual expenditures were \$8.3 million less than the final expenditure budget. (Exhibit 11)
- The County's total outstanding debt at fiscal year end increased by \$1.1 million because the County incurred new debt for the sheriff building. During the year, the County entered into a \$2.0 million lease revenue note with the Industrial Development Authority of Washington County for the purchase of a building to house the Sheriff's operations.
- Component Unit net assets were \$79.0 million at the end of FY2009. Of this amount, \$70.4 million is invested in capital assets, net of related debt.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$7.6 million. The Board of Supervisors has adopted a policy to keep the unreserved general fund balance at a minimum of \$5.0 million. The County needs to keep an adequate cash reserve to cover expenses until the collection of property tax revenues start.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Washington's basic financial statements which comprise three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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 user of this report, however, must keep in mind that School related debt activities may distort net assets.**

The *statement of activities* presents information showing how the government's net assets changed during the 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 this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, health and welfare, parks and recreation, solid waste and community development. The County does not have any business-type activities.

The government-wide financial statements include the County (known as the *primary government*) as well as funds of the Washington County School Board, the Washington County Service Authority, the Virginia Highlands Airport Commission and the Washington County Industrial Development Authority (known as the *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or difference) between them.

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Assets and Statement of Activities. Enterprise funds are a type of proprietary fund and are the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's component unit Service Authority and other component units are presented as proprietary funds.

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

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

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

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

Summary of Net Assets:

The following table reflects the condensed Statement of Net Assets as presented in the government-wide financial statements (in millions):

	Governmental Activities		Component Units	
	FY2009	FY2008	FY2009	FY2008
Current and other assets	\$53.8	\$55.6	\$24.5	\$21.2
Capital assets, net	13.7	7.7	88.0	83.7
Total assets	67.5	63.3	112.5	104.9
Other liabilities	36.6	33.2	7.7	6.8
Long-term liabilities	18.0	16.9	25.8	21.6
Total liabilities	54.6	50.1	33.5	28.4
Net assets:				
Invested in capital assets, net of related debt	5.2	2.3	70.4	68.5
Restricted	0.7	4.3	14.9	14.8
Unrestricted	7.0	6.6	(6.3)	(6.8)
Total net assets	\$12.9	\$13.2	\$79.0	\$76.5

The County's combined net assets decreased from \$13.2 million to \$12.9 million as a result of the decrease in net activities of governmental activities of \$0.3 million. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County began the fiscal year at \$6.6 million. By the end of the fiscal year, the unrestricted net assets were increased to \$7.0 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation.

Component unit net assets decreased slightly as the result of an increase in expenses.

Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2009 (in millions):

(Exhibit 2)	Governmental Activities		Component Units	
	FY2009	FY2008	FY2009	FY2008
Revenues:				
Program revenues:				
Charges for Services	\$1.6	\$1.6	\$15.8	\$15.1
Operating Grants & Contributions	13.5	12.4	48.6	46.3
Capital Grants & Contributions	0.1	0.1	0.5	1.1
General Revenues				
Property Taxes	27.0	27.4	0.0	0.0
Other Taxes	10.3	10.3	0.0	0.0
Other	1.0	1.1	1.4	2.0
Payments from the County	0.0	0.0	23.2	23.5
Total Revenues	53.5	52.9	89.5	88.0
Expenses				
General Government	2.8	2.9	0.0	0.0
Judicial Administration	1.5	1.4	0.0	0.0
Public Safety	7.5	9.2	0.0	0.0
Public Works	3.1	3.2	11.2	10.5
Health and Welfare	8.0	7.9	0.0	0.0
Education	22.5	22.9	73.1	71.9
Parks, Recreation and Cultural	1.9	2.4	0.0	0.0
Community Development	5.7	1.7	3.2	6.5
Interest on Long-Term Debt	0.8	0.8	0.0	0.0
Water	0.0	0.0	0.0	0.0
Total Expenses	53.8	52.4	87.5	88.9
Change in Net Assets	(0.3)	0.5	2.0	(0.9)
Transfers	0.0	0.0	0.0	0.0
Net Assets, Beginning of Year	13.2	12.7	77.0	77.5
Net Assets, Ending	\$12.9	\$13.2	\$79.0	\$76.6

Revenues

For the fiscal year ended June 30, 2009, revenues from governmental funds totaled \$53.5 million. Property tax revenues, the County's largest revenue source, were \$27.0 million, a decrease of \$0.4 million from the prior fiscal year. Other local taxes (including sales taxes, recordation taxes, and meals taxes) were \$10.3 million, the same as FY2008. Intergovernmental revenues, totaling \$13.5 million, included some increases in support from the Commonwealth of Virginia for Public Safety and Public Welfare.

Component unit revenues total \$90.0 million, including a \$23.2 million transfer from the general fund. Increased revenues are due to an increase in programs, resulting in additional State revenues and Federal revenues.

Expenses / Expenditures

For the fiscal year ended June 30, 2009, expenses for governmental activities totaled \$53.8 million. Included in the expenses are increases in employee compensation, transfers for educational expenses to the School Board, and interest on long-term debt.

Education is a very high priority in the Washington County community; consequently the Board of Supervisors contributed \$22.5 million to the operation of the Washington County schools. This amount represented about 41% of the County's general fund expenses.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2009, the governmental funds reflect a combined fund balance of \$17.1 million, an decrease of \$5.6 million from the fiscal year ended June 30, 2008. This decrease is due to lack of budgeted revenues being received, and an increase in budgeted expenditures for public safety, education and community development.

General Fund Budgetary Highlights

The following table presents revenue and expenditure for the General Fund only for FY 2009 (in millions):

	<u>Original Budget</u>		<u>Final Budget</u>		<u>Actual</u>
Revenues:					
Taxes	\$ 37.6	\$	37.6	\$	37.1
Intergovernmental	14.6		16.2		13.3
Other	3.4		3.4		2.9
Total	\$ 55.6	\$	57.2	\$	53.3
Expenditures and Transfers:					
Expenditures	\$ 57.0	\$	62.7	\$	54.4
Transfers	0.0		0.0		0.8
Total	57.0		62.7		55.2
Changes in Fund Balance	\$ (1.4)	\$	(5.5)	\$	(1.9)

A discussion of the variances between the original budget and the final budget and of the variance between the final budget and the actual results is constructive.

The most significant decrease in comparing final budget to actual revenues is found in the "Recovered Cost" and "Intergovernmental" categories. They fell short of the final budgeted amounts by approximately \$3.4 million.

The most significant increase in comparing original budget to final budget in expenditures is found in the "Public Safety" and "Community Development" categories. They increased by approximately \$4.5 million. Also a significant decrease can be found in comparing final budget to actual in expenditures because of unexpended funds for various fiscal year 2009 projects and commitments.

Capital Assets

The following table displays the County and Schools (Discretely Presented Component Unit) capital assets at June 30, 2009, in millions of dollars:

	Governmental Activities		Discretely Presented Component Unit School Board	
	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>
Non-Depreciable Assets:				
Land	\$0.9	\$0.8	\$2.8	\$2.8
Construction in Progress	4.1	1.8	0.0	0.6
Other Capital Assets:				
Buildings and Systems	11.2	7.3	37.8	36.5
Machinery and Equipment	7.8	7.3	14.2	12.6
Accumulated Depreciation	<u>(10.2)</u>	<u>(9.6)</u>	<u>(36.7)</u>	<u>(35.0)</u>
Totals	<u>\$13.8</u>	<u>\$7.6</u>	<u>\$18.1</u>	<u>\$17.5</u>

The table below shows the change in total County and Schools (Discretely Presented Component Unit) capital assets for the fiscal year ended June 30, 2009 in millions of dollars:

	<u>Balance June 30, 2008</u>	<u>Net Additions/Deletions</u>	<u>Balance June 30, 2009</u>
Non-Depreciable Assets:			
Land	\$3.6	\$0.1	\$3.7
Construction in Progress	2.4	1.7	4.1
Other Capital Assets:			
Buildings and Systems	43.8	5.2	49.0
Machinery and Equipment	19.9	2.1	22.0
Accumulated Depreciation	<u>(44.6)</u>	<u>(2.3)</u>	<u>(46.9)</u>
Totals	<u>\$25.1</u>	<u>\$6.8</u>	<u>\$31.9</u>

Additional detailed capital asset information can be found in Note 11 in the "Notes to Financial Statements" section of the report.

Long Term Debt

The following table displays the County and Schools (Discretely Presented Component Unit) Outstanding Debt at June 30, 2009, in millions of dollars:

	Governmental Activities		Discretely Presented Component Unit School Board	
	<u>FY2009</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2008</u>
General Obligation Bonds	\$12.0	\$12.8	\$0.0	\$0.0
Revenue Bonds	2.0	0.0	0.0	0.0
Literary Loans	3.8	4.1	0.0	0.0
Capital Leases	0.0	0.0	0.0	0.0
Landfill Closure/Post				
Closure Liability	0.1	0.1	0.0	0.0
Compensated Absences	1.3	1.1	3.5	3.3
Total	<u>\$19.2</u>	<u>\$18.1</u>	<u>\$3.5</u>	<u>\$3.3</u>

Economic Factors

For the fiscal year ended June 30, 2009, the economic growth in Washington County, Virginia came to a halt as the result of the recession that gripped the United States. This resulted in flat governmental revenues and a decrease in government fund balances of \$5.6 million to fund current governmental operations. On a government – wide basis the County fared better with only a \$0.3 million reduction in net assets. Component Units added \$2.0 million to their net assets.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Accounting Department, 205 Academy Drive, Abingdon, Virginia 24210.

Basic Financial Statements

County of Washington, Virginia
Statement of Net Assets
June 30, 2009

	Primary Government		Component	
	Governmental Activities	School Board	Service Authority	Other
ASSETS				
Cash and cash equivalents	\$ 17,487,062	\$ 4,073,363	\$ 2,719,745	\$ 4,087,759
Cash in custody of others	-	300	-	-
Investments	-	-	416,518	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	33,388,611	-	-	-
Accounts receivable	580,092	-	1,047,289	163,921
Notes receivable	-	172,983	-	2,000,000
Due from primary government	-	2,813,542	-	-
Due from other governmental units	2,296,392	1,430,293	29,845	5,186
Inventories	-	-	365,570	59,728
Prepaid expenses	-	611,988	96,183	15,454
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	-	-	3,808,793	-
Other assets:				
Unamortized bond issue costs	-	-	376,448	188,759
Capital assets (net of accumulated depreciation):				
Land	905,069	2,819,475	620,061	12,772,051
Buildings and system	7,312,731	10,556,751	7,780,832	3,581,731
Improvements other than buildings	46,804	-	-	6,194,961
Machinery and equipment	1,421,340	4,727,391	1,075,405	144,374
Infrastructure	-	-	34,090,406	-
Construction in progress	4,095,690	-	2,870,096	776,886
Total assets	<u>\$ 67,533,791</u>	<u>\$ 27,206,086</u>	<u>\$ 55,297,191</u>	<u>\$ 29,990,810</u>
LIABILITIES				
Accounts payable	\$ 370,405	\$ 366,881	\$ 345,188	\$ 234,564
Accrued liabilities	-	640,254	224,161	2,900
Accrued wages	-	4,050,238	-	8,642
Accrued interest payable	313,933	-	72,872	215,235
Due to component unit	2,813,542	-	-	-
Deferred revenue	31,918,259	-	-	-
Long-term liabilities:				
Due within one year	1,140,643	-	1,171,743	390,000
Due in more than one year	18,035,742	3,457,050	14,285,061	8,062,174
Total liabilities	<u>\$ 54,592,524</u>	<u>\$ 8,514,423</u>	<u>\$ 16,099,025</u>	<u>\$ 8,913,515</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 5,212,136	\$ 18,103,617	\$ 31,941,765	\$ 20,331,669
Restricted for:				
Debt service	-	-	14,871,483	-
Forfeited Assets	696,717	-	-	-
Unrestricted (deficit)	7,032,414	588,046	(7,615,082)	745,626
Total net assets	<u>\$ 12,941,267</u>	<u>\$ 18,691,663</u>	<u>\$ 39,198,166</u>	<u>\$ 21,077,295</u>

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

County of Washington, Virginia
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Service Authority	Other Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,811,456	\$ 54,640	\$ 429,174	\$ -	\$ (2,327,642)	\$ -	\$ -	\$ -
Judicial administration	1,445,528	931,346	930,473	-	416,291	-	-	-
Public safety	7,537,178	141,968	3,150,272	-	(4,244,938)	-	-	-
Public works	3,123,952	382,808	66,986	96,650	(2,577,508)	-	-	-
Health and welfare	7,953,182	-	5,539,830	-	(2,413,352)	-	-	-
Education	22,493,692	-	-	-	(22,493,692)	-	-	-
Parks, recreation, and cultural	1,920,026	55,765	198,452	-	(1,665,809)	-	-	-
Community development	5,671,641	3,895	149,660	-	(5,518,086)	-	-	-
Interest on long-term debt	823,279	-	-	-	(823,279)	-	-	-
Total primary government	\$ 53,779,934	\$ 1,570,422	\$ 10,464,847	\$ 96,650	\$ (41,648,015)	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 73,078,248	\$ 2,490,312	\$ 48,497,132	\$ 200,132	\$ -	\$ (21,890,672)	\$ -	\$ -
Service Authority	11,247,031	11,272,342	46,421	-	-	-	71,732	-
Other Component Units	3,159,841	1,883,734	7,892	261,258	-	-	-	(1,006,957)
Total component units	\$ 87,485,120	\$ 15,646,388	\$ 48,551,445	\$ 461,390	\$ -	\$ (21,890,672)	\$ 71,732	\$ (1,006,957)
General revenues:								
General property taxes					\$ 27,016,327	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					6,146,689	-	-	-
Consumers' utility taxes					1,112,552	-	-	-
Local consumption taxes					1,685,233	-	-	-
Utility license taxes					124,114	-	-	-
Motor vehicle licenses					802,857	-	-	-
Bank stock taxes					31,306	-	-	-
Taxes on recordation and wills					380,947	-	-	-
Hotel and motel room taxes					35,704	-	-	-
Unrestricted revenues from use of money and property					298,747	16,750	169,322	45,257
Miscellaneous					737,526	1,129,954	-	-
Payments from Washington County					-	22,168,670	-	-
Grants and contributions not restricted to specific programs					2,977,414	200,000	-	-
Total general revenues					\$ 41,349,416	\$ 23,515,374	\$ 169,322	\$ 1,283,372
Change in net assets					(296,599)	1,624,702	241,054	276,415
Net assets - beginning					13,239,866	17,066,961	38,957,112	21,000,880
Net assets - ending					12,941,267	18,691,663	39,198,166	21,277,295

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

County of Washington, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,976,013	\$ 6,119,036	\$ 392,013	\$ 17,487,062
Taxes receivable	33,388,611	-	-	33,388,611
Other local taxes receivable	338,091	-	-	338,091
Other receivables	242,001	-	-	242,001
Due from other governmental units	2,275,272	21,120	-	2,296,392
Total assets	<u>\$ 47,219,988</u>	<u>\$ 6,140,156</u>	<u>\$ 392,013</u>	<u>\$ 53,752,157</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 364,844	\$ 5,561	\$ -	\$ 370,405
Due to component unit	2,813,542	-	-	2,813,542
Deferred revenue	33,500,778	-	-	33,500,778
Total liabilities	<u>\$ 36,679,164</u>	<u>\$ 5,561</u>	<u>\$ -</u>	<u>\$ 36,684,725</u>
Fund balances:				
Reserved for:				
Economic Development	\$ 428,204			\$ 428,204
Construction	-	6,119,035	392,013	6,511,048
Law Library	2,495			2,495
Forfeited Assets	696,717			696,717
Road Improvements	51,579			51,579
Utilities	1,790,754			1,790,754
Unreserved, reported in:				
General fund	7,571,075			7,571,075
Capital projects funds		15,560		15,560
Total fund balances	<u>\$ 10,540,824</u>	<u>\$ 6,134,595</u>	<u>\$ 392,013</u>	<u>\$ 17,067,432</u>
Total liabilities and fund balances	<u>\$ 47,219,988</u>	<u>\$ 6,140,156</u>	<u>\$ 392,013</u>	<u>\$ 53,752,157</u>

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

County of Washington, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 17,067,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,781,634
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,582,519
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(19,490,318)
Net assets of governmental activities	<u>\$ 12,941,267</u>

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

County of Washington, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 26,768,962	\$ -	\$ -	\$ 26,768,962
Other local taxes	10,319,402	-	-	10,319,402
Permits, privilege fees, and regulatory licenses	125,669	-	-	125,669
Fines and forfeitures	854,554	-	-	854,554
Revenue from the use of money and property	260,718	-	38,029	298,747
Charges for services	590,199	-	-	590,199
Miscellaneous	387,525	350,001	-	737,526
Recovered costs	665,589	-	-	665,589
Intergovernmental revenues:				
Commonwealth	10,906,263	146,650	96,264	11,149,177
Federal	2,368,614	21,120	-	2,389,734
Total revenues	<u>\$ 53,247,495</u>	<u>\$ 517,771</u>	<u>\$ 134,293</u>	<u>\$ 53,899,559</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,075,945	\$ -	\$ -	\$ 3,075,945
Judicial administration	1,400,889	-	-	1,400,889
Public safety	10,271,050	-	-	10,271,050
Public works	3,044,273	20,277	-	3,064,550
Health and welfare	7,852,356	-	-	7,852,356
Education	22,306,897	-	3,327,928	25,634,825
Parks, recreation, and cultural	2,214,686	-	-	2,214,686
Community development	2,057,953	3,747,332	-	5,805,285
Nondepartmental	169,856	-	-	169,856
Debt service:				
Principal retirement	1,136,087	-	-	1,136,087
Interest and other fiscal charges	848,989	-	-	848,989
Total expenditures	<u>\$ 54,378,981</u>	<u>\$ 3,767,609</u>	<u>\$ 3,327,928</u>	<u>\$ 61,474,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,131,486)</u>	<u>\$ (3,249,838)</u>	<u>\$ (3,193,635)</u>	<u>\$ (7,574,959)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 797,596	\$ -	\$ 797,596
Transfers out	(797,596)	-	-	(797,596)
Issuance of general obligation bond	-	2,000,000	-	2,000,000
Total other financing sources (uses)	<u>\$ (797,596)</u>	<u>\$ 2,797,596</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>
Net change in fund balances	\$ (1,929,082)	\$ (452,242)	\$ (3,193,635)	\$ (5,574,959)
Fund balances - beginning	12,469,906	6,586,837	3,585,648	22,642,391
Fund balances - ending	<u>\$ 10,540,824</u>	<u>\$ 6,134,595</u>	<u>\$ 392,013</u>	<u>\$ 17,067,432</u>

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

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, 2009

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

Net change in fund balances - total governmental funds	\$ (5,574,959)
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.	6,126,963
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	247,365
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.	(865,149)
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.	(232,819)
Change in net assets of governmental activities	<u>\$ (298,599)</u>

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

County of Washington, Virginia
Statement of Net Assets
Proprietary Fund
June 30, 2009

	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 985,718
LIABILITIES	
Current liabilities:	
Incurred but unpaid liability	\$ 640,254
NET ASSETS	
Unrestricted	\$ 345,464
Total net assets	<u>\$ 345,464</u>

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

County of Washington, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	<u>\$ 5,283,976</u>
OPERATING EXPENSES	
Insurance claims and expenses	<u>\$ 4,953,250</u>
Operating income (loss)	<u>\$ 330,726</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>\$ 14,738</u>
Change in net assets	<u>\$ 345,464</u>
Total net assets - beginning	-
Total net assets - ending	<u><u>\$ 345,464</u></u>

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

County of Washington, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 5,283,976
Payments for premiums	<u>(4,312,996)</u>
Net cash provided (used) by operating activities	<u>\$ 970,980</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 14,738
Net cash provided (used) by investing activities	<u>\$ 14,738</u>
Net increase (decrease) in cash and cash equivalents	\$ 985,718
Cash and cash equivalents - beginning (including restricted)	-
Cash and cash equivalents - ending (including restricted)	<u><u>\$ 985,718</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 330,726</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ 640,254
Net cash provided (used) by operating activities	<u><u>\$ 970,980</u></u>

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

County of Washington, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 246,588
Total assets	<u>\$ 246,588</u>
LIABILITIES	
Amounts held for Social Services clients	\$ 203,561
Amounts held for County employee fringe benefits	43,027
Total liabilities	<u>\$ 246,588</u>

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

The County of 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.

The Washington County Service Authority was created by the Board of Supervisors of the County to acquire, finance, and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority is appointed by the County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County. A complete financial report of the Authority can be obtained by contacting the Authority.

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.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1-Summary of Significant Accounting Policies:

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

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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.

The Washington County Service Authority was created by the Board of Supervisors of the County to acquire, finance, and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority is appointed by the County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County. A complete financial report of the Authority can be obtained by contacting the Authority.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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

A. Reporting Entity (continued)

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

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

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

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the 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 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 financial resources to be used for the acquisition and construction of major capital projects of the School Board.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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

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

Additionally, the County reports the following fund types:

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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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

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

1. Deposits and investments (continued)

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

2. Receivables and payables

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 "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 20th. Personal property taxes are due and collectible annually on December 20th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$532,973 at June 30, 2009 and is comprised solely of property taxes.

5. Use of Estimates

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

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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

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

6. Capital assets (continued)

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 asset lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	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.

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

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

8. Long-term obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund equity

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

10. Net Assets

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

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(19,490,317) and \$(3,457,050) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Literary loans	\$ (3,808,306)	\$ -
Bonds, bond premium and note	(13,992,143)	-
Accrued interest payable	(313,933)	-
Landfill accrued post-closure monitoring costs	(50,664)	-
Net OPEB obligation	(192,936)	(583,962)
Compensated absences	(1,132,335)	(2,873,088)
	<u> </u>	<u> </u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(19,490,317)</u>	\$ <u>(3,457,050)</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

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 \$6,126,963 and \$572,917 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 6,936,416	\$ 2,293,542
Depreciation expenses	(809,453)	(1,720,625)
Assets deleted	(140,564)	-
Accumulated depreciation deleted	140,564	-
	<hr/>	<hr/>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 6,126,963	\$ 572,917

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

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

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

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(865,149) difference in the primary government, are as follows:

	Primary Government
Debt Issued or Incurred:	
General obligation bonds	\$ (2,000,000)
Landfill post-closure care costs	(1,236)
Principal Payments:	
Literary loans	310,487
Bonds and note	<u>825,600</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>(865,149)</u></u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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 \$(232,820) and \$(130,074) 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	\$ (65,592)	\$ 453,618
(Increase) decrease in accrued interest	20,254	-
(Increase) decrease in net OPEB obligation	(192,937)	(583,962)
(Increase) decrease in premium amortization	5,456	-
 Net adjustment to increase (decrease) <i>net changes</i> <i>in fund balances-total governmental funds to arrive</i> <i>at changes in net assets of governmental activities</i>	 \$ (232,819)	 \$ (130,344)

Note 3-Stewardship, Compliance, and Accountability:

- A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. 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.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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 reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For fiscal year 2009, there were no excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2009, there were no funds with deficit fund equity.

Note 4-Deposits and Investments:

Deposits:

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

Investments:

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

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, 2009 were held in the County's name by the County's custodial bank. The Local Government Investment (LGIP) and State Non-Arbitrage

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 4-Deposits and Investments: (Continued)

Custodial Credit Risk (Investments) (continued)

(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, 2009 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 and Moody's rating scale for commercial paper.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	AAm
LGIP	\$ 1,023,876	\$ -
SNAP	-	397,462

Concentration of Credit Risk

At June 30, 2009, 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, 2009, 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.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
	<u> </u>	<u> </u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 1,029,633	\$ -
State sales tax	-	1,023,530
Categorical aid-shared expenses	355,231	-
Categorical aid-other	420,042	-
Non-categorical aid	100,975	-
Categorical aid-VPA funds	193,741	-
Other state aid	15,541	298
<u>Federal Government:</u>		
Categorical aid-VPA funds	181,229	-
Categorical aid-other	-	406,465
	<u> </u>	<u> </u>
Totals	\$ 2,296,392	\$ 1,430,293
	<u> </u>	<u> </u>

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u> </u>	<u> </u>	<u> </u>
<u>Primary Government:</u>		
General Fund	\$ 2,813,542	\$ -
	<u> </u>	<u> </u>
<u>Component Unit - School Board:</u>		
School Fund	\$ -	\$ 2,813,542
	<u> </u>	<u> </u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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 June 30,	Literary Loans		GO Bonds and Note		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 282,023	\$ 112,776	\$ 853,164	\$ 631,945	\$ -	\$ 130,017
2011	310,487	105,788	871,628	587,001	50,000	106,255
2012	302,660	96,474	894,647	537,631	67,000	103,108
2013	282,023	87,394	840,316	488,352	71,000	99,396
2014	282,023	78,934	864,250	440,364	74,000	95,495
2015-2019	1,410,115	267,757	3,984,235	1,488,474	436,000	411,462
2020-2024	910,473	66,100	2,225,230	528,878	566,000	277,231
2025-2028	28,502	855	1,133,035	116,998	736,000	103,188
Totals	\$ 3,808,306	\$ 816,078	\$ 11,666,505	\$ 4,819,643	\$ 2,000,000	\$ 1,326,152

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2009:

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
GO bonds	\$ 12,492,105	\$ -	\$ (825,600)	\$ 11,666,505
GO bond premium	331,094	-	(5,456)	325,638
Literary loans	4,118,793	-	(310,487)	3,808,306
Lease revenue note	-	2,000,000	-	2,000,000
Landfill post-closure liability	49,428	1,236	-	50,664
Net OPEB obligation	-	266,137	(73,200)	192,937
Compensated absences	1,066,743	65,592	-	1,132,335
Total	\$ 18,058,163	\$ 2,332,965	\$ (1,214,743)	\$ 19,176,385

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

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						
GO Bond	6.1-6.4%	5/19/1992	2012	\$ 305,000	\$ 45,000	\$ 15,000
GO Bond	4.85-6.6%	1/15/1992	2012	801,818	163,918	52,231
GO Bond	6.1-6.6%	11/22/1994	2015	585,000	165,000	30,000
GO Bond	6.1-6.6%	11/22/1994	2015	143,947	54,115	8,105
GO Bond	5.4-5.975%	5/18/1995	2016	1,260,000	420,000	60,000
GO Bond	5.1-6.1%	12/21/1995	2016	2,086,692	860,837	112,791
GO Bond	4.1-5.225%	5/13/1999	2020	1,400,000	770,000	70,000
GO Bond	3.1-5.35%	11/15/2001	2022	1,217,614	823,776	57,904
GO Bond	3.1-5.35%	12/23/2003	2024	972,237	755,981	45,019
GO Bond	5.05%	11/1/2007	2027	1,565,886	1,499,542	69,383
GO Bond	5.05%	11/1/2007	2027	1,204,508	1,153,481	53,371
GO Bond	5.05%	11/1/2007	2027	1,243,435	1,190,759	55,096
GO Bond	5.05%	11/1/2007	2027	989,925	947,993	43,863
Early retirement refunding note	6.77%	7/15/2001	2021	3,889,483	2,816,103	180,401
Total GO Bonds and Note					\$ 11,666,505	\$ 853,164

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Literary Loans:						
State Literary Fund Loan	3%	7/15/1991	2012	188,959	\$ 23,214	\$ -
State Literary Fund Loan	3%	7/15/1991	2012	293,214	7,928	-
State Literary Fund Loan	3%	7/15/1991	2012	79,280	17,959	-
State Literary Fund Loan	3%	12/15/2000	2021	957,237	573,237	48,000
State Literary Fund Loan	3%	10/1/2001	2022	1,001,149	650,750	50,057
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618	762,208	58,630
State Literary Fund Loan	3%	10/1/2001	2022	530,000	344,500	26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338	429,876	33,066
State Literary Fund Loan	3%	7/15/1991	2012	164,300	106,795	8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206	226,656	15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506	209,631	13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616	351,696	21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816	103,856	6,490
Total Literary Loans					\$ 3,808,306	\$ 282,023
Other Obligations:						
Lease Revenue Note	5.38%	10/30/2008	2028	2,000,000	\$ 2,000,000	\$ -
Landfill Post-closure Monitoring Costs	n/a	n/a	n/a	n/a	50,664	-
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	46,774	3,118
Premium on \$5,003,754 2007 bonds	n/a	n/a	n/a	n/a	278,864	2,338
Net OPEB obligation	n/a	n/a	n/a	n/a	192,937	-
Compensated Absences	n/a	n/a	n/a	n/a	1,132,335	-
Total Other Obligations					\$ 3,701,574	\$ 5,456
Total Long-term debt					\$ 19,176,385	\$ 1,140,643

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 8-Long-term Debt-Component Unit School Board:

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2009.

	Balance				Balance
	July 1, 2008	Issuances	Retirements		June 30, 2009
Compensated absences	\$ 3,326,706	\$ -	\$ (453,618)	\$	2,873,088
Net OPEB obligation	-	1,141,962	(558,000)		583,962
Total	\$ 3,326,706	\$ 1,141,962	\$ (1,011,618)	\$	3,457,050

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	\$ 2,873,088	\$ -
Net OPEB Obligation	n/a	n/a	n/a	n/a	583,962	-
Total Other Obligations					3,457,050	-

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 9-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)

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

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/Publications/2008_annurept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2009 was 14.22% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2009 was 13.81% of annual covered payroll.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 9-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost

For fiscal year 2009, the County of Washington, Virginia's annual pension cost of \$767,426 and \$321,581 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 Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2007	\$ 454,841	100.00%	-
	6/30/2008	496,026	100.00%	-
	6/30/2009	767,426	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2007	\$ 315,889	100.00%	-
	6/30/2008	332,693	100.00%	-
	6/30/2009	321,581	100.00%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and 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, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2008, the most recent actuarial valuation date, the plan was 86.43% funded. The actuarial accrued liability for benefits was \$32,139,125, and the actuarial value of assets was \$27,777,346, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,361,779. The covered payroll (annual payroll of active employees covered by the plan) was \$8,342,076, and ratio of the UAAL to the covered payroll was 52.29%.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 9-Employee Retirement System and Pension Plans: (continued)

D. Funded Status and Funding Progress (continued)

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

As of June 30, 2008, the most recent actuarial valuation date, the plan was 86.75% funded. The actuarial accrued liability for benefits was \$12,915,031, and the actuarial value of assets was \$11,204,025, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,711,006. The covered payroll (annual payroll of active employees covered by the plan) was \$2,644,799, and ratio of the UAAL to the covered payroll was 64.69%.

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/2008AnnuRept.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the 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 \$3,093,123, \$3,449,046, and \$2,977,726 for the fiscal years ended 2009, 2008, and 2007, respectively. Employer contributions represented 8.81%, 10.03%, and 9.20% of covered payroll for the fiscal years ended 2009, 2008, and 2007, respectively.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 10-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, employees 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 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 2009, the County and the Schools continued to follow the pay-as-you-go basis with no pre-funding.

For retirees of the County, 100 percent of premiums for both the employee and spouse are the responsibility of the retiree. For retirees of the School Board, employees who participate pay a percentage of the active employee rate to continue coverage. The following tables outlines the active plans and related premiums for each:

County	Monthly Premiums	
	Retiree Only	Retiree and Spouse
Key Advantage 500	\$ 444	\$ 821
Key Advantage 200	490	907
Advantage 65 (Medicare eligible)	160	320
School Board		
Key Advantage Expanded Plan	\$ 485	\$ 898
Post Medicare per member	160	N/A

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 10-Other Post-Employment Benefits: (continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

	County	School Board	Total
Annual required contribution	\$ 266,137	\$ 1,141,962	\$ 1,408,099
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	266,137	1,141,962	1,408,099
Estimated pay-as-you-go contributions	(73,200)	(558,000)	(631,200)
Increase in net OPEB obligation	192,937	583,962	776,899
Net OPEB obligation - beginning of year	-	-	-
Net OPEB obligation - end of year	<u>\$ 192,937</u>	<u>\$ 583,962</u>	<u>\$ 776,899</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 1,408,098	45%	\$ 776,898

D. Funded Status and Funding Progress

County:

As of January 2008, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$2,342,233, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,342,492, and the ratio of the UAAL to the covered payroll was 28.08%.

School Board:

As of January 2008, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) were \$12,012,073, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$37,754,031, and ratio of the UAAL to the covered payroll was 31.82%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 10-Other Post-Employment Benefits: (continued)

D. Funded Status and Funding Progress (continued)

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

E. Actuarial Methods and Assumptions

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

In the January 2008 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 10 percent initially, reduced by decrements of 1.0 percent for the first three years followed by 0.5 percent for four years until an ultimate rate of 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2009, was 30 years.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 11-Capital Assets:

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 785,505	\$ 119,564	\$ -	\$ 905,069
Construction in progress	1,849,127	6,079,155	(3,832,592)	4,095,690
Total capital assets not being depreciated	<u>\$ 2,634,632</u>	<u>\$ 6,198,719</u>	<u>\$ (3,832,592)</u>	<u>\$ 5,000,759</u>
Capital assets, being depreciated:				
Buildings	\$ 7,142,493	\$ 3,832,592	\$ -	\$ 10,975,085
Improvements other than buildings	159,159	19,765	-	178,924
Machinery and equipment	7,288,155	717,932	(140,564)	7,865,523
Total capital assets being depreciated	<u>\$ 14,589,807</u>	<u>\$ 4,570,289</u>	<u>\$ (140,564)</u>	<u>\$ 19,019,532</u>
Less: accumulated depreciation for:				
Buildings	\$ (3,546,754)	\$ (115,600)	\$ -	\$ (3,662,354)
Improvements other than buildings	(87,849)	(44,271)		(132,120)
Machinery and equipment	(5,935,165)	(649,582)	140,564	(6,444,183)
Total accumulated depreciation	<u>\$ (9,569,768)</u>	<u>\$ (809,453)</u>	<u>\$ 140,564</u>	<u>\$ (10,238,657)</u>
Total capital assets being depreciated, net	<u>\$ 5,020,039</u>	<u>\$ 3,760,836</u>	<u>\$ -</u>	<u>\$ 8,780,875</u>
Governmental activities capital assets, net	<u>\$ 7,654,671</u>	<u>\$ 9,959,555</u>	<u>\$ (3,832,592)</u>	<u>\$ 13,781,634</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 11-Capital Assets: (continued)

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

Governmental activities:	
General government administration	\$ 49,775
Judicial administration	20,706
Public safety	387,944
Public works	155,614
Health and welfare	29,809
Education	70,737
Parks, recreation, and cultural	<u>94,868</u>
Total depreciation expense-primary government	<u>\$ 809,453</u>

Capital asset activity for the School Board for the year ended June 30, 2009 was as follows:

Discretely Presented Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,774,475	\$ 45,000	\$ -	\$ 2,819,475
Construction in progress	574,899	143,899	(718,798)	-
Total capital assets not being depreciated	<u>\$ 3,349,374</u>	<u>\$ 188,899</u>	<u>\$ (718,798)</u>	<u>\$ 2,819,475</u>
Capital assets, being depreciated:				
Buildings	\$ 36,534,021	\$ 1,293,262	\$ -	\$ 37,827,283
Machinery and equipment	12,611,755	1,530,178	-	14,141,933
Total capital assets being depreciated	<u>\$ 49,145,776</u>	<u>\$ 2,823,440</u>	<u>\$ -</u>	<u>\$ 51,969,216</u>
Less: accumulated depreciation for:				
Buildings	\$ (26,480,524)	\$ (790,008)	\$ -	\$ (27,270,532)
Machinery and equipment	(8,483,925)	(930,617)	-	(9,414,542)
Total accumulated depreciation	<u>\$ (34,964,449)</u>	<u>\$ (1,720,625)</u>	<u>\$ -</u>	<u>\$ (36,685,074)</u>
Total capital assets being depreciated, net	<u>\$ 14,181,327</u>	<u>\$ 1,102,815</u>	<u>\$ -</u>	<u>\$ 15,284,142</u>
Governmental activities capital assets, net	<u>\$ 17,530,701</u>	<u>\$ 1,291,714</u>	<u>\$ (718,798)</u>	<u>\$ 18,103,617</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

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; 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, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 14-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>		
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
<u>Virginia Association of Counties</u>		
All Social Services employees: blanket bond	\$	250,000
All County employees-blanket bond		250,000

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 14-Surety Bonds: (continued)

Component Unit – School Board:

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

Note 15-Reserved Fund Balance/Restricted Net Assets:

Primary Government:		
Reserved for School construction contracts	\$	392,013
Reserved for law library		2,495
Reserved for forfeited assets		696,717
Reserved for road improvements		51,579
Reserved for utilities		1,790,754
Reserved for capital projects		<u>6,119,035</u>
Total Primary Government	\$	<u><u>9,052,593</u></u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Note 16-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 \$50,664 liability is the total estimated post-closure care liability at June 30, 2009 and represents what it would cost to perform all post-closure care in 2009. 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.

Note 17—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 18—Designations of Fund Balance:

Component unit-School Board:

Designated for cafeteria	\$1,084,226
Designated for textbooks	<u>\$2,003,418</u>
Total Designated for others	<u>\$3,087,644</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 19 – 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. Unearned revenue totaling \$33,500,778 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009, but paid in advance by the taxpayers totaled \$300,776 at June 30, 2009.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2009, less amounts received 60 days after the period end totaled \$33,200,002 at June 30, 2009.

Note 20 – 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 2009, a total of \$4,953,250 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 \$640,254 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 2009 were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2008-09	\$ -	\$ 4,953,250	(4,312,996)	\$ 640,254

Required Supplementary Information

County of Washington, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 26,724,295	\$ 26,736,225	\$ 26,768,962	\$ 32,737
Other local taxes	10,874,500	10,874,500	10,319,402	(555,098)
Permits, privilege fees, and regulatory licenses	159,750	159,750	125,669	(34,081)
Fines and forfeitures	728,000	753,000	854,554	101,554
Revenue from the use of money and property	536,000	536,000	260,718	(275,282)
Charges for services	1,086,993	623,313	590,199	(33,114)
Miscellaneous	227,492	259,279	387,525	128,246
Recovered costs	745,112	1,137,169	665,589	(471,580)
Intergovernmental revenues:				
Commonwealth	12,844,222	14,395,328	10,906,263	(3,489,065)
Federal	1,709,171	1,771,836	2,368,614	596,778
Total revenues	<u>\$ 55,635,535</u>	<u>\$ 57,246,400</u>	<u>\$ 53,247,495</u>	<u>\$ (3,998,905)</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,186,885	\$ 3,365,781	\$ 3,075,945	\$ 289,836
Judicial administration	1,474,640	1,596,270	1,400,889	195,381
Public safety	7,790,663	11,350,681	10,271,050	1,079,631
Public works	3,560,200	3,603,015	3,044,273	558,742
Health and welfare	7,564,088	8,285,253	7,852,356	432,897
Education	24,300,733	24,300,733	22,306,897	1,993,836
Parks, recreation, and cultural	2,208,378	2,353,162	2,214,686	138,476
Community development	6,344,769	7,326,740	2,057,953	5,268,787
Nondepartmental	618,825	470,343	169,856	300,487
Debt service:				
Principal retirement	-	-	1,136,087	(1,136,087)
Interest and other fiscal charges	-	-	848,989	(848,989)
Total expenditures	<u>\$ 57,049,181</u>	<u>\$ 62,651,978</u>	<u>\$ 54,378,981</u>	<u>\$ 8,272,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,413,646)</u>	<u>\$ (5,405,578)</u>	<u>\$ (1,131,486)</u>	<u>\$ 4,274,092</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (797,596)	\$ (797,596)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (797,596)</u>	<u>\$ (797,596)</u>
Net change in fund balances	\$ (1,413,646)	\$ (5,405,578)	\$ (1,929,082)	\$ 3,476,496
Fund balances - beginning	2,250,000	5,095,720	12,469,906	7,374,186
Fund balances - ending	<u>\$ 836,354</u>	<u>\$ (309,858)</u>	<u>\$ 10,540,824</u>	<u>\$ 10,850,682</u>

County of Washington, Virginia
Required Supplementary Information

Schedules of Funding Progress
For the Year Ended June 30, 2009

Defined Benefit Plan:

Primary Government:

County Retirement Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2008	\$ 27,777,346	\$ 32,139,125	4,361,779	86.43%	\$ 8,342,076	52.29%
June 30, 2007	25,581,251	27,405,305	1,824,054	93.34%	7,669,385	23.78%
June 30, 2006	22,939,894	24,385,537	1,445,643	94.07%	7,244,651	19.95%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2008	\$ 11,204,025	\$ 12,915,031	\$ 1,711,006	86.75%	\$ 2,644,799	64.69%
June 30, 2007	10,355,313	12,354,735	1,999,422	83.82%	2,460,723	81.25%
June 30, 2006	9,379,022	11,669,435	2,290,413	80.37%	2,421,001	94.61%

Other Post-Employment Benefits (OPEB):

Primary Government:

Post-Retirement Medical Plan:

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
January 31, 2008	\$ -	\$ 2,342,233	\$ 2,342,233	0.00%	\$ 8,342,492	28.08%

Discretely Presented Component Unit:

Post-Retirement Medical Plan:

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
January 31, 2008	\$ -	\$ 12,012,073	\$ 12,012,073	0.00%	\$ 37,754,031	31.82%

OTHER SUPPLEMENTARY INFORMATION SECTION

Supplementary Financial Statements

County of Washington, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	-	452,934	350,001	(102,933)
Intergovernmental revenues:				
Commonwealth	\$ 145,954	\$ 1,142,454	\$ 146,650	\$ (995,804)
Federal	-	24,550	21,120	(3,430)
Total revenues	<u>\$ 145,954</u>	<u>\$ 1,619,938</u>	<u>\$ 517,771</u>	<u>\$ (1,102,167)</u>
EXPENDITURES				
Current:				
Public works	\$ 135,000	\$ 195,000	\$ 20,277	\$ 174,723
Community development	2,692,500	3,965,068	3,747,332	217,736
Capital projects	4,145,040	4,555,943	-	4,555,943
Total expenditures	<u>\$ 6,972,540</u>	<u>\$ 8,716,011</u>	<u>\$ 3,767,609</u>	<u>\$ 4,948,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,826,586)</u>	<u>\$ (7,096,073)</u>	<u>\$ (3,249,838)</u>	<u>\$ 3,846,235</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 35,000	\$ 769,931	\$ 797,596	\$ 27,665
Proceeds from issuance of debt	-	-	2,000,000	2,000,000
Total other financing sources and uses	<u>35,000</u>	<u>769,931</u>	<u>2,797,596</u>	<u>2,027,665</u>
Net change in fund balances	(6,791,586)	(6,326,142)	(452,242)	5,873,900
Fund balances - beginning	6,338,652	6,350,692	6,586,837	236,145
Fund balances - ending	<u>\$ (452,934)</u>	<u>\$ 24,550</u>	<u>\$ 6,134,595</u>	<u>\$ 6,110,045</u>

County of Washington, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Fund
 For the Year Ended June 30, 2009

	School Capital Improvements Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 40,000	\$ 40,000	\$ 38,029	\$ (1,971)
Intergovernmental revenues:				
Commonwealth	122,144	122,144	96,264	(25,880)
Total revenues	<u>\$ 162,144</u>	<u>\$ 162,144</u>	<u>\$ 134,293</u>	<u>\$ (27,851)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 3,310,988</u>	<u>\$ 4,301,329</u>	<u>\$ 3,327,928</u>	<u>\$ 973,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,148,844)</u>	<u>\$ (4,139,185)</u>	<u>\$ (3,193,635)</u>	<u>\$ 945,550</u>
Net change in fund balances	\$ (3,148,844)	\$ (4,139,185)	\$ (3,193,635)	\$ 945,550
Fund balances - beginning	-	-	3,585,648	3,585,648
Fund balances - ending	<u>\$ (3,148,844)</u>	<u>\$ (4,139,185)</u>	<u>\$ 392,013</u>	<u>\$ 4,531,198</u>

FIDUCIARY FUNDS

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

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, 2009

	Agency Funds		<u>Total</u>
	<u>Special Welfare</u>	<u>Fringe Benefits</u>	
ASSETS			
Cash and cash equivalents	\$ 203,561	\$ 43,027	\$ 246,588
Total assets	\$ 203,561	\$ 43,027	\$ 246,588
LIABILITIES			
Amounts held for social services clients	\$ 203,561	\$ -	\$ 203,561
Amounts held for County employee fringe benefits	-	43,027	43,027
Total liabilities	\$ 203,561	\$ 43,027	\$ 246,588

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Washington, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	3,087,645
Cash in custody of others		300
Accounts receivable		172,983
Due from primary government		2,813,542
Due from other governmental units		1,430,293
Total assets	<u>\$</u>	<u>7,504,763</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	366,881
Contracts payable		4,050,238
Total liabilities	<u>\$</u>	<u>4,417,119</u>
Fund balances:		
Unreserved:		
Undesignated	\$	300
Designated for others		3,087,344
Total fund balances		<u>3,087,644</u>
Total liabilities and fund balances	<u>\$</u>	<u>7,504,763</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Total fund balances per above	\$	3,087,644
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		18,103,617
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.		611,988
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.		345,464
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(3,457,050)
Net assets of governmental activities	<u>\$</u>	<u>18,691,663</u>

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, 2009

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 16,750
Charges for services	2,490,312
Miscellaneous	1,129,954
Recovered costs	73,272
Intergovernmental revenues:	
Local government	22,168,670
Commonwealth	42,896,780
Federal	6,000,484
Total revenues	<u>\$ 74,776,222</u>
EXPENDITURES	
Current:	
Education	<u>\$ 74,016,053</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 760,169
Fund balances - beginning	2,327,475
Fund balances - ending	<u>\$ 3,087,644</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 760,169
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.	572,917
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	76,496
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.	(130,344)
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.	345,464
Change in net assets of governmental activities	<u>\$ 1,624,702</u>

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, 2009

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 31,500	\$ 31,500	\$ 16,750	\$ (14,750)
Charges for services	4,390,206	4,390,206	2,490,312	(1,899,894)
Miscellaneous	1,003,681	1,014,875	1,129,954	115,079
Recovered costs	45,300	45,300	73,272	27,972
Intergovernmental revenues:				
Local government	-	-	22,168,670	22,168,670
Commonwealth	43,269,346	43,269,346	42,896,780	(372,566)
Federal	5,448,050	4,436,856	6,000,484	1,563,628
Total revenues	<u>\$ 54,188,083</u>	<u>\$ 53,188,083</u>	<u>\$ 74,776,222</u>	<u>\$ 21,588,139</u>
EXPENDITURES				
Current:				
Education	\$ 80,526,489	\$ 82,046,885	\$ 74,016,053	\$ 8,915,754
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (26,338,406)</u>	<u>\$ (28,858,802)</u>	<u>\$ 760,169</u>	<u>\$ 30,503,893</u>
Net change in fund balances	\$ (26,338,406)	\$ (28,858,802)	\$ 760,169	\$ 30,503,893
Fund balances - beginning	-	-	2,327,475	2,327,475
Fund balances - ending	<u>\$ (26,338,406)</u>	<u>\$ (28,858,802)</u>	<u>\$ 3,087,644</u>	<u>\$ 32,831,368</u>

County of Washington, Virginia
Combining Statement of Net Assets
Other Component Units
June 30, 2009

	Park Authority	Industrial Develop- ment Authority	Virginia Highlands Airport Authority	Total
ASSETS				
Cash and cash equivalents	\$ 183,335	\$ 3,149,913	\$ 754,511	\$ 4,087,759
Accounts receivable	-	80,423	83,498	163,921
Notes receivable	-	2,000,000	-	2,000,000
Due from other governmental units	-	-	5,186	5,186
Inventories	-	-	59,728	59,728
Prepaid expenses	11,607	-	3,847	15,454
Other assets:				-
Unamortized bond issue costs	-	188,759	-	188,759
Capital assets (net of accumulated depreciation):				-
Land	753,776	7,617,097	4,401,178	12,772,051
Buildings and system	83,632	1,488,028	2,010,071	3,581,731
Improvements other than buildings	685,167	-	5,509,794	6,194,961
Machinery and equipment	44,927	4,157	95,290	144,374
Construction in progress	-	-	776,886	776,886
Total assets	<u>\$ 1,762,444</u>	<u>\$ 14,528,377</u>	<u>\$ 13,699,989</u>	<u>\$ 29,990,810</u>
LIABILITIES				
Accounts payable	\$ 1,923	\$ 146,505	\$ 86,136	\$ 234,564
Accrued liabilities	-	-	2,900	2,900
Accrued wages	-	-	8,642	8,642
Accrued interest payable	-	215,235	-	215,235
Due within one year	-	390,000	-	390,000
Due in more than one year	-	8,053,334	8,840	8,062,174
Total liabilities	<u>\$ 1,923</u>	<u>\$ 8,805,074</u>	<u>\$ 106,518</u>	<u>\$ 8,913,515</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 1,567,502	\$ 5,970,948	\$ 12,793,219	\$ 20,331,669
Unrestricted (deficit)	193,019	(247,645)	800,252	745,626
Total net assets	<u>\$ 1,760,521</u>	<u>\$ 5,723,303</u>	<u>\$ 13,593,471</u>	<u>\$ 21,077,295</u>

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, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit					
				Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority	Total		
OTHER COMPONENT UNITS:									
Washington Park Authority	\$ 238,409	\$ 187,490	\$ -	\$ (50,919)	\$ -	\$ -	\$ -	\$ (50,919)	
Industrial Development Authority	940,994	230,633	-	-	(660,361)	-	-	(660,361)	
Virginia Highlands Airport Authority	1,980,438	1,465,611	7,892	-	-	(295,677)	(295,677)	(295,677)	
Total component units	\$ 3,159,841	\$ 1,883,734	\$ 7,892	\$ (50,919)	\$ (660,361)	\$ (295,677)	\$ (295,677)	\$ (1,006,957)	
General revenues:									
Unrestricted revenues from use of money and property				\$ 1,190	\$ 37,150	\$ 6,917	\$ 6,917	\$ 45,257	
Payments from Washington County				92,500	757,386	188,229	188,229	1,038,115	
Total general revenues				\$ 293,690	\$ 794,536	\$ 195,146	\$ 195,146	\$ 1,283,372	
Change in net assets				\$ 242,771	\$ 134,175	\$ (100,531)	\$ (100,531)	\$ 276,415	
Net assets - beginning				1,717,750	5,569,128	13,594,002	13,594,002	21,000,880	
Net assets - ending				\$ 1,960,521	\$ 5,723,303	\$ 13,593,471	\$ 13,593,471	\$ 21,277,295	

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

Supporting Schedules

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,585,995	\$ 18,585,995	\$ 18,348,687	\$ (237,308)
Real and personal public service corporation taxes	1,012,550	1,012,550	924,900	(87,650)
Personal property taxes	4,410,000	4,421,930	4,654,882	232,952
Mobile home taxes	105,750	105,750	104,223	(1,527)
Machinery and tools taxes	2,200,000	2,200,000	2,326,141	126,141
Penalties	230,000	230,000	232,292	2,292
Interest	180,000	180,000	177,837	(2,163)
Total general property taxes	<u>\$ 26,724,295</u>	<u>\$ 26,736,225</u>	<u>\$ 26,768,962</u>	<u>\$ 32,737</u>
Other local taxes:				
Local sales and use taxes	\$ 6,500,000	\$ 6,500,000	\$ 6,146,689	\$ (353,311)
Consumers' utility taxes	1,100,000	1,100,000	1,112,552	12,552
Communications sales taxes	1,750,000	1,750,000	1,685,233	(64,767)
Utility license taxes	100,000	100,000	124,114	24,114
Motor vehicle licenses	850,000	850,000	802,857	(47,143)
Bank stock taxes	30,000	30,000	31,306	1,306
Taxes on recordation and wills	502,000	502,000	380,947	(121,053)
Hotel and motel room taxes	42,500	42,500	35,704	(6,796)
Total other local taxes	<u>\$ 10,874,500</u>	<u>\$ 10,874,500</u>	<u>\$ 10,319,402</u>	<u>\$ (555,098)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 38,500	\$ 38,500	\$ 48,243	\$ 9,743
Zoning, subdivision plat and soil erosion permits	3,500	3,500	3,895	395
Transfer and public hearing fees	1,250	1,250	1,100	(150)
Building permits	106,500	106,500	58,931	(47,569)
Waste hauling fees	10,000	10,000	13,500	3,500
Total permits, privilege fees, and regulatory licenses	<u>\$ 159,750</u>	<u>\$ 159,750</u>	<u>\$ 125,669</u>	<u>\$ (34,081)</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 728,000	\$ 753,000	\$ 854,554	\$ 101,554
Total fines and forfeitures	<u>\$ 728,000</u>	<u>\$ 753,000</u>	<u>\$ 854,554</u>	<u>\$ 101,554</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 500,000	\$ 500,000	\$ 227,284	\$ (272,716)
Revenue from use of property	36,000	36,000	33,434	(2,566)
Total revenue from use of money and property	<u>\$ 536,000</u>	<u>\$ 536,000</u>	<u>\$ 260,718</u>	<u>\$ (275,282)</u>
Charges for services:				
Excess fees of clerk	\$ 75,000	\$ 75,000	\$ 65,515	\$ (9,485)
Charges for law enforcement and traffic control	4,750	29,750	29,692	(58)
Charges for transportation of prisoners	-	-	4,002	4,002
Charges for copies	8,000	8,000	5,566	(2,434)
Law library fees	8,000	8,000	8,960	960
Charges for Commonwealth's Attorney	544,000	2,000	2,317	317
Charges for highways and streets	-	-	16,649	16,649

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)	-			
Revenue from local sources: (Continued)	-			
Charges for services: (Continued)	-			
Commission fees		\$ 41,863	\$ 49,074	\$ 7,211
Charges for sanitation and waste removal and other related fees	393,000	393,000	352,659	(40,341)
Charges for parks and recreation	21,043	32,500	28,486	(4,014)
Charges for library	33,200	33,200	27,279	(5,921)
Total charges for services	<u>\$ 1,086,993</u>	<u>\$ 623,313</u>	<u>\$ 590,199</u>	<u>\$ (33,114)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 142,996	\$ 174,783	\$ 222,241	\$ 47,458
Bristol, Tenn.-payment in lieu of taxes	825	825	775	(50)
Bristol, VA utilities board	48,671	48,671	49,561	890
Tennessee Valley Authority-payment in lieu of taxes	35,000	35,000	114,948	79,948
Total miscellaneous revenue	<u>\$ 227,492</u>	<u>\$ 259,279</u>	<u>\$ 387,525</u>	<u>\$ 128,246</u>
Recovered costs:				
Insurance recoveries	-	-	14,802	14,802
Facility management CS building	95,000	95,000	138,434	43,434
Alcohol, tobacco and firearms funds	32,000	32,000	13,363	(18,637)
Other recovered costs	618,112	1,010,169	498,990	(511,179)
Total recovered costs	<u>\$ 745,112</u>	<u>\$ 1,137,169</u>	<u>\$ 665,589</u>	<u>\$ (471,580)</u>
Total revenue from local sources	<u>\$ 41,082,142</u>	<u>\$ 41,079,236</u>	<u>\$ 39,972,618</u>	<u>\$ (1,106,618)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 23,862	\$ 23,862	-	\$ (23,862)
Wine taxes	25,012	25,012	-	(25,012)
Motor vehicle carriers' tax	37,500	37,500	44,805	7,305
Mobile home titling tax	125,000	125,000	88,677	(36,323)
Mining rent and royalties	-	-	3,279	3,279
Grantors tax	19,000	190,000	123,863	(66,137)
Personal property tax relief funds	2,559,281	2,559,281	2,559,286	5
Total noncategorical aid	<u>\$ 2,789,655</u>	<u>\$ 2,960,655</u>	<u>\$ 2,819,910</u>	<u>\$ (140,745)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 398,599	\$ 398,599	\$ 368,462	\$ (30,137)
Sheriff	2,273,247	2,273,247	2,282,336	9,089
Commissioner of revenue	180,821	180,821	185,152	4,331
Treasurer	188,347	188,347	183,114	(5,233)
Registrar/electoral board	62,964	62,964	60,908	(2,056)
Clerk of the Circuit Court	285,667	358,547	376,688	18,141
Amount returned to Commonwealth	-	-	(180,227)	(180,227)
Total shared expenses	<u>\$ 3,389,645</u>	<u>\$ 3,462,525</u>	<u>\$ 3,276,433</u>	<u>\$ (186,092)</u>
Other categorical aid:				
Virginia Public Assistance	\$ 4,269,402	\$ 4,269,402	\$ 2,201,416	\$ (2,067,986)
Comprehensive services	600,400	1,107,200	1,292,316	185,116
Victim witness grant	46,719	46,719	32,901	(13,818)
Litter control grant	17,500	17,500	16,986	(514)

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Other categorical aid: (Continued)				
EMS grant-Four for life	\$ -	\$ 34,317	\$ 51,477	\$ 17,160
Fire programs	110,000	110,766	110,766	-
Dog and cat sterilization grant	800	800	-	(800)
E-911 wireless grant	25,000	25,000	42,920	17,920
Library state aid	183,673	183,673	184,102	429
Asset forfeiture funds	-	724,284	710,264	(14,020)
Arts grant	5,250	5,250	5,000	(250)
DCJS-Edward Byrne IT grant	-	39,740	152,422	112,682
DCJS-Byrne justice assistance grant	-	1,319	-	(1,319)
Library of VA grants other	-	-	5,850	5,850
Library of VA reformatting grant	-	-	3,500	3,500
Exit 13 wastewater grant	980,000	980,000	-	(980,000)
White's Mill renovation grant	426,178	426,178	-	(426,178)
Total other categorical aid	<u>\$ 6,664,922</u>	<u>\$ 7,972,148</u>	<u>\$ 4,809,920</u>	<u>\$ (3,162,228)</u>
Total categorical aid	<u>\$ 10,054,567</u>	<u>\$ 11,434,673</u>	<u>\$ 8,086,353</u>	<u>\$ (3,348,320)</u>
Total revenue from the Commonwealth	<u>\$ 12,844,222</u>	<u>\$ 14,395,328</u>	<u>\$ 10,906,263</u>	<u>\$ (3,489,065)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 23,500</u>	<u>\$ 23,500</u>	<u>\$ 53,483</u>	<u>\$ 29,983</u>
Categorical aid:				
Virginia Public Assistance	\$ -	\$ -	\$ 2,046,098	\$ 2,046,098
VDEM - citizen alerting grant	-	27,715	27,715	-
Violence against women	30,000	30,000	28,285	(1,715)
Emergency management preparedness grant	4,500	4,500	5,000	500
CDBG projects grant	451,171	451,171	149,660	(301,511)
CDBG SW VA Artisan Center grant	1,200,000	1,200,000	-	-
Alcohol safety	-	34,950	58,373	23,423
Total categorical aid	<u>\$ 1,685,671</u>	<u>\$ 1,748,336</u>	<u>\$ 2,315,131</u>	<u>\$ 1,766,795</u>
Total revenue from the federal government	<u>\$ 1,709,171</u>	<u>\$ 1,771,836</u>	<u>\$ 2,368,614</u>	<u>\$ 1,796,778</u>
Total General Fund	<u>\$ 55,635,535</u>	<u>\$ 57,246,400</u>	<u>\$ 53,247,495</u>	<u>\$ (2,798,905)</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 452,934</u>	<u>\$ 452,934</u>	<u>\$ 350,001</u>	<u>\$ (102,933)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT-Industrial access road funds	\$ 145,954	\$ 745,954	\$ 96,650	\$ (649,304)
ARC Grant	-	246,500	-	(246,500)
VTC Grant	-	150,000	50,000	(100,000)
Total revenue from the Commonwealth	<u>\$ 145,954</u>	<u>\$ 1,142,454</u>	<u>\$ 146,650</u>	<u>\$ (995,804)</u>

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund: (Continued)				
County Capital Improvements Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
CDBG	\$ -	\$ 24,550	\$ 21,120	\$ (3,430)
Total County Capital Improvements Fund	<u>\$ 598,888</u>	<u>\$ 1,619,938</u>	<u>\$ 517,771</u>	<u>\$ (1,102,167)</u>
Nonmajor Capital Projects Funds:				
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 40,000	\$ 40,000	\$ 38,029	\$ (1,971)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Literary subsidy proceeds	\$ 122,144	\$ 122,144	\$ 96,264	\$ (25,880)
Total School Capital Improvements Fund	<u>\$ 162,144</u>	<u>\$ 162,144</u>	<u>\$ 134,293</u>	<u>\$ (27,851)</u>
Total Primary Government	<u>\$ 56,396,567</u>	<u>\$ 59,028,482</u>	<u>\$ 53,899,559</u>	<u>\$ (3,928,923)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 26,500	\$ 26,500	\$ 16,334	\$ (10,166)
Revenue from the use of property	5,000	5,000	416	(4,584)
Total revenue from use of money and property	<u>\$ 31,500</u>	<u>\$ 31,500</u>	<u>\$ 16,750</u>	<u>\$ (14,750)</u>
Charges for services:				
Charges for education	\$ 561,697	\$ 561,697	\$ 503,549	\$ (58,148)
Governor's School	380,000	380,000	319,655	(60,345)
Transportation of pupils	50,000	50,000	64,139	14,139
Cafeteria sales	3,398,509	3,398,509	1,602,969	(1,795,540)
Total charges for services	<u>\$ 4,390,206</u>	<u>\$ 4,390,206</u>	<u>\$ 2,490,312</u>	<u>\$ (1,899,894)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 1,003,681	\$ 1,014,875	\$ 1,129,954	\$ 115,079
Recovered costs:				
Other recovered costs	\$ 45,300	\$ 45,300	\$ 73,272	\$ 27,972
Total revenue from local sources	<u>\$ 5,470,687</u>	<u>\$ 5,481,881</u>	<u>\$ 3,710,288</u>	<u>\$ (1,771,593)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ -	\$ -	\$ 22,168,670	\$ 22,168,670

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,896,551	\$ 6,896,551	\$ 6,270,468	\$ (626,083)
Basic school aid	24,131,214	24,131,214	24,473,812	342,598
GED funding	23,576	23,576	23,576	-
Summer remedial	190,050	190,050	192,522	2,472
Regular foster care	325,393	325,393	96,079	(229,314)
Adult high school courses	4,200	4,200	41,158	36,958
Gifted and talented	218,454	218,454	218,526	72
Remedial education	548,563	548,563	548,744	181
National board certified teacher	-	-	7,500	7,500
Preschool initiative	351,648	351,648	351,648	-
Special education	1,820,453	1,820,453	1,821,053	600
Virtual ap exam	-	-	2,106	2,106
Textbook payment	584,012	584,012	575,550	(8,462)
Student achievement grants	-	-	\$ 68,226	\$ 68,226
Vocational education	767,017	767,017	767,270	253
Vocational adult education	116,136	116,136	63,687	(52,449)
Vocational equipment	-	-	17,821	17,821
Vocational educational occupational tech ed	-	-	106,546	106,546
Social security fringe benefits	1,233,053	1,233,053	1,233,460	407
Retirement fringe benefits	1,592,289	1,592,289	1,592,814	525
Life insurance fringe benefits	53,400	53,400	53,418	18
Industry certification costs	-	-	52,253	52,253
State lottery payments	1,156,643	1,156,643	964,575	(192,068)
Early reading intervention	57,214	57,214	42,910	(14,304)
Governors school	896,202	896,202	636,334	(259,868)
Jobs for Virginia graduates-lottery proceeds	-	-	25,000	25,000
Adult literacy	-	-	160,000	160,000
Homebound	57,833	57,833	54,081	(3,752)
School food	-	-	54,510	54,510
Regional programs	145,073	145,073	153,228	8,155
Special education - foster care	-	-	204,201	204,201
At risk payments	453,047	453,047	453,255	208
Mentor teacher program	5,120	5,120	2,693	(2,427)
Primary class size	741,943	741,943	732,234	(9,709)
Technology	518,000	518,000	518,000	-
Special ed jail program	27,099	27,099	2,309	(24,790)
School construction	200,304	200,304	200,132	(172)
SOL algebra readiness	70,962	70,962	70,962	-
English as a second language	27,693	27,693	27,303	(390)
GED testing	-	-	1,200	1,200
Enrollment loss	56,204	56,204	13,056	(43,148)
Other state funds	-	-	2,560	2,560
Total categorical aid	\$ 43,269,346	\$ 43,269,346	\$ 42,896,780	\$ (372,566)
Total revenue from the Commonwealth	\$ 43,269,346	\$ 43,269,346	\$ 42,896,780	\$ (372,566)

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ -	\$ -	\$ 34,736	\$ 34,736
Adult basic education	400,000	400,000	307,550	(92,450)
Title I	1,461,627	1,461,627	1,411,753	(49,874)
Title VI-B, special education flow-through	1,371,900	1,371,900	1,449,796	77,896
Title VI-B, special education preschool	47,722	47,722	46,856	(866)
Vocational education	130,000	130,000	139,068	9,068
Title II Part A	372,358	372,358	424,015	51,657
Drug free schools	42,389	42,389	27,981	(14,408)
National community services act	-	-	23,940	23,940
Smiles VI grant fund	175,000	175,000	6,842	(168,158)
School lunch program	-	-	1,764,535	1,764,535
Reading first	300,000	300,000	313,814	13,814
Learn and serve america	-	-	24,057	24,057
Education technology formula grant	-	-	22,144	22,144
Title V	18,919	18,919	3,397	(15,522)
Other federal funds	1,128,135	116,941	-	(116,941)
Total categorical aid	<u>\$ 5,448,050</u>	<u>\$ 4,436,856</u>	<u>\$ 6,000,484</u>	<u>\$ 1,563,628</u>
Total revenue from the federal government	<u>\$ 5,448,050</u>	<u>\$ 4,436,856</u>	<u>\$ 6,000,484</u>	<u>\$ 1,563,628</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 54,188,083</u>	<u>\$ 53,188,083</u>	<u>\$ 74,776,222</u>	<u>\$ 21,588,139</u>

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 170,900	\$ 170,900	\$ 135,322	\$ 35,578
General and financial administration:				
County administrator	\$ 218,214	\$ 218,214	\$ 196,194	\$ 22,020
Legal services	206,090	206,090	191,832	14,258
Commissioner of revenue	511,317	513,224	505,497	7,727
Treasurer	570,167	623,561	551,368	72,193
Central accounting and purchasing	261,821	263,571	239,585	23,986
Information technology	619,317	658,952	619,364	39,588
Assessor	350,000	425,000	375,362	49,638
Auditor	60,000	67,210	52,210	15,000
Total general and financial administration	<u>\$ 2,796,926</u>	<u>\$ 2,975,822</u>	<u>\$ 2,731,412</u>	<u>\$ 244,410</u>
Board of elections:				
Registrar	\$ 130,075	\$ 130,075	\$ 124,293	\$ 5,782
Electoral board	88,984	88,984	84,918	4,066
Total board of elections	<u>\$ 219,059</u>	<u>\$ 219,059</u>	<u>\$ 209,211</u>	<u>\$ 9,848</u>
Total general government administration	<u>\$ 3,186,885</u>	<u>\$ 3,365,781</u>	<u>\$ 3,075,945</u>	<u>\$ 289,836</u>
Judicial administration:				
Courts:				
Circuit court	\$ 63,348	\$ 65,934	\$ 59,853	\$ 6,081
General district court	21,800	-	11,980	(11,980)
Juvenile and domestic relations court	15,775	15,775	12,560	3,215
Special magistrates	5,800	5,800	5,060	740
Clerk of the circuit court	580,019	679,499	604,951	74,548
Court services	7,525	7,525	6,175	1,350
Law library	9,000	9,175	7,455	1,720
Total courts	<u>\$ 703,267</u>	<u>\$ 783,708</u>	<u>\$ 708,034</u>	<u>\$ 75,674</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 771,373	\$ 812,562	\$ 692,855	\$ 119,707
Total judicial administration	<u>\$ 1,474,640</u>	<u>\$ 1,596,270</u>	<u>\$ 1,400,889</u>	<u>\$ 195,381</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,272,939	\$ 4,147,936	\$ 2,717,393	\$ 1,430,543
School resource grant	-	-	(1,246)	1,246
Litter Control	128,974	128,974	119,936	9,038
Victim witness assistance	56,241	54,241	47,927	6,314
Animal control	253,972	254,352	225,736	28,616
Interstate enforcement	2,045,049	2,540,371	2,333,310	207,061
Court security	-	-	6,598	(6,598)
Other Sheriff grants	41,220	149,556	230,706	(81,150)
Total law enforcement and traffic control	<u>\$ 5,798,395</u>	<u>\$ 7,275,430</u>	<u>\$ 5,680,360</u>	<u>\$ 1,595,070</u>
Fire and rescue services:				
Volunteer fire departments	\$ -	\$ 1,131,385	\$ 1,127,971	\$ 3,414
Volunteer emergency operations	-	704,246	702,246	2,000
E-911	-	163,215	653,949	(490,734)

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services: (Continued)				
Other fire and rescue services	-	\$ 49,500	\$ 28,368	\$ 21,132
Total fire and rescue services	\$ -	\$ 2,048,346	\$ 2,512,534	\$ (464,188)
Correction and detention:				
Regional jail payments	\$ 1,327,490	\$ 1,341,853	\$ 1,417,598	\$ (75,745)
Juvenile probation and detention	348,960	348,960	348,960	-
Total correction and detention	\$ 1,676,450	\$ 1,690,813	\$ 1,766,558	\$ (75,745)
Inspections:				
Building	\$ 236,866	\$ 239,240	\$ 216,464	\$ 22,776
Other protection:				
Medical examiner	\$ 1,000	\$ 1,000	\$ 740	\$ 260
Emergency services	77,952	95,852	94,394	1,458
Total other protection	\$ 78,952	\$ 96,852	\$ 95,134	\$ 1,718
Total public safety	\$ 7,790,663	\$ 11,350,681	\$ 10,271,050	\$ 1,079,631
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road improvements	\$ 160,000	\$ 160,000	\$ 124,725	\$ 35,275
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,291,028	\$ 2,291,028	\$ 1,939,306	\$ 351,722
Maintenance of general buildings and grounds:				
General properties	\$ 1,109,172	\$ 1,151,987	\$ 980,242	\$ 171,745
Total public works	\$ 3,560,200	\$ 3,603,015	\$ 3,044,273	\$ 558,742
Health and welfare:				
Health:				
Supplement of local health department	\$ 517,552	\$ 517,552	\$ 517,552	-
Mental health and mental retardation:				
Community services board	\$ 365,929	\$ 365,929	\$ 365,929	-
Welfare:				
Virginia public assistance	\$ 5,323,142	\$ 5,344,307	\$ 4,955,528	\$ 388,779
Speech and hearing	16,000	16,000	16,000	-
Parent aide services grant	10,766	10,766	4,485	6,281
State and local hospitalization	18,750	18,750	15,787	2,963
Area agency on aging	44,927	44,927	44,927	-
Senior services	128,621	128,621	128,621	-
Community action agency	109,835	109,835	210,130	(100,295)
Community services	923,271	1,623,271	1,591,602	31,669
Indigent care	5,000	5,000	1,795	3,205
Other welfare	100,295	100,295	-	100,295
Total welfare	\$ 6,680,607	\$ 7,401,772	\$ 6,968,875	\$ 432,897
Total health and welfare	\$ 7,564,088	\$ 8,285,253	\$ 7,852,356	\$ 432,897

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to community college	\$ 82,627	\$ 82,627	\$ 82,627	\$ -
Other educational contributions	55,600	55,600	55,600	-
Contribution to County School Board	24,162,506	24,162,506	22,168,670	1,993,836
Total education	<u>\$ 24,300,733</u>	<u>\$ 24,300,733</u>	<u>\$ 22,306,897</u>	<u>\$ 1,993,836</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 33,517	\$ 33,517	\$ 35,221	\$ (1,704)
Recreation	158,868	158,868	126,750	32,118
Washington County Park Authority	85,000	97,500	92,500	5,000
Community centers	116,330	116,330	116,330	-
Town recreation programs	104,000	104,000	104,000	-
Athletic group activities	73,695	82,345	82,345	-
Total parks and recreation	<u>\$ 571,410</u>	<u>\$ 592,560</u>	<u>\$ 557,146</u>	<u>\$ 35,414</u>
Cultural enrichment:				
Cultural enrichment	\$ 165,800	\$ 173,800	\$ 173,800	\$ -
Library:				
Washington County library	\$ 1,255,734	\$ 1,354,276	\$ 1,262,033	\$ 92,243
Branch libraries	215,434	232,526	221,707	10,819
Total library	<u>\$ 1,471,168</u>	<u>\$ 1,586,802</u>	<u>\$ 1,483,740</u>	<u>\$ 103,062</u>
Total parks, recreation, and cultural	<u>\$ 2,208,378</u>	<u>\$ 2,353,162</u>	<u>\$ 2,214,686</u>	<u>\$ 138,476</u>
Community development:				
Planning and community development:				
Planning	\$ -	\$ -	\$ 25,700	\$ (25,700)
Regional planning	39,164	39,164	39,164	-
Planning commission	25,357	25,357	22,768	2,589
Zoning	145,292	147,673	124,184	23,489
Engineering	102,150	102,150	-	102,150
Community development	4,247,362	3,275,412	161,244	3,114,168
Economic development	233,003	233,003	233,003	-
WCSA Project development	-	1,788,847	-	1,788,847
Contribution to Virginia Highlands Airport	218,229	218,229	218,229	-
Contribution to Smyth/Washington Industrial Facility	141,900	153,830	153,830	-
Contribution to Washington County Industrial Development Authority	115,000	115,000	115,000	-
Contribution to Economic development	927,520	1,078,283	821,711	256,572
Total planning and community development	<u>\$ 6,194,977</u>	<u>\$ 7,176,948</u>	<u>\$ 1,914,833</u>	<u>\$ 5,262,115</u>
Environmental management:				
Contribution to soil and water district	\$ 33,700	\$ 33,700	\$ 33,700	\$ -
Cooperative extension program:				
Extension office	\$ 116,092	\$ 116,092	\$ 109,420	\$ 6,672
Total community development	<u>\$ 6,344,769</u>	<u>\$ 7,326,740</u>	<u>\$ 2,057,953</u>	<u>\$ 5,268,787</u>

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Revenue refunds	\$ -	\$ -	\$ 67,298	\$ (67,298)
Other non departmental	618,825	470,343	102,558	367,785
Total nondepartmental	<u>\$ 618,825</u>	<u>\$ 470,343</u>	<u>\$ 169,856</u>	<u>\$ 300,487</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,136,087	\$ (1,136,087)
Interest and other fiscal charges	-	-	848,989	(848,989)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,985,076</u>	<u>\$ (1,985,076)</u>
Total General Fund	<u>\$ 57,049,181</u>	<u>\$ 62,651,978</u>	<u>\$ 54,378,981</u>	<u>\$ 8,272,997</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Public works:				
Sanitation and waste removal:				
Capital improvements	\$ 135,000	\$ 195,000	\$ 20,277	\$ 174,723
Total public works	<u>\$ 135,000</u>	<u>\$ 195,000</u>	<u>\$ 20,277</u>	<u>\$ 174,723</u>
Community development:				
Planning and community development:				
Recreation complex	\$ 60,000	\$ 60,000	\$ 34,817	\$ 25,183
Arts center	750,000	950,000	700,000	250,000
Community development	1,357,500	2,430,068	459,407	1,970,661
County government complex	525,000	525,000	2,553,108	(2,028,108)
Total planning and community development	<u>\$ 2,692,500</u>	<u>\$ 3,965,068</u>	<u>\$ 3,747,332</u>	<u>\$ 217,736</u>
Capital projects expenditures:				
Contingencies	\$ 4,145,040	\$ 4,555,943	\$ -	\$ 4,555,943
Total Capital Projects Fund	<u>\$ 6,972,540</u>	<u>\$ 8,716,011</u>	<u>\$ 3,767,609</u>	<u>\$ 4,948,402</u>
School Capital Improvements Fund:				
Education:				
Operating costs:				
Facilities	\$ 3,310,988	\$ 4,301,329	\$ 3,327,928	\$ 973,401
Total Primary Government	<u>\$ 67,332,709</u>	<u>\$ 75,669,318</u>	<u>\$ 61,474,518</u>	<u>\$ 14,194,800</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration, attendance and health	\$ 2,968,983	\$ 3,361,167	\$ 2,918,706	\$ 442,461
Instruction	57,953,160	57,394,445	52,922,157	4,472,288
Instructional technology	1,648,405	1,894,340	1,880,512	13,828
Total instruction costs	<u>\$ 62,570,548</u>	<u>\$ 62,649,952</u>	<u>\$ 57,721,375</u>	<u>\$ 5,371,038</u>

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Education: (Continued)				
Operating costs:				
Attendance and health services				
Pupil transportation	\$ 5,003,945	\$ 4,674,140	\$ 4,509,259	\$ 164,881
Operation and maintenance of school plant	8,553,087	10,323,884	8,217,028	2,106,856
School food services	4,398,909	4,398,909	3,568,391	830,518
Total operating costs	<u>\$ 17,955,941</u>	<u>\$ 19,396,933</u>	<u>\$ 16,294,678</u>	<u>\$ 3,102,255</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 80,526,489</u>	 <u>\$ 82,046,885</u>	 <u>\$ 74,016,053</u>	 <u>\$ 8,915,754</u>

Other Statistical Information

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-Term Debt	Total
2008-09	\$ 2,811,456	\$ 1,445,528	\$ 7,537,178	\$ 3,123,952	\$ 7,953,182	\$ 22,493,692	\$ 1,920,026	\$ 5,671,641	\$ -	\$ 823,279	53,779,934
2007-08	2,932,775	1,374,450	9,184,107	3,205,042	7,878,987	22,874,878	2,383,626	1,703,097	104,973	767,918	52,409,853
2006-07	2,615,012	1,207,193	8,618,032	2,980,655	6,507,588	19,514,072	2,523,061	3,150,805	74,973	606,752	47,798,143
2005-06	2,086,597	1,076,485	7,807,347	2,768,015	6,356,765	20,769,223	2,230,629	3,138,763	36,915	722,722	46,993,461
2004-05	2,576,583	955,655	6,504,777	2,773,862	6,033,168	18,710,982	1,826,571	2,388,560	-	695,607	42,475,765
2003-04	2,425,661	964,271	6,014,035	2,901,134	5,944,374	18,128,858	1,945,075	1,911,480	-	731,995	40,966,883
2002-03	1,965,513	907,096	6,199,608	2,636,127	5,660,015	18,636,740	1,767,870	2,203,361	-	764,540	40,740,870

(1) Information has only been available for 7 years.

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total	
2008-09	\$ 1,570,422	\$ 10,464,847	\$ 96,650	\$	\$ 27,016,327	\$ 10,319,402	\$ 298,747	\$ 737,526	\$ 2,977,414	53,481,335	
2007-08	1,597,834	9,367,762	145,954		27,402,967	10,300,503	772,256	375,646	2,984,398	52,947,320	
2006-08	1,504,305	8,271,422	950,924		27,165,999	9,989,193	962,314	290,841	3,076,887	52,211,885	
2005-06	1,430,988	8,145,800	558,988		26,006,562	9,658,574	677,984	228,164	2,984,389	49,691,449	
2004-05	1,103,253	7,613,600	106,713		22,923,994	8,818,508	304,809	283,502	2,781,514	43,935,893	
2003-04	864,568	8,031,632	113,694		21,794,488	8,109,926	149,444	310,098	3,054,045	42,427,895	
2002-03	1,009,977	7,804,373	-		21,394,709	7,857,865	160,768	265,955	2,810,066	41,303,713	

(1) Information has only been available for 7 years.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
2008-09	\$ 3,075,945	\$ 1,400,889	\$ 10,271,050	\$ 3,044,273	\$ 7,852,356	\$ 77,482,208	\$ 2,214,686	\$ 2,057,953	\$ 169,856	\$ -	\$ 1,985,076	109,554,292
2007-08	2,842,081	1,368,456	8,699,315	3,136,392	7,822,985	74,909,110	2,234,793	2,321,698	104,973	-	1,565,256	105,007,059
2006-07	2,634,968	1,202,363	8,937,458	2,836,179	6,677,452	68,809,819	2,379,074	2,258,385	74,973	-	1,631,432	97,444,103
2005-06	2,244,878	1,074,231	8,610,710	2,699,574	6,516,858	65,171,654	2,027,826	2,574,454	36,915	-	1,791,288	92,746,388
2004-05	2,694,084	945,152	7,132,070	2,839,772	6,054,137	60,747,665	1,855,139	2,373,141	-	-	1,731,564	86,372,724
2003-04	2,494,880	979,086	6,391,711	3,204,556	5,955,399	55,503,567	1,967,825	1,653,248	-	113,181	1,664,198	79,927,651
2002-03	1,974,159	891,155	6,490,676	2,775,497	5,655,059	52,941,775	1,812,792	1,640,176	-	-	1,702,725	75,884,014
2001-02	2,004,168	961,544	6,273,257	2,759,583	5,273,000	51,901,352	1,690,285	1,051,687	-	1,553,224	1,502,666	74,970,766
2000-01	2,268,065	976,013	5,930,692	2,660,547	5,385,486	50,902,417	1,584,677	859,788	-	2,423,183	1,532,211	74,523,079
1999-00	2,011,749	777,107	5,320,931	2,387,785	5,159,122	48,361,851	1,429,880	761,856	-	2,154,008	1,378,573	69,742,862

(1) Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County 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**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2008-09	\$ 26,768,962	\$ 10,319,402	\$ 125,669	\$ 854,554	\$ 277,468	\$ 3,280,511	\$ 1,517,479	\$ 725,498	\$ 61,985,504	105,855,047
2007-08	27,299,486	10,300,503	157,441	738,157	822,081	3,420,910	1,697,307	802,570	58,876,159	104,114,614
2006-07	27,046,503	9,989,193	205,520	641,383	1,010,631	3,315,650	1,912,090	567,255	57,148,825	101,836,850
2005-06	26,054,693	9,658,574	190,732	511,401	707,243	3,142,978	1,563,953	793,956	51,939,383	94,562,913
2004-05	22,978,358	8,818,508	189,395	203,629	320,188	2,888,994	1,260,837	875,276	48,641,733	86,176,918
2003-04	21,736,872	8,109,926	163,692	52,500	156,575	2,930,174	1,401,782	796,201	45,220,337	80,568,059
2002-03	20,954,014	7,857,865	159,222	38,101	169,320	3,005,906	910,321	601,200	42,853,981	76,549,930
2001-02	20,367,934	7,440,430	190,769	46,270	313,267	3,089,810	669,185	229,100	42,519,287	74,866,052
2000-01	18,597,253	7,286,725	190,798	35,350	859,229	2,594,751	592,411	201,054	42,364,479	72,722,050
1999-00	18,379,774	7,176,753	223,139	19,237	932,442	2,717,227	455,381	155,087	38,837,886	68,896,926

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,3,4)	Percent of Delinquent Taxes to Tax Levy
2008-09	\$ 29,830,388	\$ 28,883,204	96.82%	\$ 445,044	29,328,248	98.32%	\$ 1,187,140	3.98%
2007-08	29,509,653	28,665,654	97.14%	733,341	29,398,995	99.63%	934,569	3.17%
2006-07	29,237,381	28,414,846	97.19%	613,503	29,028,349	99.29%	777,927	2.66%
2005-06	28,406,115	27,555,596	97.01%	589,755	28,145,351	99.08%	707,620	2.49%
2004-05	24,976,439	24,334,405	97.43%	575,192	24,909,597	99.73%	684,019	2.74%
2003-04	23,847,667	23,143,193	97.05%	658,030	23,801,223	99.81%	736,482	3.09%
2002-03	23,080,947	22,418,839	97.13%	489,539	22,908,378	99.25%	715,056	3.10%
2001-02	22,411,076	21,863,723	97.56%	455,267	22,318,990	99.59%	561,003	2.50%
2000-01	19,727,486	19,328,860	97.98%	423,687	19,752,547	100.13%	519,036	2.63%
1999-00	19,038,648	18,659,368	98.01%	279,594	18,938,962	99.48%	691,388	3.63%

(1) Exclusive of penalties and interest.

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

(3) Includes current year taxes receivable only.

(4) Excludes bills totalling \$128,957 that are before the tax commissioner and are not considered

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes (3)	Machinery and Tools	Public Utility (2)		Total
				Real Estate and Personal Property	Public Utility (2)	
2008-09	\$ 3,269,165,800	\$ 492,537,196	\$ 129,910,105	\$ 161,732,484	\$	4,053,345,585
2007-08	3,269,046,000	463,976,908	310,175,750	181,363,006		4,224,561,664
2006-07	3,176,091,700	436,066,753	229,222,785	203,630,931		4,045,012,169
2005-06	3,112,082,500	410,332,545	229,320,270	216,983,390		3,968,718,705
2004-05	2,529,993,382	376,789,058	196,611,365	184,733,489		3,288,127,294
2003-04	2,464,931,423	377,647,003	190,009,524	211,993,150		3,244,581,100
2002-03	2,415,334,275	367,167,603	171,601,551	214,914,064		3,169,017,493
2001-02	2,376,123,800	366,583,026	192,089,250	124,865,310		3,059,661,386
2000-01	1,776,693,700	344,937,707	157,207,670	97,615,143		2,376,454,220
1999-00	1,725,506,800	305,794,713	165,459,215	96,874,153		2,292,634,881

(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.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2008-09	\$ 0.57	\$ 1.55	1.55
2007-08	0.57	1.55	1.55
2006-07	0.57	1.55	1.55
2005-06	0.57	1.55	1.55
2004-05	0.60	1.55	1.55
2003-04	0.57	1.55	1.55
2002-03	0.57	1.55	1.55
2001-02	0.57	1.55	1.55
2000-01	0.66	1.55	1.55
1999-00	0.66	1.55	1.55

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008-09	51,103	\$ 4,091,774	\$ 15,474,811	\$ 15,474,811	0.38%	\$ 303
2007-08	51,103	4,224,562	16,610,898	16,610,898	0.39%	325
2006-07	51,103	4,045,012	12,545,145	12,545,145	0.31%	245
2005-06	51,103	3,968,719	13,532,193	13,532,193	0.34%	265
2004-05	51,103	3,288,127	14,549,075	14,549,075	0.44%	285
2003-04	51,103	3,244,581	15,520,021	15,520,021	0.48%	304
2002-03	51,103	3,169,017	15,582,385	15,582,385	0.49%	305
2001-02	51,103	3,059,661	15,656,012	15,656,012	0.51%	306
2000-01	51,103	2,376,454	10,573,661	10,573,661	0.44%	207
1999-00	45,887	2,292,635	8,829,559	8,829,559	0.39%	192

(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.
 Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2008-09	\$ 1,136,087	\$ 848,989	\$ 1,985,076	109,554,292	1.81%
2007-08	958,523	606,733	1,565,256	105,007,059	1.49%
2006-07	1,016,567	617,865	1,634,432	97,444,103	1.68%
2005-06	1,046,741	744,547	1,791,288	92,748,388	1.93%
2004-05	995,687	735,877	1,731,564	86,372,724	2.00%
2003-04	934,382	729,816	1,664,198	79,927,651	2.08%
2002-03	940,192	762,533	1,702,725	75,884,014	2.24%
2001-02	619,624	883,042	1,532,211	74,970,766	2.04%
2000-01	-	-	1,378,573	74,523,079	1.85%
1999-00	-	-	1,583,980	69,742,862	2.27%

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

(2) Detail unavailable prior to fiscal year 2002

COMPLIANCE SECTION

Compliance

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the 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, 2009, which collectively comprise the County of Washington, Virginia's basic financial statements and have issued our report thereon dated November 30, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

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 30, 2009.

This report is intended solely for the information and use of members of the Board of Supervisors, management, 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, Fauser, Cox Associates

Christiansburg, Virginia
November 30, 2009

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

COMPLIANCE

We have audited the compliance of the County of Washington, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 on 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County of Washington, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Washington, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 the Board of Supervisors, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Christiansburg, Virginia
November 30, 2009

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	\$ 29,800
Temporary Assistance for Needy Families (TANF)	93.558	440,781
Refugee and Entrant Assistance - State Administered Programs	93.566	735
Low-Income Home Energy Assistance	93.568	18,723
Child Care and Development Block Grant	93.575	123,033
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	121,461
Child Welfare Services - State Grants	96.645	2,498
Foster Care - Title IV-E	93.658	315,295
Foster Care - Title IV-E - ARRA	93.658	19,003
Adoption Assistance	93.659	68,014
Adoption Assistance - ARRA	93.659	5,272
Social Services Block Grant	93.667	202,381
Chafer Foster Care Independence Program	93.674	7,824
Children's Health Insurance Program	93.767	29,121
Medical Assistance Program	93.778	263,127
Total Department of Health and Human Services		<u>\$ 1,647,068</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution (Note 2)	10.555	\$ 200,000
Department of Education:		
Child Nutrition Cluster-National school breakfast program	10.553	367,423
National school lunch program	10.555	1,197,112
Schools and Roads--Grants to States	10.665	34,736
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	399,030
Total Department of Agriculture		<u>\$ 2,198,301</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ 53,483
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Violence Against Women Formula Grants	16.588	\$ 21,041
Crime Victim Assistance	16.575	7,244
Total Department of Justice		<u>\$ 28,285</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
Alcohol Open Container Requirements	20.607	\$ 58,373

County of Washington, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Education - Basic Grants to States	84.002	\$ 307,550
Title I Grants to local educational agencies	84.010	1,411,753
Special Education-Grants to states	84.027	1,449,796
Career and Technical Education-Basic grants to states	84.048	139,068
Special Education-Preschool grants	84.173	46,856
Safe and drug-free schools and communities - state grants	84.186	27,981
Twenty-First Century Community Learning Centers	84.287	6,842
Comprehensive School Reform Demonstration	84.332	3,397
Reading First State Grants	84.357	313,814
Improving Teacher Quality State Grants	84.367	424,015
Grants for State Assessments and Related Activities	84.369	22,144
National Community Service Act	94.004	<u>23,940</u>
Total Department of Education		<u>\$ 4,177,156</u>
Appalachian Regional Commission:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community development block grant	14.228	<u>\$ 149,660</u>
Department of National Community Service:		
Pass Through Payments:		
Department of Education:		
Learn and Service America-School and Community Based Programs	94.004	<u>\$ 24,057</u>
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
Emergency Management Performance Grant	97.042	\$ 5,000
State Homeland Preparedness Equipment Support Program	97.004	<u>27,715</u>
Total Department of Homeland Security		<u>\$ 32,715</u>
Total Federal Assistance		<u><u>\$ 8,369,098</u></u>

County of Washington, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2009

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Washington County, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 3 -- 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	\$ 2,368,614
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Component Unit Schools:

School Operating Fund	<u>\$ 6,000,484</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 8,369,098</u></u>
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COUNTY OF WASHINGTON, VIRGINIA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered to be material weakness(es)?	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 section 310(a) of Circular A-133	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families (TANF)
93.658	Foster Care-Title IV-E
84.357	Reading First State Grants
84.367	Improving Teacher Quality State Grants

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

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

Federal Awards (Continued)

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

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Audit Findings

None