

COUNTY OF PITTSYLVANIA, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

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

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INTRODUCTORY SECTION

COUNTY OF PITTSYLVANIA, VIRGINIA

BOARD OF SUPERVISORS

Tim R. Barber, Vice Chair	Coy Harville, Chair	William H. Pritchett
Henry A. "Hank" Davis, Jr.		Marshall Ecker
Fred Ingram		James Snead

COUNTY SCHOOL BOARD

W. Neal Oakes, Vice Chair	Calvin D. Doss, Chair	J. Samuel Burton
Charles H. Miller, Jr.		Don C. Moon
Morris C. Stowe		R. Todd Sanders
	Janet Hancock, Clerk	

SOCIAL SERVICES BOARD

Lonnie K. White, Vice Chairperson	Arlene S. Creasy, Chairperson	Ronnie Pickral
William H. Pritchett		J. Carson Womack, III
Jean D. Harville		Raymond E. Cobb
Ronnie Haymore		

OTHER OFFICIALS

Clerk of the Circuit Court	H. F. Haymore, Jr.
Commonwealth's Attorney.....	David N. Grimes
Commissioner of the Revenue	Samuel W. Swanson, Jr.
Treasurer.....	Teresa D. Easley
Sheriff.....	Michael W. Taylor
Superintendent of Schools	James E. McDaniel
Director of Social Services	Sherry R. Flanagan
County Administrator	William D. Sleeper
County Attorney.....	John P. Light
County Finance Director	Kimberly G. Van Der Hyde

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

**To the Members of the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, the major funds, and the aggregate remaining fund information of the County of Pittsylvania, 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 Pittsylvania, 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 Industrial Development Authority of Pittsylvania County, Virginia or the Pittsylvania County Service Authority, which jointly represent 82.3% and 4.0%, respectively, of the total net assets and program revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions on the basic financial statements insofar as they relate to the amounts included for the Industrial Development Authority of Pittsylvania County, Virginia and the Pittsylvania County Service Authority in the aggregate discretely presented component units, is based solely on the reports 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 reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, the major funds, and the aggregate remaining fund information of the County of Pittsylvania, Virginia as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21, 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 January 14, 2009, on our consideration of the County of Pittsylvania, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important in assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information and the Schedule of Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Pittsylvania, Virginia's, basic financial statements. The introductory section and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Pittsylvania, Virginia. The schedule of expenditures of federal awards has 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 other auditors, 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 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, Cox Associates

Christiansburg, Virginia

November 30, 2009

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Pittsylvania, Virginia for the fiscal year ended June 30, 2009. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

Financial Highlights

Government-wide Financial Statements

The assets of the County of Pittsylvania, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$52,143,581 (net assets). Of this amount, \$33,365,623 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Information concerning net assets for the County and its component units is located on Exhibit 1. The component units include the School Board's net assets totaling \$6,148,270 of which \$(7,966,197) is unrestricted, the Industrial Development Authority's net assets totaling \$(1,503,345) all of which is unrestricted and Pittsylvania County Service Authority's net assets totaling \$27,149,258 of which \$2,223,067 is unrestricted. (See Exhibit 1.) This exhibit provides insight into the future by using a full accrual accounting method. This model considers all factors when showing the financial position of the County.

The Government's net assets increased by \$4,025,112. In addition, the School Board's net assets increased by \$542,887 and the IDA's assets decreased by \$171,814 while the PCSA's net assets decreased by \$73,804. (See Exhibit 2.)

Fund Financial Statements

Unlike the Government-wide Financial Statements which use a full accrual accounting approach, the Fund Financial Statements use a modified accrual method of accounting. This method differs from the full accrual method by showing a picture of the County's financial position at the present time. A reconciliation of the two methods is provided in Exhibit 4. At the end of the current fiscal year, unreserved fund balance for the general fund was \$29,628,758 or 49 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2009 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2010.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$73,189,614, an increase of \$30,943,204 over last year. Most of the increase or \$30,704,070 was attributed to debt issuance in the School Capital Improvements Fund. Approximately 45 percent of this total amount, or \$32,790,632 (which includes special revenue funds), is available for spending at the government's discretion. This unreserved balance has two parts, designated which represents \$4,963,275 of the unreserved balance and undesignated which represents \$27,827,357 of the unreserved balance. (See Exhibit 3.)

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical and compliance.

- The *introductory section* provides a listing of principal officers for 2008-2009.
- The *financial section* has three component parts – managements' discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements, and required supplemental information.
- The *statistical section* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations.

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continued to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net assets and 2) the statement of activities.

The statement of net assets presents all of the County's permanent accounts, or assets, liabilities and net assets. The difference between assets and liabilities is reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include, in addition to the primary government or County, three component units: 1) the Pittsylvania County School Board, 2) Industrial Development Authority and 3) Pittsylvania County Service Authority. Although these component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are presented in exhibits 4 and 6 of the financial section of this report.

Proprietary funds

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The County of Pittsylvania has no enterprise funds but does have two internal service funds: the Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

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Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. Again, the full accrual accounting method is used to derive these figures. For the County of Pittsylvania, assets exceeded liabilities by \$52,143,581 at the end of the fiscal year.

The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

County of Pittsylvania's Net Assets				
	2009		2008	
	Governmental Activities		Governmental Activities	
	\$		\$	
Current and other assets	96,501,059		54,086,711	
Capital assets	99,429,289		71,643,076	
Total assets	<u>195,930,348</u>		<u>125,729,787</u>	
Long-term liabilities	124,393,133		68,646,043	
Other liabilities	19,393,634		8,965,275	
Total liabilities	<u>143,786,767</u>		<u>77,611,318</u>	
Net assets:				
Invested in capital assets, net of related debt	\$ 17,874,820		\$ 15,593,827	
Restricted	903,138		1,709,261	
Unrestricted	33,365,623		30,815,381	
Total net assets	<u>\$ 52,143,581</u>		<u>\$ 48,118,469</u>	

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 34 percent of total net assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. \$288,548 of restricted net assets were seized by the Sheriff's Department and can only be used for law enforcement. The remaining amount is restricted for construction on high schools. The County's restricted net assets account for 2 percent of total net assets.

The remaining balance of unrestricted net assets, which is \$33,365,623 or 64 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$4,025,112 during the current fiscal year. The majority of this increase was generated by several tax and rate increases in various categories.

Governmental Activities

Governmental activities increased the County's net assets by \$4,025,112. Key elements of this increase are as follows:

County of Pittsylvania's Changes in Net Assets

	2009 Governmental Activities	2008 Governmental Activities
Revenues:		
Program revenues:		
Charges for services	\$ 776,068	\$ 924,114
Operating grants & contributions	22,813,227	24,461,459
General revenues:		
General property taxes	29,680,376	24,012,434
Other local taxes	8,304,925	7,748,448
Use of money and property	1,520,387	1,708,824
Other	272,379	512,564
Grants and contributions not restricted to specific programs	4,483,640	4,523,327
Gain (loss) on disposal of Capital Assets	-	-
Total revenues	\$ <u>67,851,002</u>	\$ <u>63,891,170</u>
Expenses:		
General government	\$ 2,953,224	\$ 2,268,035
Judicial administration	1,579,879	1,554,911
Public safety	13,399,420	12,356,590
Public works	4,495,239	4,416,883
Health and welfare	15,855,096	15,780,009
Education	13,030,727	15,904,724
Parks, recreation and cultural	1,163,559	1,170,737
Community development	6,642,658	7,041,212
Interest on long-term debt	4,706,088	2,799,504
Total expense	\$ <u>63,825,890</u>	\$ <u>63,292,605</u>
Increase in net assets	\$ 4,025,112	\$ 598,565
Net assets, beginning	48,118,469	47,519,904
Net assets, ending	\$ <u>52,143,581</u>	\$ <u>48,118,469</u>

-Revenues: General property taxes increased 24% over last year because of the general growth of the County coupled with the 3¢ tax increase in real property and a 75¢ tax increase in personal property tax. Real property taxes experienced an increase of 13% while personal property taxes had an increase of 10%.

-Revenues: Other local taxes increased slightly by 7% over FY2008, which was a combination of increases and decreases in various categories. While local sales tax was down by 11%, state communications tax was down by 9% while consumer utility tax was up by 10% over FY2008. Motor Vehicle licenses also increased during this year by 27% because the fee was increased by \$9.25 per vehicle.

-Expenses: Overall primary government expenditures increased 48% over FY2008. This increase was due to the high school renovation project. This project is responsible for 42% of this increase.

-Expenses: Education increased 6% over FY2008.

-Expenses: Community Development increased by 70%. Community Development expenditures increased significantly because of the expenditure of \$4,134,776.75 for the purchase of property at the Berry Hill Industrial Park. This is a joint project with the City of Danville. After these funds were expended, the City agreed to front all land purchases for the Berry Hill Mega Park until permanent financing could be obtained. Therefore, the total of \$4,134,776.75 was returned back to the County within weeks of the initial expenditure. If this expenditure is excluded from the 2009 Industrial Development expenditures, this department would have experienced a decrease of 13% in expenses from the previous year. Because of the economic down turn, the County did not have as many industrial projects during FY2009. Several waterline projects began in 2009, which included engineering for Whispering Pines waterline, the Route 40 waterline and the Berry Hill waterline. Construction of the Tom Fork waterline and the completion of the 12" waterline to connect the Henry County Service Authority along with the completion of a sanitary sewer extension at Route 58/62/729 were among the construction projects that occurred during FY2009.

Financial Analysis of the Government's Funds

Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$73,189,614. Approximately 45 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose. The fund balance reserved for school construction totaled \$40,110,434.

The general fund is the chief operating fund of the County. As of June 30, 2009, total fund balance of the general fund was \$29,628,758 all of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 49 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$12,573,485.

Following is a reconciliation of the Treasurer's books to the Audited Financial Statements.

**County of Pittsylvania's Reconciliation of Treasurer's General Fund Balance
To Audited General Fund Balance
For the Year Ended June 30, 2009**

	2009	2008
General Fund Balance per Treasurer	\$ 26,617,962	\$ 25,821,985
<u>Funds merged for financial reporting purposes:</u>		
Animal Friendly Plates Revenue Fund	1,661	2,074
Debt Reserve Fund-Human Services Fund	124,450	234,911
County Jail CIP Fund	18,832	66,058
Bond Fund	2,400	2,400
Grants Fund	(1,255,443)	(906,442)
Capital Improvement Fund	814,684	630,670
Jail Operations Fund	47,516	25,248
Rural Roads Fund	487,075	195,315
Courthouse Security Fund	341,325	271,889
Jail Processing Fee Fund	32,146	24,319
Library Gifts Fund	57,455	48,559
Courthouse Maintenance Fund	1,328	12,870
Law Library Fund	23,126	20,148
Building Code Academy	-	652
Treasurer's Current Debit Account	-	(6,492)
Treasurer's Deferred Credit Account	-	(767)
Treasurer's Clearing Account	-	1,559
Subtotal - Merged Funds	\$ <u>696,555</u>	\$ <u>622,971</u>

Adjustments to covert cash basis records to the modified accrual

Reversion of School Salaries Payable Fund	\$ 4,258,162	\$ 3,869,421
Cash moved to other funds	(89,849)	
Rural Roads cash to Cash Bond fund	(291,760)	
Funds held in the Sheriff's Office	-	6,449
Cash Adjustment-Amount Due from other Funds	-	-
Lease-purchase funds held by County Administration	-	-
Total Cash Adjustments	\$ <u>3,876,553</u>	\$ <u>3,875,870</u>
Total Cash/Investments – Exhibit 3	\$ <u>31,191,070</u>	\$ <u>30,320,826</u>
Accrual Entries:		
Taxes and fees receivable	(1,945,830)	(1,725,551)
<u>Financial Analysis of the Government's Funds</u>		
Accounts Receivable	227,198	277,466
Amounts due from other funds	59,390	663,858
Amounts due from other Governments	3,239,050	2,905,500
Accounts Payable	(635,426)	(628,308)
Amount due the Component Unit School Board	<u>(2,506,694)</u>	<u>(2,121,015)</u>
Total Accrual Entries	\$ <u>(1,562,312)</u>	\$ <u>(628,050)</u>
Total Fund Balance General Fund – Exhibit 3	\$ <u>29,628,758</u>	\$ <u>29,692,776</u>

The fund balance of the County's general fund decreased by \$64,018 during the current fiscal year. This decrease is due largely to the negative balances in the Central Stores fund and the Grants fund. The negative accrual entries also aided in the decrease experienced in the general fund balance.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$4,281,633 increase. This increase occurred because of unforeseen events that occurred after the 2009 budget process. Budgeted revenues increased by \$910,774 which is attributable to normal growth. Significant budgetary supplements are included below:

- During the budget process, an estimate is made for carryover funds not expended in the prior year. These estimates are adjusted at July 1 to accurately show the true amount that remained in these funds at 6/30 of that year. On July 1, 2008, budgeted carryovers were increased by \$1,039,018.

- Grant Funds increased the budget significantly during FY 2009. New grants received during the year totaled 562,695.
- Comprehensive Services Act was also a major expense for the County. An additional appropriation was required to cover these expenditures. The total of this appropriation equaled \$3,430,736, which included state funds of \$2,963,295 and local funds of \$467,441.

Capital Asset and Debt Administration

Capital assets

The County’s investment in capital assets for its governmental activities as of June 30, 2009 is \$99,429,289 (net of accumulated depreciation). This investment in capital assets includes land buildings and system, machinery and equipment, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Purchase of property for a new animal shelter totaling \$160,210
- New cooling towers for the Courthouse totaling \$52,800
- GPS for E911 Tower Sites totaling \$58,245
- Universal positioning system for E911 totaling \$26,500
- Construction in process on high school renovation project totaling \$29,327,726
- Intrado program for E911 totaling \$63,561

**County of Pittsylvania, Virginia Capital Assets for Governmental Activities
(net of depreciation)**

	2009 Governmental activities	2008 Governmental activities
Land	\$ 4,902,148	\$ 4,741,938
Buildings and system	59,871,870	62,152,214
Machinery and equipment	4,236,070	3,657,449
Construction in progress	30,419,201	1,091,475
Total	<u>\$ 99,429,289</u>	<u>\$ 71,643,076</u>

School Board Assets financed with debt are considered assets of the General government until debt on these assets has been defeased. As such, the above listed assets include School Board Assets net of related depreciation of \$80,006,115. Additional information on the County’s capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

County of Pittsylvania's Outstanding Debt

	2009	2008
	Governmental activities	Governmental activities
General obligation bonds	\$ 92,629,636	\$ 60,326,400
Loan Anticipation Note	20,000,000	-
Lease Revenue Notes	3,884,462	-
Bond Premium	809,256	825,857
Deferred Amount on Refunding	(363,837)	(306,714)
Bond Discounts	(168,355)	-
Landfill closure/post-closure	2,150,044	1,992,822
OPEB Liability	139,000	-
Capital leases	4,259,151	4,813,798
Compensated absences	1,053,776	993,880
Total	\$ 124,393,133	\$ 68,646,043

Legislations enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The current unemployment rate for the County is 10.2 percent, which is a significant increase from the rate of 6.7 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.3 percent and the national average rate of 9.5 percent.
- Pittsylvania County joined forces with Henry County to construct a 17-mile waterline that will run along US 58 from Brosville to Philpott Lake. This project was completed during FY2009.
- Pittsylvania County has a median household income of \$38,590 (based on the latest attainable 2008 data) compared to the State median household income of \$61,210.
- Pittsylvania County's current population stands at 61,123 based on US Census Bureau information from 2008.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2010 budget year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Pittsylvania's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 426, Chatham, Virginia 24531. The County's website at www.pittgov.org may also be visited to obtain valuable information about the County.

Information relative to the Pittsylvania County Public Service Authority and the Pittsylvania County Industrial Development Authority financial statements may be obtained from those organizations directly.

Basic Financial Statements

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

	Component Units			
	Primary Government Governmental Activities	School Board	Industrial Development Authority	Pittsylvania County Service Authority
ASSETS				
Cash and cash equivalents	\$ 70,500,628	\$ 401,640	\$ 129,152	\$ 198,955
Cash in custody of others	5,469	-	-	-
Investments	16,128,791	-	-	1,625,868
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,672,125	-	-	-
Accounts receivable	237,240	-	-	229,287
Notes receivable	-	-	9,049,858	-
Interest receivable	-	-	-	6,042
Due from primary government	-	2,506,694	-	-
Due from other governmental units	4,022,146	1,633,343	-	-
Inventories	14,516	-	384,388	39,688
Prepaid expenses	-	523,091	-	38,322
Restricted assets:				
Other assets:				
Unamortized bond issue costs	920,144	-	-	-
Noncurrent assets:				
Investments	-	-	-	401,561
Capital assets (net of accumulated depreciation):				
Land	4,902,148	2,662,750	-	-
Buildings and system	59,871,870	8,610,505	-	-
Machinery and equipment	4,236,070	2,841,212	-	-
Utility plant in service	-	-	-	27,638,469
Construction in progress	30,419,201	-	-	32,325
Total assets	<u>195,930,348</u>	<u>19,179,235</u>	<u>9,563,398</u>	<u>30,210,517</u>
LIABILITIES				
Accounts payable	10,445,055	197,070	59,196	110,003
Accrued liabilities	-	4,258,162	-	12,785
Customer deposits	-	-	-	112,258
Estimate of incurred but unreported health claims	741,181	-	-	-
Accrued interest payable	3,012,471	-	-	18,620
Due to component unit	2,506,694	-	-	-
Unearned revenue	2,688,233	-	3,018,385	62,990
Long-term liabilities:				
Due within one year	4,682,824	2,874,723	243,567	412,999
Due in more than one year	119,710,309	5,701,010	7,745,594	2,331,604
Total liabilities	<u>143,786,767</u>	<u>13,030,965</u>	<u>11,066,742</u>	<u>3,061,259</u>
NET ASSETS				
Invested in capital assets, net of related debt	17,874,820	14,114,467	-	24,926,191
Restricted for:				
Construction	614,590	-	-	-
Asset forfeiture funds	288,548	-	-	-
Unrestricted (deficit)	33,365,623	(7,966,197)	(1,503,345)	2,223,067
Total net assets	<u>\$ 52,143,581</u>	<u>\$ 6,148,270</u>	<u>\$ (1,503,345)</u>	<u>\$ 27,149,258</u>

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

County of Pittsylvania, 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 Government			Component Unit
					Governmental Activities	School Board	Industrial Development Authority	Pittsylvania County Service Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,953,224	\$ 186,383	\$ 430,664	\$ -	\$ (2,336,177)	\$ -	\$ -	\$ -
Judicial administration	1,579,879	91,460	955,778	-	(531,641)	-	-	-
Public safety	13,399,420	187,901	4,840,780	-	(8,370,739)	-	-	-
Public works	4,495,239	287,332	12,035	-	(4,195,872)	-	-	-
Health and welfare	15,855,096	-	12,900,776	-	(2,954,320)	-	-	-
Education	13,030,727	-	-	-	(13,030,727)	-	-	-
Parks, recreation, and cultural	1,163,559	22,992	194,135	-	(946,432)	-	-	-
Community development	6,642,658	-	3,478,059	-	(3,164,599)	-	-	-
Interest on long-term debt	4,706,088	-	-	-	(4,706,088)	-	-	-
Total primary government	63,825,890	776,068	22,813,227	-	(40,236,595)	-	-	-
COMPONENT UNITS:								
School Board	65,793,871	2,267,092	70,189,963	-	-	(13,336,816)	-	-
Industrial Development Authority	1,081,638	573,799	-	-	-	(507,839)	-	-
Pittsylvania County Service Authority	2,601,656	2,069,765	-	350,257	-	-	(181,634)	-
Total component units	89,477,165	4,910,656	70,189,963	350,257	-	(13,336,816)	(507,839)	(181,634)
General revenues:								
General property taxes					29,680,376	-	-	-
Other local taxes:								
Local sales and use taxes					1,857,307	-	-	-
Communication sales taxes					2,367,502	-	-	-
Consumers' utility taxes					1,028,851	-	-	-
Motor vehicle taxes					1,939,724	-	-	-
Other local taxes					1,111,541	-	-	-
Unrestricted revenues from use of money and property					1,520,387	10,509	336,025	87,336
Miscellaneous					272,379	141,384	-	-
Payments from the County of Pittsylvania					-	13,727,810	-	-
Grants and contributions not restricted to specific programs					4,483,640	-	-	-
Gain (loss) on disposal of capital assets					-	-	-	-
Total general revenues					44,261,707	13,879,703	336,025	20,494
Change in net assets					4,025,112	542,887	(171,814)	(73,804)
Net assets - beginning					48,118,469	5,605,383	(1,331,531)	27,223,062
Net assets - ending					\$ 52,143,581	\$ 6,148,270	\$ (1,503,345)	\$ 27,149,258

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

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

	General	Industrial Development	Workforce Investment Act	School Capital Improvements	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 21,159,687	\$ 2,906,721	\$ 15,718	\$ 43,266,196	\$ 288,548	\$ 67,636,870
Cash in custody of others	-	-	-	5,469	-	5,469
Investments	10,031,383	-	-	6,097,408	-	16,128,791
Receivables (net of allowance for uncollectibles):						
Taxes receivable	4,672,125	-	-	-	-	4,672,125
Accounts receivable	227,198	-	-	-	-	227,198
Due from other funds	59,390	-	-	-	-	59,390
Due from other governmental units	3,239,050	416,829	386,267	-	-	4,022,146
Total assets	<u>39,388,833</u>	<u>3,323,550</u>	<u>381,985</u>	<u>49,369,073</u>	<u>288,548</u>	<u>92,751,989</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	635,426	39,594	504,067	9,258,639	-	10,437,726
Due to component unit	2,506,694	-	-	-	-	2,506,694
Deferred revenue	6,617,955	-	-	-	-	6,617,955
Total liabilities	<u>9,760,075</u>	<u>39,594</u>	<u>504,067</u>	<u>9,258,639</u>	<u>-</u>	<u>19,562,375</u>
Fund balances:						
Reserved for:						
Construction	-	-	-	40,110,434	-	40,110,434
Asset forfeiture funds	-	-	-	-	288,548	288,548
Unreserved:						
Designated, reported in:						
Special revenue funds	-	3,283,956	-	-	-	3,283,956
General fund	1,679,319	-	-	-	-	1,679,319
Undesignated, reported in:						
General fund	27,949,439	-	-	-	-	27,949,439
Special revenue funds (deficit)	-	-	(122,082)	-	-	(122,082)
Total fund balances	<u>29,628,758</u>	<u>3,283,956</u>	<u>(122,082)</u>	<u>40,110,434</u>	<u>288,548</u>	<u>73,189,614</u>
Total liabilities and fund balances	<u>\$ 39,388,833</u>	<u>\$ 3,323,550</u>	<u>\$ 381,985</u>	<u>\$ 49,369,073</u>	<u>\$ 288,548</u>	<u>\$ 92,751,989</u>

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

County of Pittsylvania, 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	\$ 73,189,614
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	99,429,289
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,929,722
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.	2,080,416
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(126,485,460)
Net assets of governmental activities	<u>\$ 52,143,581</u>

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

	General	Industrial Development	Workforce Investment Act Fund	School Capital Improvements	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 28,538,436	\$ -	\$ -	\$ -	\$ -	28,538,436
Other local taxes	8,304,925	-	-	-	-	8,304,925
Permits, privilege fees, and regulatory licenses	187,789	-	-	-	-	187,789
Fines and forfeitures	76,900	-	-	-	-	76,900
Revenue from the use of money and property	716,318	-	-	802,826	1,243	1,520,387
Charges for services	511,379	-	-	-	-	511,379
Miscellaneous	113,846	-	158,533	-	-	272,379
Recovered costs	1,266,531	4,202,753	-	-	-	5,469,284
Intergovernmental revenues:						
Commonwealth	16,544,750	3,202,102	-	-	190,720	19,937,572
Federal	3,859,580	-	3,488,320	-	11,395	7,359,295
Total revenues	<u>60,120,454</u>	<u>7,404,855</u>	<u>3,646,853</u>	<u>802,826</u>	<u>203,358</u>	<u>72,178,346</u>
EXPENDITURES						
Current:						
General government administration	3,138,333	-	-	-	-	3,138,333
Judicial administration	1,610,990	-	-	-	-	1,610,990
Public safety	13,687,949	-	-	-	358,763	14,046,712
Public works	3,867,606	-	-	-	-	3,867,606
Health and welfare	12,860,311	-	3,184,106	-	-	16,044,417
Education	12,583,567	-	-	13,737	-	12,597,304
Parks, recreation, and cultural	1,101,641	-	-	-	-	1,101,641
Community development	2,573,852	8,479,828	-	-	-	11,053,680
Nondepartmental	14,414	-	-	-	-	14,414
Capital projects	104,790	-	-	29,327,726	-	29,432,516
Debt service:						
Principal retirement	5,927,035	-	-	-	-	5,927,035
Interest and other fiscal charges	2,985,182	-	-	742,830	-	3,728,012
Total expenditures	<u>60,455,670</u>	<u>8,479,828</u>	<u>3,184,106</u>	<u>30,084,293</u>	<u>358,763</u>	<u>102,562,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(335,216)</u>	<u>(1,074,973)</u>	<u>462,747</u>	<u>(29,281,467)</u>	<u>(155,405)</u>	<u>(30,384,314)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,000,804	2,071,587	-	-	-	3,072,391
Transfers out	(2,079,692)	(1,000,804)	-	-	-	(3,080,496)
Proceeds of bond anticipation note	-	-	-	20,000,000	-	20,000,000
Proceeds of GO bond	-	-	-	40,000,000	-	40,000,000
Proceeds of refunding bond	-	-	-	3,225,000	-	3,225,000
Premium on bond anticipation note	-	-	-	83,400	-	83,400
Discount on GO bond	-	-	-	(168,355)	-	(168,355)
Proceeds of capital leases	1,350,086	-	-	-	-	1,350,086
Payment to bond escrow agent	-	-	-	(3,154,508)	-	(3,154,508)
Total other financing sources (uses)	<u>271,198</u>	<u>1,070,783</u>	<u>-</u>	<u>59,985,537</u>	<u>-</u>	<u>61,327,518</u>
Net change in fund balances	(64,018)	(4,190)	462,747	30,704,070	(155,405)	30,943,204
Fund balances - beginning	29,692,776	3,288,146	(584,829)	9,406,364	443,953	42,246,410
Fund balances - ending	<u>\$ 29,628,758</u>	<u>\$ 3,283,956</u>	<u>\$ (122,082)</u>	<u>\$ 40,110,434</u>	<u>\$ 288,548</u>	<u>\$ 73,189,614</u>

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

County of Pittsylvania, 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	\$ 30,943,204
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 and the transfer of debt financed assets to the School Board exceeded depreciation in the current period.	27,786,213
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,141,940
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.	(55,565,810)
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.	(1,176,972)
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.	896,537
Change in net assets of governmental activities	<u>\$ 4,025,112</u>

County of Pittsylvania, Virginia
 Combined Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,863,758
Accounts receivables, net of allowances for uncollectibles	10,042
Inventories	14,516
Total current assets	2,888,316
LIABILITIES	
Current liabilities:	
Accounts payable	7,329
Estimate of incurred but unreported health claims	741,181
Due to other funds	59,390
Total current liabilities	807,900
NET ASSETS	
Unrestricted	\$ 2,080,416

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

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

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services:	
Materials and supplies	\$ 514,477
Insurance premiums	9,495,353
Total operating revenues	10,009,830
OPERATING EXPENSES	
Supplies, insurance and telephone	\$ 483,314
Insurance claims and expenses	8,638,084
Total operating expenses	9,121,398
Income before contributions and transfers	\$ 888,432
Transfers in	\$ 8,105
Change in net assets	\$ 896,537
Total net assets - beginning	1,183,879
Total net assets - ending	\$ 2,080,416

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

County of Pittsylvania, Virginia
 Combined Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2009

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for materials and supplies	\$ 504,435
Receipts for insurance premiums	9,495,353
Payments to suppliers	(485,975)
Payments for premiums	<u>(8,688,428)</u>
Net cash provided (used by) operating activities	<u>825,385</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(18,460)</u>
Net increase (decrease) in cash and cash equivalents	806,925
Cash and cash equivalents - beginning	2,056,833
Cash and cash equivalents - ending	<u>\$ 2,863,758</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 888,432</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(10,042)
(Increase) decrease in inventories	2,760
Increase (decrease) in accounts payable	<u>(55,765)</u>
Total adjustments	<u>(63,047)</u>
Net cash provided (used) by operating activities	<u>\$ 825,385</u>

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 311,850
Cash in custody of others	19,764
Receivables:	
Other receivables	708
Total assets	\$ 332,322
LIABILITIES	
Amounts held for Social Services clients	\$ 14,798
Amounts held for developer	297,760
Amounts held for inmates	19,764
Total liabilities	\$ 332,322

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

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

The Industrial Development Authority of Pittsylvania County (IDA) encourages and provides financing for industrial development in Pittsylvania County. The County has executed a support agreement with the IDA to provide funding sufficient to meet principal and interest payments on the Authority's \$2,000,000 revenue bond dated August 1, 2005. As such, the IDA is fiscally dependent upon the County. The IDA's fiscal year end is December 31st and financial data presented herewith for the Authority is for the fiscal year ended December 31, 2008. The IDA issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

The Pittsylvania County Service Authority (Service Authority) provides water and sewer service to residents of Pittsylvania County. The County has executed two support agreements with the Service Authority to provide funding sufficient to meet principal and interest payments on the Service Authority's Series 2006 and 2007 Revenue Notes in the amount of \$622,117 and \$660,000, respectively. As such, the Service Authority is fiscally dependent upon the County. The Service Authority's fiscal year end is December 31st and financial data presented herewith for the Service Authority is for the fiscal year ended December 31, 2008. The Service Authority issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

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

A. Reporting Entity (continued)

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the county's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County, in conjunction with the City of Danville, participates in supporting the Danville-Pittsylvania Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$149,135 to the Community Services Board.

The County in conjunction with the City of Danville participates in supporting the Regional Industrial Facilities Authority. The County has committed funds for projects of the Authority as detailed later in this report.

B. Government-wide and Fund Financial Statements

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

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 government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the Social Services, Debt Reserve, Bond, Zoning, Grants, CIP, Jail Operations, Rural Roads, Landfill Enterprise, Building Code Academy, Courthouse Security, Jail Inmate Management, Landfill Bond, Library Gifts, Courthouse Maintenance, Law Library, Animal Friendly Plates, and Jail Processing Funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The Industrial Development and Workforce Investment Act Funds serve as the County's major *Special Revenue Funds*. The Industrial Development Fund accounts for financial resources to be used for industrial and community development benefiting the County. The Industrial Development Fund includes the activities of the cyclical and non-cyclical industrial development funds. The Workforce Investment Act Fund accounts for financial resources to be used in administering programs to improve the workforce of Pittsylvania County and surrounding jurisdictions.

The School Capital Improvements Fund is the County's only major *Capital Projects Fund*. It accounts for financial resources to be used for the acquisition or construction of major capital facilities of the school board.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

The nonmajor governmental fund of the County is:

The Forfeited Assets Fund is a *Special Revenue Fund* that accounts for financial resources to be used in connection with the Sheriff and Commonwealth Attorney's asset forfeiture funds.

Additionally, the government 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 Central Stores and Self-health Insurance Funds.

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, Cash Bond, and Sheriff's Inmate Trust and Canteen Account 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. The principal operating revenues of the County's Internal Service Funds are charges to departments for sales and health insurance. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in installments on June 5th and December 5th. Personal property taxes are due and collectible in installments on June 5th and December 5th. 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 \$1,421,473 at June 30, 2009 and is comprised solely of property taxes.

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

D. Assets, Liabilities, and Net Assets or Equity (continued)

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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment of the primary government, as well as the Component Unit – School Board, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of 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.

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

D. Assets, Liabilities, and Net Assets or Equity (continued)

8. Long-term Obligations

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

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

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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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 \$(126,485,460) and \$(8,575,733) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
General obligation bonds	\$ (92,629,636)	\$ -
Lease revenue notes	(3,884,462)	-
Loan anticipation note	(20,000,000)	-
Lease purchase agreements	(4,259,151)	-
Unamortized premium	(809,256)	-
Unamortized discount	168,355	-
Unamortized issuance costs	1,031,363	-
Unamortized loss on refunding	252,618	-
Accrued interest payable	(3,012,471)	-
Landfill accrued closure and postclosure monitoring costs	(2,150,044)	-
Early retirement incentive program	-	(6,465,863)
Other post employment benefits	(139,000)	(271,000)
Compensated absences	(1,053,776)	(1,838,870)
	<u> </u>	<u> </u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ (126,485,460)	\$ (8,575,733)

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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 \$27,786,213 and \$529,928 for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 31,919,377	\$ 797,633
Reversion of assets back to the School Board (net)	(757,688)	757,688
Capital asset deletions	(514,007)	(139,457)
Depreciation expense	(3,375,476)	(1,021,439)
Removal of accumulated depreciation	514,007	135,503
 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>	 \$ 27,786,213	 \$ 529,928

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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 \$(55,565,810) difference in the primary government are as follows:

	<u>Primary Government</u>
Debt Issued or Incurred:	
General Obligation bond issuance	\$ (40,000,000)
Loan anticipation note issuance	(20,000,000)
Refunding bond issuance	(3,225,000)
Discount on general obligation bond	168,355
Premium on bond anticipation note	(83,400)
Proceeds of lease purchase agreement	(1,350,086)
Accrued landfill closure/postclosure	(157,222)
Principal Payments:	
Bonds	3,677,342
Lease revenue notes	344,960
Lease purchase agreements	1,904,733
Payments to refunded bond escrow agent	<u>3,154,508</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>\$ (55,565,810)</u>

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 \$(1,176,972) and \$(240,805) 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	\$ (59,896)	\$ 13,239
(Increase) decrease in accrued interest	(1,740,397)	-
(Increase) decrease in other postemployment benefits	(139,000)	(271,000)
(Increase) decrease in early retirement incentive program	-	16,956
Amortization of bond premium	100,001	-
Amortization of amounts on refunding	(54,096)	-
Amortization of issuance costs	716,416	-
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>(1,176,972)</u>	\$ <u>(240,805)</u>

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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 March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Agency Funds.
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.
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) and the School 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

At June 30, 2009, there were no departments with expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2009, the Workforce Investment Act and Central Stores funds had deficit fund equity.

Note 4-Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk.

The County's rated debt investments as of June 30, 2009 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
LGIP	\$ 10,031,383
SNAP	6,097,408
Total	\$ 16,128,791

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 pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk and had no investments subject to interest rate risk at 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>Commonwealth of Virginia:</u>		
Local sales tax	\$ 324,512	\$ -
Communication sales tax	343,614	-
State sales tax	-	1,327,447
Non-categorical aid	125,146	-
Categorical aid-shared expenses	533,098	-
Categorical aid-Virginia Public Assistance funds	133,293	-
Categorical aid-other	511,881	-
Categorical aid-Comprehensive Services Act funds	1,503,068	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	181,267	-
Categorical aid-Workforce Investment Act funds	366,267	-
Categorical aid-other	-	305,896
Total Amount Due from Other Governmental Units	\$ 4,022,146	\$ 1,633,343

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ 2,506,694	\$ -
<u>Component Unit - School Board:</u>		
School Fund	\$ -	\$ 2,506,694

Note 6-Interfund/Component-Unit Obligations: (continued)

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,000,804	\$ (2,079,692)
Industrial Development Fund	2,071,587	(1,000,804)
Central Store Fund	8,105	-
Total	<u>\$ 3,080,496</u>	<u>\$ (3,080,496)</u>

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

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness

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

Year Ending June 30,	General Obligation Bonds		Loan Anticipation Note		Revenue Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,325,654	\$ 4,903,358	\$ -	\$ 1,127,500	\$ 367,217	\$ 166,497
2011	3,169,368	4,282,280	-	900,000	384,693	149,002
2012	4,862,731	4,148,443	20,000,000	450,000	402,413	130,670
2013	5,104,840	3,957,134	-	-	425,209	111,385
2014	5,477,670	3,746,413	-	-	438,110	91,236
2015-2019	26,685,216	15,124,774	-	-	1,698,820	184,691
2020-2024	24,967,864	9,156,872	-	-	168,000	3,352
2025-2029	16,561,293	3,783,340	-	-	-	-
2030	3,475,000	99,910	-	-	-	-
Totals	<u>\$ 92,629,636</u>	<u>\$ 49,202,524</u>	<u>\$ 20,000,000</u>	<u>\$ 2,477,500</u>	<u>\$ 3,884,462</u>	<u>\$ 836,833</u>

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

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

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
General obligation bonds	\$ 56,096,978	\$ 43,225,000	\$ (6,692,342)	\$ 92,629,636
Loan anticipation note	-	20,000,000	-	20,000,000
Lease revenue notes	4,229,422	-	(344,960)	3,884,462
Deferred Amounts:				
Bond premiums	825,857	83,400	(100,001)	809,256
On refunding	(306,714)	(111,219)	54,096	(363,837)
Bond discounts	-	(168,355)	-	(168,355)
Lease purchase agreements	4,813,798	1,350,086	(1,904,733)	4,259,151
OPEB liability	-	178,000	(39,000)	139,000
Landfill closure/ postclosure liability	1,992,822	157,222	-	2,150,044
Compensated absences	993,880	805,306	(745,410)	1,053,776
Total	\$ 68,646,043	\$ 65,519,440	\$ (9,772,350)	\$ 124,393,133

The County issued \$3,225,000 of general obligation bonds to provide resources to purchase State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$3,015,000 general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Primary Government-Governmental Activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying value of the old debt by \$111,219. The amount is being netted against the new debt and amortized over the life of the new debt. This advance refunding was undertaken to push principal payments for fiscal years 2010 and 2011 to fiscal years 2013 through 2017 which resulted in additional debt service of \$713,862 and an economic loss of \$154,134. Debt that has been defeased in substance, but remains outstanding as of the end of the fiscal year totaled \$3,015,000.

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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:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:						
General Obligation Landfill Bond	2.00-3.10%	6/1/2003	2/1/2013	\$ 6,500,000	\$ 1,585,000	\$ -
VPSA Series 1991A Bond	7%	7/31/1991	7/15/2011	2,093,937	427,235	136,131
General Obligation Bond	3.60-5.75%	6/1/2001	3/1/2023	38,625,000	13,185,000	-
General Obligation Refunding Bond	4%	12/22/1998	7/1/2014	8,600,000	4,745,000	705,000
General Obligation Advance Refunding Bond	3%	2/16/2005	2/1/2016	9,240,000	6,245,000	805,000
General Obligation Refunding Bond	4.10-5.60%	11/10/2004	7/15/2024	15,735,749	13,217,401	679,523
General Obligation Bond	3.60%	12/20/2007	3/1/2025	10,000,000	10,000,000	-
General Obligation Bond	3.50-5.75%	10/30/2008	2/1/2030	40,000,000	40,000,000	-
General Obligation Refunding Bond	3%	5/21/2009	3/1/2017	3,225,000	3,225,000	-
Total GO Bonds					<u>\$ 92,629,636</u>	<u>\$ 2,325,654</u>
Lease Revenue Notes:						
Revenue Bond - IDA	5%	8/16/2005	8/15/2015	2,000,000	\$ 1,507,262	\$ 182,517
Revenue Bond - SSB	3.99%	4/27/2006	7/15/2019	2,900,000	2,377,200	184,700
Total lease revenue notes					<u>\$ 3,884,462</u>	<u>\$ 367,217</u>
Loan Anticipation Note	4.50%	10/30/2008	2/1/2011	20,000,000	\$ 20,000,000	\$ -
Deferred amounts:						
Plus:						
Unamortized Premium					\$ 809,256	\$ 113,015
Less:						
Unamortized Amounts on Refunding					(363,837)	(58,092)
Unamortized Discount					(168,355)	(8,017)
Total deferred amounts					<u>\$ 277,064</u>	<u>\$ 46,906</u>
<u>Other Obligations:</u>						
Capital Leases (Note 8)					\$ 4,259,151	\$ 1,152,715
Landfill Closure and Postclosure Monitoring Liability					2,150,044	-
Other postemployment benefits					139,000	-
Compensated Absences					1,053,776	790,332
Total Other Obligations					<u>\$ 7,601,971</u>	<u>\$ 1,943,047</u>
Total Long-Term Obligations					<u>\$ 124,393,133</u>	<u>\$ 4,682,824</u>

Note 8-Capital Leases:

Primary Government

The County has entered into lease agreements to finance the acquisition of E-911 equipment, computer equipment, an excavator for the County and buses for the School Board. The School Board also issued a lease purchase agreement to pay for supplies and non-capitalized equipment used to implement an energy savings plan. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	<u>E-911 Equipment</u>	<u>School Buses</u>	<u>Equipment</u>
Machinery and equipment	\$ 1,918,268	\$ 2,358,530	\$ 198,183
Less: Accumulated depreciation	<u>(1,918,268)</u>	<u>(331,547)</u>	<u>(101,327)</u>
Net Asset	<u>\$ -</u>	<u>\$ 2,026,983</u>	<u>\$ 96,856</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

<u>Year Ending June 30,</u>	<u>E-911 Equipment</u>	<u>School Buses</u>	<u>Energy Savings Lease</u>	<u>Equipment Lease</u>
2010	\$ 325,172	\$ 814,887	\$ -	\$ 71,428
2011	-	465,307	324,043	27,163
2012	-	-	324,043	-
2013	-	-	324,043	-
2014	-	-	324,043	-
2015-2019	-	-	1,620,215	-
2020	<u>-</u>	<u>-</u>	<u>324,043</u>	<u>-</u>
Subtotal	\$ 325,172	\$ 1,280,194	\$ 3,240,430	\$ 98,591
Less, amount representing interest	<u>(12,356)</u>	<u>(58,787)</u>	<u>(610,999)</u>	<u>(3,094)</u>
Present Value of Lease Agreement	<u>\$ 312,816</u>	<u>\$ 1,221,407</u>	<u>\$ 2,629,431</u>	<u>\$ 95,497</u>

Note 9-Long-Term Debt-Component Unit School Board:

Discretely Presented Component Unit-School Board-Indebtedness

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

	<u>Balance</u>			<u>Balance</u>
	July 1, 2008	<u>Issuances</u>	<u>Retirements</u>	June 30, 2009
Early retirement incentive program	\$ 6,482,819	\$ 1,445,863	\$ (1,462,819)	\$ 6,465,863
OPEB Liability	-	594,000	(323,000)	271,000
Compensated absences	<u>1,852,109</u>	<u>1,375,843</u>	<u>(1,389,082)</u>	<u>1,838,870</u>
 Total	 <u>\$ 8,334,928</u>	 <u>\$ 3,415,706</u>	 <u>\$ (3,174,901)</u>	 <u>\$ 8,575,733</u>

Details of long-term indebtedness:

	<u>Total</u>	<u>Amount Due</u>
	Amount	Within One Year
<u>Other Obligations:</u>		
Early retirement incentive program	\$ 6,465,863	\$ 1,495,570
Other postemployment benefits	271,000	-
Compensated absences	<u>1,838,870</u>	<u>1,379,153</u>
 Total Long-Term Obligations	 <u>\$ 8,575,733</u>	 <u>\$ 2,874,723</u>

Note 10 - School Board Early Retirement Incentive Program:

The Component Unit – School Board administers an early retirement incentive program for School Board employees. Early retirement is available to those employees with a minimum of twenty years of service in the Pittsylvania School System, including the five consecutive years immediately preceding the effective date of retirement. In addition, employees must be at least 55 years of age and less than 65 years of age to be eligible for the program. To participate, the employee must be a vested member of the Virginia Retirement System (VRS). In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 20% of an employee’s final contracted salary, earned before the effective date of retirement, for a period of 7 years or until the participant reaches the age of sixty-five. The School Board reserves the right to amend or terminate the program.

Note 11-Employee Retirement System and Pension Plans:

A. Plan Description

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.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 of Pittsylvania, Virginia 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 of Pittsylvania, Virginia's contribution rate for the fiscal year ended 2009 was 8.90% 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 6.72% of annual covered payroll.

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

C. Annual Pension Cost

For the fiscal year 2009, the County's annual pension cost of \$1,110,605 (does not include the portion of the employee share assumed by the County which was \$623,936) was equal to the County's required and actual contributions. For fiscal year 2009, the School Board's annual pension cost of \$214,230 (does not include the portion of the employee share assumed by the School Board which was \$159,398) was equal to the School Board's required and actual contributions for the School Board Non-Professionals.

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	\$ 834,684	100.00%	\$ -
	6/30/2008	886,964	100.00%	-
	6/30/2009	1,110,605	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2007	\$ 239,953	100.00%	\$ -
	6/30/2008	241,494	100.00%	-
	6/30/2009	214,230	100.00%	-

¹ Employer portion only

Primary Government:

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

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

C. Annual Pension Cost (continued)

Discretely Presented-Component Unit School Board - Non-Professional:

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% 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 School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of 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 94.02% funded. The actuarial accrued liability for benefits was \$44,127,781, and the actuarial value of assets was \$41,488,026, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,639,755. The covered payroll (annual payroll of active employees covered by the plan) was \$12,263,717, and ratio of the UAAL to the covered payroll was 21.52%.

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

As of June 30, 2008, the most recent actuarial valuation date, the plan was 100.07% funded. The actuarial accrued liability for benefits was \$11,319,750, and the actuarial value of assets was \$11,328,136, resulting in an unfunded actuarial accrued liability (UAAL) of (\$8,386). The covered payroll (annual payroll of active employees covered by the plan) was \$3,015,993, and ratio of the UAAL to the covered payroll was (0.28%).

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

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

E. Discretely Presented Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

The Pittsylvania County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be downloaded from the System's web site at <http://www.varetire.org/Pdf/2007AnnuRept.pdf> or obtained by writing to the System 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 reported compensation 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 \$5,824,975, \$4,174,676, and \$3,654,271 for the fiscal years ended 2009, 2008, and 2007 respectively. Employer contributions represented 13.81%, 10.30%, and 9.20% of covered payroll for the fiscal years ended 2009, 2008, and 2007 respectively.

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Note 12-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,741,938	\$ 160,210	\$ -	\$ 4,902,148
Construction in progress	1,091,475	29,327,726	-	30,419,201
Total capital assets not being depreciated	<u>\$ 5,833,413</u>	<u>\$ 29,487,936</u>	<u>\$ -</u>	<u>\$ 35,321,349</u>
Capital assets, being depreciated:				
Buildings	\$ 81,529,850	\$ 157,589	\$ -	\$ 81,687,439
Machinery and equipment	18,048,671	2,273,852	(1,524,258)	18,798,265
Total capital assets being depreciated	<u>\$ 99,578,521</u>	<u>\$ 2,431,441</u>	<u>\$ (1,524,258)</u>	<u>\$ 100,485,704</u>
Less: accumulated depreciation for:				
Buildings	\$ (19,659,302)	\$ (2,156,267)	\$ -	\$ (21,815,569)
Machinery and equipment	(14,109,556)	(1,219,209)	766,570	(14,562,195)
Total accumulated depreciation	<u>\$ (33,768,858)</u>	<u>\$ (3,375,476)</u>	<u>\$ 766,570</u>	<u>\$ (36,377,764)</u>
Total capital assets being depreciated, net	<u>\$ 65,809,663</u>	<u>\$ (944,035)</u>	<u>\$ (757,688)</u>	<u>\$ 64,107,940</u>
Governmental activities capital assets, net	<u>\$ 71,643,076</u>	<u>\$ 28,543,901</u>	<u>\$ (757,688)</u>	<u>\$ 99,429,289</u>

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

Governmental activities:	
General governmental administration	\$ 62,274
Judicial administration	22,637
Public safety	622,116
Public works	696,377
Health and welfare	103,492
Education	1,746,223
Parks, recreation, and cultural	56,444
Community development	65,913
Total depreciation expense-governmental activities	<u>\$ 3,375,476</u>

Note 12-Capital Assets: (continued)

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,662,750	\$ -	\$ -	\$ 2,662,750
Construction in progress	362,065	619,200	(981,265)	-
Total capital assets not being depreciated	<u>\$ 3,024,815</u>	<u>\$ 619,200</u>	<u>\$ (981,265)</u>	<u>\$ 2,662,750</u>
Capital assets, being depreciated:				
Buildings	\$ 19,180,179	\$ 981,265	\$ -	\$ 20,161,444
Machinery and equipment	11,011,990	1,188,684	(139,457)	12,061,217
Total capital assets being depreciated	<u>\$ 30,192,169</u>	<u>\$ 2,169,949</u>	<u>\$ (139,457)</u>	<u>\$ 32,222,661</u>
Less: accumulated depreciation for:				
Buildings	\$ (11,298,771)	\$ (252,168)	\$ -	\$ (11,550,939)
Machinery and equipment	(8,333,674)	(1,021,834)	135,503	(9,220,005)
Total accumulated depreciation	<u>\$ (19,632,445)</u>	<u>\$ (1,274,002)</u>	<u>\$ 135,503</u>	<u>\$ (20,770,944)</u>
Total capital assets being depreciated, net	<u>\$ 10,559,724</u>	<u>\$ 895,947</u>	<u>\$ (3,954)</u>	<u>\$ 11,451,717</u>
Governmental activities capital assets, net	<u>\$ 13,584,539</u>	<u>\$ 1,515,147</u>	<u>\$ (985,219)</u>	<u>\$ 14,114,467</u>

Note 13-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 participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool 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, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County 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 14-Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of 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. During the audit matters of noncompliance were disclosed. In addition, 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 15-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
H. F. Haymore, Jr., Clerk of the Circuit Court	\$ 25,000
Teresa D. Easley, Treasurer	750,000
Samuel W. Swanson, Jr., Commissioner of the Revenue	3,000
Michael W. Taylor, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
<u>VACo Insurance Programs:</u>	
All County employees-blanket bond	\$ 250,000
<u>National Grange Mutual Insurance Company:</u>	
All Social Services employees-blanket bond	\$ 100,000

Note 16-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$7,039,784 is the total estimated closure and postclosure care liability at June 30, 2009. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2009. The liability on the statement of net assets of \$2,150,044 is based on the County's estimate that the landfill has reached 12.50% of capacity with a remaining useful life of 21 years for phase II. Actual costs for closure and postclosure 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 Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs.

Note 17-Reserved/Designated Fund Balance and Restricted Net Assets:

Primary Government:

Reserved for:

School Capital Improvements	\$ 40,110,434
Asset Forfeiture Fund	<u>288,548</u>

Total Primary Government Reservations	<u>\$ 40,398,982</u>
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Designated, Reported in:

General Fund for:

Social Services	\$ 124,449
Bonds	2,400
CIP	793,192
Jail Operations	47,516
Jail inmate mangement	18,662
Rural Roads	195,315
Courthouse Security	348,122
Jail Processing	32,530
Library Gifts	67,237
Courthouse Maintenance	36,802
Law Library	11,533
Other	<u>1,561</u>

Total General Fund Designations	<u>\$ 1,679,319</u>
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Industrial Development Fund for:

Industrial development	<u>\$ 3,283,956</u>
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Total Primary Government Designations	<u>\$ 4,963,275</u>
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Component Unit -- School Board:

Designated, Reported in:

School Fund for:

Cafeteria Operations	<u>\$ 86,445</u>
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Note 18-Self Health Insurance:

The County of Pittsylvania, 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 \$8,638,084 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.). As of June 30, 2009, the County was exposed to risk totaling \$1,746,921 based on enrollment to that date. Such risk represents the difference between the claims to date and the ceiling liability as calculated based on enrollment levels and health plan coverage. Additional costs in excess of the ceiling liability are covered by Anthem as part of their contract with the County. Incurred but not reported claims of \$741,181 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	\$ 791,525	\$ 8,638,084	(8,688,428)	\$ 741,181

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. Deferred revenue on the Balance Sheet (Exhibit 3) is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$6,617,955.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009, but paid in advance by the taxpayers totaled \$2,688,233 at June 30, 2009.

Note 20-Commitments and Contingencies:

The Board of Supervisors approved moral obligation support agreements with the Pittsylvania County Service Authority, whereby the County will provide funding, if necessary, to repay the Service Authority's Series 2006 and 2007 Revenue Notes.

The Board of Supervisors of Pittsylvania County and the City Council of the City of Danville, Virginia approved support agreements with the Danville-Pittsylvania Regional Industrial Facility Authority to provide funding (subject to annual appropriations) sufficient to meet principal and interest payments on the Authority's \$7,300,000 revenue bonds.

Note 20-Commitments and Contingencies: (continued)

The County has obligated funds for the projects described below as of June 30, 2009:

	Original Contract	Amount Paid As of 6/30/2009	Remaining Contract Amount	Retainage Payable
Berry Hill Road Water & Sewer	\$ 189,788	\$ 51,447	\$ 138,341	\$ -
Lakeside Dive	49,380	39,525	9,855	-
Route 40 Waterline Extension	199,697	88,126	107,914	3,657
Courtroom Renovations	271,820	46,143	223,861	1,816
Ringgold/Tom Fork Water Line	1,547,772	1,206,937	286,414	54,421
Witcher Road Water & Sewer	567,754	374,215	174,878	18,661
Dan River High School Renovations	13,453,500	5,814,293	7,333,191	306,016
Tunstall High School Renovations	14,668,500	6,619,709	7,700,385	348,406
Chatham High School Renovations	14,512,000	7,370,319	6,753,769	387,912
Gretna High School Renovations	12,917,000	6,138,821	6,455,083	323,096
Whispering Pines Water Line	19,800	14,850	4,950	-
Sanitary Sewer Plans at Cane Creek Centre	26,550	19,913	6,637	-
Total Contracts	\$ 58,423,561	\$ 27,784,298	\$ 29,195,278	\$ 1,443,985

The County has also obligated funds for the development of projects initiated by the Regional Industrial Facilities Authority. The County's share of the projects as described below was 50% as of June 30, 2009.

Contractor	Service Provided	Project	Contract Total	Paid as of 6/30/2009	Contract Remaining	Retainage
McCallen Sweeney	Consulting	Berry Hill Industrial Park	\$ 115,000	\$ 80,344	\$ 34,656	\$ -
Dewberry	Engineering	Industrial Access Road	547,150	522,050	25,100	-
		Berry Hill Industrial Park	814,850	364,805	450,045	-
Totals			\$ 1,477,000	\$ 967,199	\$ 509,801	\$ -
County's 50% obligation			\$ 738,500	\$ 483,600	\$ 254,901	\$ -

The Component Unit School Board has obligated funds for the projects described below as of June 30, 2009:

	Original Contract	Amount Paid As of 6/30/2009	Remaining Contract Amount	Retainage Payable
High School Renovations	\$ 3,866,835	\$ 3,282,042	\$ 584,793	\$ -

Note 21-Other Post-Employment Benefits

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the County recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description

The County of Pittsylvania and Pittsylvania County's Component Unit – School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County and School Board. Any County eligible retiree may receive this benefit until death. Any School Board eligible retiree may receive this benefit until he/she has reached sixty five years of age.

To be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 10 years of service, or disabled with no age or service requirements. In addition, the School System has an Early Retirement Incentive Program that allows retirees to continue working and receive special benefits for five years if they retire after age 55 with 20 years as a participant of the Virginia Retirement System and have a minimum of 20 years of full-time employment with Pittsylvania County School System. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 136 and 987 employees that are eligible, respectively, for the program. In addition, 100 percent of premiums are the responsibility of the retiree.

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the County and School Board. The rates are as follows:

Medical & Dental	KeyCare 500	Key Care 30	Dental Basic	Dental Comprehensive
Employee Only	423.30	380.99	22.22	38.02
Employee & Spouse	934.98	841.84	43.64	75.92
Employee & Child	649.29	584.54	36.88	64.16
Family	1,267.55	1,141.43	73.06	110.10

Note 21-Other Post-Employment Benefits (continued)

B. Funding Policy (continued)

The County eligible retirees may continue to receive the benefit past the age of 65. The rates for this group are as follows:

Medical & Dental	KeyCare 500	Key Care 30	Dental Basic	Dental Comprehensive
Employee Only	380.68	342.56	22.22	38.02
Employee & Spouse	761.36	685.12	43.64	75.92
Employee & Child	NA	NA	36.88	64.16
Family	NA	NA	73.06	110.10

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 178,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>178,000</u>
Contributions made	<u>39,000</u>
Increase in net OPEB obligation	139,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ 139,000</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 178,000	22%	\$ 139,000

*only available for one year

Note 21-Other Post-Employment Benefits (continued)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

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

Annual required contribution	\$ 594,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>594,000</u>
Contributions made	<u>323,000</u>
Increase in net OPEB obligation	271,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ 271,000</u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<u>Fiscal</u> <u>Year Ended*</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2009 \$	594,000	54% \$	271,000

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Note 21-Other Post-Employment Benefits (continued)

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2009, is as follows:

Actuarial accrued liability (AAL)	\$	1,622,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	1,622,000
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	12,263,717
UAAL as a percentage of covered payroll		13.23%

The funded status of the Plan for the School Board as of June 30, 2009, is as follows:

Actuarial accrued liability (AAL)	\$	6,368,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	6,368,000
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	52,347,852
UAAL as a percentage of covered payroll		12.16%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in 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, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce 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.

Note 21-Other Post-Employment Benefits (continued)

E. Actuarial Methods and Assumptions (continued)

In the July 1, 2008, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility the actuarial assumptions included: inflations at 2.5 percent, plus productivity component of 1.25 percent, and investments rate of return at 4.50 percent, and a health care trend rate of 10.00 percent graded to 5.00 percent over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2009 was 29 years.

Required Supplementary Information

County of Pittsylvania, 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	\$ 27,548,854	\$ 27,639,934	\$ 28,538,436	\$ 898,502
Other local taxes	8,678,000	8,679,500	8,304,925	(374,575)
Permits, privilege fees, and regulatory licenses	193,760	193,760	187,789	(5,971)
Fines and forfeitures	66,000	66,000	76,900	10,900
Revenue from the use of money and property	1,380,000	1,380,000	716,318	(663,682)
Charges for services	534,700	534,700	511,379	(23,321)
Miscellaneous	581,295	604,674	113,846	(490,828)
Recovered costs	2,860,196	3,008,382	1,266,531	(1,741,851)
Intergovernmental revenues:				
Commonwealth	18,010,274	19,598,255	16,544,750	(3,053,505)
Federal	5,855,834	5,972,807	3,859,580	(2,113,227)
Total revenues	65,708,913	67,678,012	60,120,454	(7,557,558)
EXPENDITURES				
Current:				
General government administration	3,157,823	3,284,119	3,138,333	145,786
Judicial administration	1,813,314	1,884,370	1,610,990	273,380
Public safety	13,831,351	14,768,260	13,687,949	1,080,311
Public works	4,324,063	5,040,961	3,867,606	1,173,355
Health and welfare	13,624,769	15,549,885	12,860,311	2,689,574
Education	13,005,008	13,005,008	12,583,567	421,441
Parks, recreation, and cultural	1,077,232	1,101,554	1,101,641	(87)
Community development	5,328,798	5,824,892	2,573,852	3,251,040
Nondepartmental	192,032	65,576	14,414	51,162
Capital projects	-	111,123	104,790	6,333
Debt service:				
Principal retirement	5,931,652	5,931,835	5,927,035	4,800
Interest and other fiscal charges	2,987,508	2,987,600	2,985,182	2,418
Total expenditures	65,273,550	69,555,183	60,455,670	9,099,513
Excess (deficiency) of revenues over (under) expenditures	435,363	(1,877,171)	(335,216)	1,541,955
Transfers in	-	-	1,000,804	1,000,804
Transfers out	(2,178,864)	(2,188,653)	(2,079,692)	108,961
Proceeds of capital leases	-	-	1,350,086	1,350,086
Total other financing sources and uses	(2,178,864)	(2,188,653)	271,198	2,459,851
Net change in fund balances	(1,743,501)	(4,065,824)	(64,018)	4,001,806
Fund balances - beginning	1,745,701	6,425,631	29,692,776	23,267,145
Fund balances - ending	\$ 2,200	\$ 2,359,807	\$ 29,628,758	\$ 27,268,951

County of Pittsylvania, Virginia
Required Supplementary Information

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2009

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	\$ 41,488,026	\$ 44,127,781	\$ 2,639,755	94.02%	\$ 12,263,717	21.52%
June 30, 2007	37,428,091	40,992,312	3,564,221	91.31%	11,471,011	31.07%
June 30, 2006	33,277,645	36,788,388	3,510,743	90.46%	11,058,010	31.75%

County Healthcare Plan

Valuation as of * (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
July 1, 2008	\$ -	\$ 1,622,000	\$ 1,622,000	0.00%	\$ 12,263,717	13.23%

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	\$ 11,328,136	\$ 11,319,750	\$ (8,386)	100.07%	\$ 3,015,993	-0.28%
June 30, 2007	10,354,286	11,000,549	646,263	94.13%	3,000,056	21.54%
June 30, 2006	9,228,592	9,928,511	699,919	92.95%	2,987,059	23.43%

School Board Healthcare Plan

Valuation as of * (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
July 1, 2008	\$ -	\$ 6,368,000	\$ 6,368,000	0.00%	\$ 52,347,852	12.16%

*Only one year of data available

County of Pittsylvania, Virginia
 Capital Projects Fund - School Capital Improvements
 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				
Revenue from the use of money and property	\$ -	\$ -	\$ 802,826	\$ 802,826
EXPENDITURES				
Current:				
Education	-	13,736	13,737	(1)
Capital projects	9,941,100	20,275,677	29,327,726	(9,052,049)
Debt service:				
Interest and other fiscal charges	-	-	742,830	(742,830)
Total expenditures	9,941,100	20,289,413	30,084,293	(9,794,880)
Excess (deficiency) of revenues over (under) expenditures	(9,941,100)	(20,289,413)	(29,281,467)	(8,992,054)
OTHER FINANCING SOURCES (USES)				
Proceeds of bond anticipation note	9,941,100	20,289,413	20,000,000	(289,413)
Proceeds of GO bond	-	-	40,000,000	40,000,000
Proceeds of refunding bond	-	-	3,225,000	3,225,000
Premium on bond anticipation note	-	-	83,400	83,400
Discount on GO bond	-	-	(168,355)	(168,355)
Payment to bond escrow agent	-	-	(3,154,508)	(3,154,508)
Total other financing sources and uses	9,941,100	20,289,413	59,985,537	39,696,124
Net change in fund balances	-	-	30,704,070	30,704,070
Fund balances - beginning	-	-	9,406,364	9,406,364
Fund balances - ending	\$ -	\$ -	\$ 40,110,434	\$ 40,110,434

County of Pittsylvania, Virginia
 Special Revenue Fund - Industrial Development
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Recovered costs	\$ 317,188	\$ 42,476	\$ 4,202,753	\$ 4,160,277
Intergovernmental revenues:				
Commonwealth	10,932,924	9,386,425	3,202,102	(6,184,323)
Total revenues	<u>11,250,112</u>	<u>9,428,901</u>	<u>7,404,855</u>	<u>(2,024,046)</u>
EXPENDITURES				
Current:				
Community development	15,993,362	17,887,721	8,479,828	9,407,893
Excess (deficiency) of revenues over (under) expenditures	<u>(4,743,250)</u>	<u>(8,458,820)</u>	<u>(1,074,973)</u>	<u>7,383,847</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,178,864	2,071,564	2,071,587	23
Transfers out	-	-	(1,000,804)	(1,000,804)
Total other financing sources and uses	<u>2,178,864</u>	<u>2,071,564</u>	<u>1,070,783</u>	<u>(1,000,781)</u>
Net change in fund balances	(2,564,386)	(6,387,256)	(4,190)	6,383,066
Fund balances - beginning	2,564,386	3,227,784	3,288,146	60,362
Fund balances - ending	<u>\$ -</u>	<u>\$ (3,159,472)</u>	<u>\$ 3,283,956</u>	<u>\$ 6,443,428</u>

County of Pittsylvania, Virginia
 Special Revenue Fund - Workforce Investment Act
 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				
Miscellaneous	\$ -	\$ 367,174	\$ 158,533	\$ (208,641)
Intergovernmental revenues:				
Federal	5,212,691	5,364,376	3,488,320	(1,876,056)
Total revenues	5,212,691	5,731,550	3,646,853	(2,084,697)
EXPENDITURES				
Current:				
Health and welfare	5,212,691	5,736,650	3,184,106	2,552,544
Excess (deficiency) of revenues over (under) expenditures	-	(5,100)	462,747	467,847
OTHER FINANCING SOURCES (USES)				
Transfers out				-
Net change in fund balances	-	(5,100)	462,747	467,847
Fund balances - beginning	-	5,100	(584,829)	(589,929)
Fund balances - ending	\$ -	\$ -	\$ (122,082)	\$ (122,082)

Other Supplementary Information

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.

Cash Bond Fund – The Cash Bond fund accounts for those escrow funds received from developers or contractors which, upon satisfactory project completion, are returned to the developer or contractor.

Inmate Trust and Canteen – The Jail Inmate Trust and Canteen fund accounts for the inmate commissary, inmate trust, and inmate monitoring funds.

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

	Agency Funds			Total
	Special Welfare	Cash Bond Fund	Sheriff's Inmate Trust and Canteen Account Fund	
ASSETS				
Cash and cash equivalents	\$ 14,090	\$ 297,760	\$ -	\$ 311,850
Cash in custody of others	-	-	19,764	19,764
Receivables:				
Other receivables	708	-	-	708
Total assets	<u>14,798</u>	<u>297,760</u>	<u>19,764</u>	<u>332,322</u>
LIABILITIES				
Amounts held for social services clients	14,798	-	-	14,798
Amounts held for developers	-	297,760	-	297,760
Amounts held for inmates	-	-	19,764	19,764
Total liabilities	<u>\$ 2,987,508</u>	<u>\$ 297,760</u>	<u>\$ 19,764</u>	<u>\$ 332,322</u>

INTERNAL SERVICE FUNDS

Central Stores - The Central Stores fund accounts for the Primary Government's consolidated purchasing. The Primary Government bills internally for the department's usage.

Self-Health Insurance - The Self-Health Insurance fund accounts for insurance premiums paid by the County and for all departments. Internal billings are prepared for all departments.

County of Pittsylvania, Virginia
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Central Stores Fund	Self- Insurance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 2,863,758	\$ 2,863,758
Accounts receivables, net of allowances for uncollectibles	10,042		10,042
Inventories	14,516	-	14,516
Total current assets	<u>24,558</u>	<u>2,863,758</u>	<u>2,888,316</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,329	-	7,329
Estimate of incurred but unreported health claims	-	741,181	741,181
Due to other funds	59,390	-	59,390
Total current liabilities	<u>66,719</u>	<u>741,181</u>	<u>807,900</u>
NET ASSETS			
Unrestricted	\$ (42,161)	\$ 2,122,577	\$ 2,080,416

County of Pittsylvania, Virginia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Materials and supplies	\$ 514,477	\$ -	\$ 514,477
Insurance premiums	-	9,495,353	9,495,353
Total operating revenues	<u>514,477</u>	<u>9,495,353</u>	<u>10,009,830</u>
OPERATING EXPENSES			
Supplies, insurance and telephone	483,314	-	483,314
Insurance claims and expenses	-	8,638,084	8,638,084
Total operating expenses	<u>483,314</u>	<u>8,638,084</u>	<u>9,121,398</u>
Operating income (loss)	<u>31,163</u>	<u>857,269</u>	<u>888,432</u>
Transfers in	8,105	-	8,105
Total net assets - beginning	(81,429)	1,265,308	1,183,879
Total net assets - ending	<u>\$ (42,161)</u>	<u>\$ 2,122,577</u>	<u>\$ 2,080,416</u>

County of Pittsylvania, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Central Stores Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 504,435	\$ -	\$ 504,435
Receipts for insurance premiums	-	9,495,353	9,495,353
Payments to suppliers	(485,975)	-	(485,975)
Payments for premiums	-	(8,688,428)	(8,688,428)
Net cash provided (used) by operating activities	<u>18,460</u>	<u>806,925</u>	<u>825,385</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(18,460)</u>	-	<u>(18,460)</u>
Net increase (decrease) in cash and cash equivalents	-	806,925	806,925
Cash and cash equivalents - beginning	-	2,056,833	2,056,833
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 2,863,758</u>	<u>\$ 2,863,758</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 31,163	\$ 857,269	\$ 888,432
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	(10,042)	-	(10,042)
(Increase) decrease in inventories	2,760	-	2,760
Increase (decrease) in accounts payable	(5,421)	(50,344)	(55,765)
Total adjustments	<u>(12,703)</u>	<u>(50,344)</u>	<u>(63,047)</u>
Net cash provided (used) by operating activities	<u>\$ 18,460</u>	<u>\$ 806,925</u>	<u>\$ 825,385</u>

NON-MAJOR SPECIAL REVENUE FUND

Forfeited Assets – The Forfeited Assets fund accounts for financial resources to be used in connection with the Sheriff's asset forfeited funds.

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2009

	Forfeited Assets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,243	\$ 1,243
Intergovernmental revenues:				
Commonwealth	25,000	269,027	190,720	(78,307)
Federal	40,000	40,000	11,395	(28,605)
Total revenues	65,000	309,027	203,358	(105,669)
EXPENDITURES				
Current:				
Public safety	65,000	409,027	358,763	50,264
expenditures	-	(100,000)	(155,405)	(55,405)
OTHER FINANCING SOURCES (USES)				
Net change in fund balances	-	(100,000)	(155,405)	(55,405)
Fund balances - beginning	-	-	443,953	443,953
Fund balances - ending	\$ -	\$ (100,000)	\$ 288,548	\$ 388,548

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 Pittsylvania, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 401,640
Due from primary government	2,506,694
Due from other governmental units	1,633,343
Total assets	4,541,677
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	197,070
Salaries payable	4,258,162
Total liabilities	4,455,232
Fund balances:	
Unreserved:	
Designated balances	86,445
Total fund balances	86,445
Total liabilities and fund balances	\$ 4,541,677
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 86,445
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,114,467
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	523,091
Long-term liabilities, including early retirement incentives, are not due and payable in the current period and, therefore, are not reported in the funds.	(8,575,733)
Net assets of governmental activities	\$ 6,148,270

County of Pittsylvania, 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	\$ 10,509
Charges for services	2,267,092
Miscellaneous	141,384
Recovered costs	139,200
Intergovernmental revenues:	
Local government	12,573,485
Commonwealth	62,391,142
Federal	7,798,821
Total revenues	<u>85,321,633</u>
EXPENDITURES	
Current:	
Education	<u>85,590,960</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(269,327)</u>
OTHER FINANCING SOURCES (USES)	
Net change in fund balances	(269,327)
Fund balances - beginning	355,772
Fund balances - ending	<u>\$ 86,445</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	\$ (269,327)
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 and the transfer of debt financed assets from the general government exceeded depreciation in the current period.	529,928
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.	(240,805)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	523,091
Change in net assets of governmental activities	<u>\$ 542,887</u>

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 10,509	\$ 10,509
Charges for services	4,933,668	4,952,780	2,267,092	(2,685,688)
Miscellaneous	191,000	686,602	141,384	(545,218)
Recovered costs	135,000	139,490	139,200	(290)
Intergovernmental revenues:				
Local government	12,994,926	12,994,926	12,573,485	(421,441)
Commonwealth	63,016,643	62,687,442	62,391,142	(296,300)
Federal	7,903,379	8,291,737	7,798,821	(492,916)
Total revenues	<u>89,174,616</u>	<u>89,752,977</u>	<u>85,321,633</u>	<u>(4,431,344)</u>
EXPENDITURES				
Current:				
Education	89,249,616	89,827,977	85,590,960	4,237,017
Excess (deficiency) of revenues over (under) expenditures	<u>(75,000)</u>	<u>(75,000)</u>	<u>(269,327)</u>	<u>(194,327)</u>
OTHER FINANCING SOURCES (USES)				
Net change in fund balances	(75,000)	(75,000)	(269,327)	(194,327)
Fund balances - beginning	75,000	75,000	355,772	280,772
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,445</u>	<u>\$ 86,445</u>

SUPPORTING SCHEDULES

County of Pittsylvania, 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 Tax	\$ 17,925,040	\$ 17,925,040	\$ 18,611,168	\$ 686,128
Real and Personal PSC Tax	1,586,277	1,586,277	1,499,370	(86,907)
Personal Property Tax	5,538,132	5,755,860	5,957,024	201,164
Mobile Home Tax	268,071	264,131	270,695	6,564
Machinery and Tools Tax	1,446,200	1,320,254	1,365,593	45,339
Merchants Capital	339,134	342,372	244,497	(97,875)
Penalties	327,000	327,000	330,146	3,146
Interest	119,000	119,000	259,943	140,943
Total general property taxes	<u>\$ 27,548,854</u>	<u>\$ 27,639,934</u>	<u>\$ 28,538,436</u>	<u>\$ 898,502</u>
Other local taxes:				
Local Sales and Use Tax	\$ 2,500,000	\$ 2,500,000	\$ 1,857,307	\$ (642,693)
State Communications Tax	2,555,000	2,555,000	2,367,502	(187,498)
Consumers' Utility Tax	950,000	950,000	1,028,851	78,851
Consumption Taxes	230,000	230,000	142,985	(87,015)
Business License Tax	3,000	3,000	33,045	30,045
Motor Vehicle Licenses	1,450,000	1,451,500	1,939,724	488,224
Bank Stock Tax	30,000	30,000	38,327	8,327
Taxes on Recordation and Wills	460,000	460,000	306,902	(153,098)
Total other local taxes	<u>\$ 8,678,000</u>	<u>\$ 8,679,500</u>	<u>\$ 8,304,925</u>	<u>\$ (374,575)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 18,000	\$ 18,000	\$ 30,126	\$ 12,126
Land use application fees	4,500	4,500	2,284	(2,216)
Transfer fees	2,500	2,500	1,804	(696)
Cellular tower fees	30,960	30,960	31,256	296
Permits and other licenses	137,800	137,800	122,319	(15,481)
Total permits, privilege fees, and regulatory licenses	<u>\$ 193,760</u>	<u>\$ 193,760</u>	<u>\$ 187,789</u>	<u>\$ (5,971)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 66,000	\$ 66,000	\$ 76,900	\$ 10,900
Revenue from use of money and property:				
Revenue from use of money	\$ 1,100,000	\$ 1,100,000	\$ 446,727	\$ (653,273)
Revenue from use of property	280,000	280,000	269,591	(10,409)
Total revenue from use of money and property	<u>\$ 1,380,000</u>	<u>\$ 1,380,000</u>	<u>\$ 716,318</u>	<u>\$ (663,682)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 6,500	\$ 6,500	\$ 3,348	\$ (3,152)
Charges for Commonwealth's Attorney	2,000	2,000	2,398	398
Miscellaneous jail and inmate fees	22,200	22,200	65,318	43,118
Charges for Animal Control	5,000	5,000	5,980	980
Charges for Copies	11,000	11,000	4,521	(6,479)
Charges for sanitation and waste removal	330,000	330,000	252,765	(77,235)
Charges for parks and recreation	1,000	1,000	156	(844)
Charges for recycling	24,000	24,000	18,676	(5,324)
Administrative charges	12,000	12,000	13,000	1,000
Charges for library	10,000	10,000	22,836	12,836
Law library fees	16,000	16,000	12,112	(3,888)
Excess clerks fees	20,000	20,000	-	(20,000)
Delinquent attorneys fees	-	-	50	50
Courthouse maintenance fees	35,000	35,000	15,891	(19,109)
Courthouse security fees	40,000	40,000	79,041	39,041
Medical Co-pay	-	-	9,687	9,687
Other Charges for Services	-	-	5,600	5,600
Total charges for services	<u>\$ 534,700</u>	<u>\$ 534,700</u>	<u>\$ 511,379</u>	<u>\$ (23,321)</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Sale of maps, ordinances	\$ 900	\$ 900	\$ 831	\$ (69)
Donations	-	649	649	-
Miscellaneous other	295,231	295,231	53,385	(241,846)
Sale of property/surplus	-	-	100	100
Gifts and donations	10,000	23,980	22,898	(1,082)
Train Depot Restoration	275,164	283,914	35,983	(247,931)
Total miscellaneous revenue	<u>\$ 581,295</u>	<u>\$ 604,674</u>	<u>\$ 113,846</u>	<u>\$ (490,828)</u>
Recovered costs:				
Recovered costs - Danville City	\$ 60,000	\$ 60,000	\$ 68,829	\$ 8,829
Recovered cost - Community College	10,000	10,000	10,519	519
Sheriffs extra duty	65,000	65,000	75,297	10,297
Recovered costs - Social Services	1,300,000	1,300,000	145,501	(1,154,499)
Recovered cost local jails	440,000	422,608	374,642	(47,966)
Recoverd cost health department	50,000	50,000	96,671	46,671
Expenditure refunds	25,000	185,080	150,899	(34,181)
Recovered cost CSA	20,050	20,050	30,834	10,784
Soil and water conservation district	125,146	125,371	127,124	1,753
School resource officer	40,000	40,000	24,490	(15,510)
Recovered cost - telephone	5,000	9,309	5,132	(4,177)
P.A. refunds	57,000	57,000	75,561	18,561
Other Recovered Costs	663,000	663,964	81,032	(582,932)
Total recovered costs	<u>\$ 2,860,196</u>	<u>\$ 3,008,382</u>	<u>\$ 1,266,531</u>	<u>\$ (1,741,851)</u>
Total revenue from local sources	<u>\$ 41,842,805</u>	<u>\$ 42,106,950</u>	<u>\$ 39,716,124</u>	<u>\$ (2,390,826)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 67,233	\$ 64,626	\$ 83,304	\$ 18,678
Mobile home titling tax	200,000	200,000	130,000	(70,000)
Motor vehicle rental tax	-	-	810	810
State recordation tax	100,000	96,961	62,859	(34,102)
Personal property tax relief act funds	4,139,276	4,139,276	4,139,277	1
Total noncategorical aid	<u>\$ 4,506,509</u>	<u>\$ 4,500,863</u>	<u>\$ 4,416,250</u>	<u>\$ (84,613)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 575,486	\$ 553,489	\$ 526,959	\$ (26,530)
Sheriff	4,425,934	4,293,163	3,108,391	(1,184,772)
Commissioner of revenue	182,765	175,812	169,565	(6,247)
Treasurer	214,127	205,945	185,805	(20,140)
Medical examiner	700	700	-	(700)
Registrar/electoral board	62,000	59,519	61,161	1,642
Clerk of the Circuit Court	400,876	428,439	373,839	(54,600)
Circuit Court	60,000	62,686	55,980	(6,706)
Total Shared Expenses	<u>\$ 5,921,888</u>	<u>\$ 5,779,753</u>	<u>\$ 4,481,700</u>	<u>\$ (1,298,053)</u>
Other categorical aid:				
Victim witness grant	\$ 13,863	\$ 8,317	\$ 12,755	\$ 4,438
VJCCA grant	58,366	57,210	56,907	(303)
Records preservation grant	15,000	15,000	9,990	(5,010)
Safe and drug free schools	42,564	43,359	43,358	(1)
Law enforcement grants	669,250	674,250	25,529	(648,721)
E-911 grants	196,118	166,118	114,496	(51,622)
Criminal history grants	120,000	120,000	-	(120,000)
Technology grants	5,000	5,000	4,143	(857)

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

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
EMS grants	\$ 115,534	\$ 115,534	\$ 118,407	\$ 2,873
Fire Program Funds	190,000	190,000	157,494	(32,506)
Library grants	187,831	194,135	194,135	-
Litter control grants	21,553	21,553	12,035	(9,518)
Public assistance	1,971,781	1,971,781	1,671,845	(299,936)
Comprehensive services act	3,840,856	5,601,221	5,186,349	(414,872)
Community based foster care prevention	85,122	85,122	-	(85,122)
Babycare grant	49,039	49,039	39,357	(9,682)
Total other categorical aid	<u>\$ 7,581,877</u>	<u>\$ 9,317,639</u>	<u>\$ 7,646,800</u>	<u>\$ (1,670,839)</u>
Total categorical aid	<u>\$ 13,503,765</u>	<u>\$ 15,097,392</u>	<u>\$ 12,128,500</u>	<u>\$ (2,968,892)</u>
Total revenue from the Commonwealth	<u>\$ 18,010,274</u>	<u>\$ 19,598,255</u>	<u>\$ 16,544,750</u>	<u>\$ (3,053,505)</u>
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 128,000	\$ 128,000	\$ -	\$ (128,000)
EPA grants	1,752,900	1,752,900	-	(1,752,900)
CDBG grants	358,597	358,597	275,957	(82,640)
Federal Sheriff Shared Exp	-	-	931,706	931,706
Homeland security	20,000	109,465	20,000	(89,465)
Emergency management preparedness	18,605	18,605	18,605	-
Law enforcement block grants	30,000	57,508	47,390	(10,118)
Crime victim assistance	55,454	55,454	51,017	(4,437)
Bureau of justice assistance	26,000	26,000	-	(26,000)
Public assistance	3,466,278	3,466,278	2,514,905	(951,373)
Total categorical aid	<u>\$ 5,855,834</u>	<u>\$ 5,972,807</u>	<u>\$ 3,859,580</u>	<u>\$ (2,113,227)</u>
Total revenue from the federal government	<u>\$ 5,855,834</u>	<u>\$ 5,972,807</u>	<u>\$ 3,859,580</u>	<u>\$ (2,113,227)</u>
Total General Fund	<u>\$ 65,708,913</u>	<u>\$ 67,678,012</u>	<u>\$ 60,120,454</u>	<u>\$ (7,557,558)</u>
Special Revenue Funds:				
Industrial Development Fund:				
Revenue from local sources:				
Recovered costs:				
Industrial Development Authority	\$ 317,188	\$ 42,476	\$ 4,202,753	\$ 4,160,277
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ 10,932,924	\$ 9,386,425	\$ 3,202,102	\$ (6,184,323)
Total Industrial Development Fund	<u>\$ 11,250,112</u>	<u>\$ 9,428,901</u>	<u>\$ 7,404,855</u>	<u>\$ (2,024,046)</u>
Workforce Investment Act Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 367,174	\$ 158,533	\$ (208,641)
Intergovernmental revenue:				
Revenue from the federal government:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 5,212,691	\$ 5,364,376	3,488,320	\$ (1,876,056)
Total Workforce Investment Act Fund	<u>\$ 5,212,691</u>	<u>\$ 5,731,550</u>	<u>\$ 3,646,853</u>	<u>\$ (2,084,697)</u>

County of Pittsylvania, 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>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,243	\$ 1,243
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ 25,000	\$ 269,027	\$ 190,720	\$ (78,307)
Nonmajor Special Revenue Funds: (Continued)				
Forfeited Assets Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	\$ 40,000	\$ 40,000	\$ 11,395	\$ (28,605)
Total Forfeited Assets Fund	\$ 65,000	\$ 309,027	\$ 203,358	\$ (105,669)
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 802,826	\$ 802,826
Total School Capital Improvements Fund	\$ -	\$ -	\$ 802,826	\$ 802,826
Total Primary Government	\$ 82,236,716	\$ 83,147,490	\$ 72,178,346	\$ (10,969,144)
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	\$ -	\$ -	\$ 10,159	\$ 10,159
Revenue from the use of property	-	-	350	350
Total revenue from use of money and property	\$ -	\$ -	\$ 10,509	\$ 10,509
Charges for services:				
School food	\$ 4,702,610	\$ 4,702,610	\$ 1,875,325	\$ (2,827,285)
Tuition and payments from other divisions	231,058	250,170	391,767	141,597
Total charges for services	\$ 4,933,668	\$ 4,952,780	\$ 2,267,092	\$ (2,685,688)
Miscellaneous revenue:				
Other miscellaneous	\$ 191,000	\$ 686,602	\$ 141,384	\$ (545,218)
Recovered costs:				
Other recovered costs	\$ 135,000	\$ 139,490	\$ 139,200	\$ (290)
Total revenue from local sources	\$ 5,259,668	\$ 5,778,872	\$ 2,558,185	\$ (3,220,687)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 12,994,926	\$ 12,994,926	\$ 12,573,485	\$ (421,441)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
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	\$ 9,002,847	\$ 8,404,355	\$ 8,249,913	\$ (154,442)
Basic Aid	35,131,853	35,131,853	35,259,943	128,090
Remedial summer education	264,117	264,117	222,736	(41,381)
Regular foster care	16,962	16,962	10,409	(6,553)
Gifted and talented	314,020	314,020	311,330	(2,690)
Remedial education	851,343	851,343	844,050	(7,293)
Enrollment loss	7,242	7,242	289,526	282,284
Special education	4,256,288	4,256,288	4,225,146	(31,142)
Textbook payment	827,059	827,059	819,974	(7,085)
Alternative education	154,859	154,859	154,859	-
Algebra readiness	116,652	116,652	114,171	(2,481)
Mentor teacher program	6,480	6,480	23,471	16,991
Social security fringe benefits	1,898,076	1,898,076	1,881,816	(16,260)
Group life	83,739	83,739	83,021	(718)
Retirement fringe benefits	2,456,334	2,456,334	2,435,291	(21,043)
Governor's school	17,000	17,000	17,630	630
Early reading intervention	173,690	154,655	154,655	-
Homebound education	107,024	107,024	107,709	685
Vocation education	1,341,468	1,335,610	1,305,813	(29,797)
Special education - foster children	-	-	10,309	10,309
At risk payments	881,362	881,362	873,656	(7,706)
Primary class size	1,234,466	1,234,466	1,208,160	(26,306)
Technology	596,000	596,000	547,438	(48,562)
At risk four-year olds	595,507	679,338	679,338	-
English as a second language	114,449	114,449	101,733	(12,716)
School construction	123,081	243,732	244,223	491
Other state funds	757,518	847,220	803,309	(43,911)
GED prep program	23,576	23,576	23,576	-
Project Graduation	-	-	13,727	13,727
Lottery payments	1,663,631	1,663,631	1,374,210	(289,421)
Total revenue from the Commonwealth	<u>\$ 63,016,643</u>	<u>\$ 62,687,442</u>	<u>\$ 62,391,142</u>	<u>\$ (296,300)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,243,702	\$ 2,543,702	\$ 1,972,268	\$ (571,434)
Special Education	2,241,837	2,241,837	2,067,291	(174,546)
Title VI-B, preschool	705,257	323,064	26,199	(296,865)
Vocational education	171,955	184,496	230,031	45,535
Drug free schools	43,702	43,702	31,945	(11,757)
Title II Part D	19,096	22,173	22,174	1
School Food Program	2,237,540	2,322,280	2,699,631	377,351
Adult Education	177,642	177,642	-	(177,642)
Gear up	-	-	27,739	27,739
Title II	62,648	432,841	458,292	25,451
Title IV Part B-21	-	-	177,536	177,536
Language acquisition	-	-	12,655	12,655
School improvement grants	-	-	73,060	73,060
Total revenue from the federal government	<u>\$ 7,903,379</u>	<u>\$ 8,291,737</u>	<u>\$ 7,798,821</u>	<u>\$ (492,916)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 89,174,616</u>	<u>\$ 89,752,977</u>	<u>\$ 85,321,633</u>	<u>\$ (4,431,344)</u>

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 128,893	\$ 129,213	\$ 113,452	\$ 15,761
General and financial administration:				
County administrator	\$ 268,498	\$ 271,989	\$ 271,094	\$ 895
Legal services	111,500	148,224	142,248	5,976
Independent auditor	65,000	74,000	69,904	4,096
Commissioner of revenue	614,478	621,594	570,045	51,549
Reassessment	355,260	355,260	329,816	25,444
Treasurer	645,235	656,870	647,560	9,310
Central accounting	245,775	252,948	252,089	859
Management information systems	336,038	371,196	349,837	21,359
Central purchasing	108,969	111,791	108,698	3,093
Grants administration	73,570	74,055	69,078	4,977
Total general and financial administration	<u>\$ 2,824,323</u>	<u>\$ 2,937,927</u>	<u>\$ 2,810,369</u>	<u>\$ 127,558</u>
Board of elections:				
Electoral board	\$ 75,868	\$ 87,201	\$ 88,967	\$ (1,766)
Registrar	128,739	129,778	125,545	4,233
Total board of elections	<u>\$ 204,607</u>	<u>\$ 216,979</u>	<u>\$ 214,512</u>	<u>\$ 2,467</u>
Total general government administration	<u>\$ 3,157,823</u>	<u>\$ 3,284,119</u>	<u>\$ 3,138,333</u>	<u>\$ 145,786</u>
Judicial administration:				
Courts:				
Circuit court	\$ 130,923	\$ 138,790	\$ 122,580	\$ 16,210
General district court	16,900	16,900	12,872	4,028
Special magistrates	5,450	5,450	3,616	1,834
Juvenile & Domestic relations Court	17,400	17,400	10,672	6,728
Clerk of the circuit court	621,214	670,135	616,617	53,518
Law Library	16,000	26,000	21,116	4,884
Victim and witness assistance	70,067	69,791	67,095	2,666
DCJS grants	120,000	120,000	-	120,000
Safe/Drug free program	42,564	43,359	43,359	-
Court Services	73,966	67,540	61,433	6,107
Total courts	<u>\$ 1,114,484</u>	<u>\$ 1,175,365</u>	<u>\$ 959,360</u>	<u>\$ 216,005</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 698,830	\$ 709,005	\$ 651,630	\$ 57,375
Total judicial administration	<u>\$ 1,813,314</u>	<u>\$ 1,884,370</u>	<u>\$ 1,610,990</u>	<u>\$ 273,380</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 6,194,973	\$ 6,586,314	\$ 5,965,441	\$ 620,873
Sheriff - 911 System	196,118	178,548	121,518	57,030
Total law enforcement and traffic control	<u>\$ 6,391,091</u>	<u>\$ 6,764,862</u>	<u>\$ 6,086,959</u>	<u>\$ 677,903</u>
Fire and rescue services:				
Fire Marshall	\$ 104,036	\$ 105,782	\$ 96,970	\$ 8,812
Volunteer fire department	1,604,153	2,067,375	1,867,733	199,642
Ambulance and rescue services	154,139	173,149	67,635	105,514
Total fire and rescue services	<u>\$ 1,862,328</u>	<u>\$ 2,346,306</u>	<u>\$ 2,032,338</u>	<u>\$ 313,968</u>

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Sheriff - correction and detention	\$ 3,379,755	\$ 3,421,586	\$ 3,523,634	\$ (102,048)
Court services unit	433,967	434,452	375,155	59,297
Other correction and detention	87,500	138,468	109,142	29,326
Total correction and detention	<u>\$ 3,901,222</u>	<u>\$ 3,994,506</u>	<u>\$ 4,007,931</u>	<u>\$ (13,425)</u>
Inspections:				
Building inspections	\$ 303,792	\$ 307,806	\$ 283,388	\$ 24,418
Other protection:				
Animal control	\$ 250,593	\$ 254,760	\$ 246,323	\$ 8,437
Medical examiner	3,800	3,800	920	2,880
E911 System	1,118,525	1,096,220	1,030,090	66,130
Total other protection	<u>\$ 1,372,918</u>	<u>\$ 1,354,780</u>	<u>\$ 1,277,333</u>	<u>\$ 77,447</u>
Total public safety	<u>\$ 13,831,351</u>	<u>\$ 14,768,260</u>	<u>\$ 13,687,949</u>	<u>\$ 1,080,311</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 386,112	\$ 914,363	\$ 442,695	\$ 471,668
Sanitation and waste removal:				
Refuse collection	\$ 1,522,789	\$ 1,689,423	\$ 1,302,714	\$ 386,709
Refuse disposal	1,041,590	1,054,600	773,920	280,680
Total sanitation and waste removal	<u>\$ 2,564,379</u>	<u>\$ 2,744,023</u>	<u>\$ 2,076,634</u>	<u>\$ 667,389</u>
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,201,910	\$ 1,208,489	\$ 1,209,152	\$ (663)
Fleet management	171,662	174,086	139,125	34,961
Total maintenance of general buildings and grounds	<u>\$ 1,373,572</u>	<u>\$ 1,382,575</u>	<u>\$ 1,348,277</u>	<u>\$ 34,298</u>
Total public works	<u>\$ 4,324,063</u>	<u>\$ 5,040,961</u>	<u>\$ 3,867,606</u>	<u>\$ 1,173,355</u>
Health and welfare:				
Health:				
Local health department	\$ 571,491	\$ 571,491	\$ 554,404	\$ 17,087
Mental health and mental retardation:				
Mental health and mental retardation	\$ 149,135	\$ 149,135	\$ 149,135	\$ -
Welfare:				
Welfare administration	\$ 5,045,287	\$ 5,109,654	\$ 3,514,267	\$ 1,595,387
Public assistance	2,542,360	2,538,360	1,516,854	1,021,506
Comprehensive Services Act	5,267,457	7,131,721	7,076,877	54,844
Baby care grant	49,039	49,524	48,774	750
Total welfare	<u>\$ 12,904,143</u>	<u>\$ 14,829,259</u>	<u>\$ 12,156,772</u>	<u>\$ 2,672,487</u>
Total health and welfare	<u>\$ 13,624,769</u>	<u>\$ 15,549,885</u>	<u>\$ 12,860,311</u>	<u>\$ 2,689,574</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 12,994,926	\$ 12,994,926	\$ 12,573,485	\$ 421,441
Contributions to community college	10,082	10,082	10,082	-
Total education	<u>\$ 13,005,008</u>	<u>\$ 13,005,008</u>	<u>\$ 12,583,567</u>	<u>\$ 421,441</u>
Parks, recreation, and cultural:				
Parks and recreation:				
State Forestry	\$ 21,629	\$ 27,780	\$ 27,780	\$ -

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Library:				
Library administration	\$ 1,055,603	\$ 1,073,774	\$ 1,073,861	\$ (87)
Total parks, recreation, and cultural	\$ 1,077,232	\$ 1,101,554	\$ 1,101,641	\$ (87)
Community development:				
Planning and community development:				
Planning commission	\$ 137,615	\$ 143,684	\$ 143,172	\$ 512
Community development	3,287,462	3,687,546	1,472,819	2,214,727
Zoning board	233,208	236,478	228,120	8,358
Economic development	1,436,147	1,523,193	528,965	994,228
Transportation Safety	5,225	5,225	188	5,037
Total planning and community development	\$ 5,099,657	\$ 5,596,126	\$ 2,373,264	\$ 3,222,862
Environmental management:				
Soil and water conservation district	\$ 125,968	\$ 126,193	\$ 126,193	\$ -
Other environmental management	21,553	21,553	18,115	3,438
Total environmental management	\$ 147,521	\$ 147,746	\$ 144,308	\$ 3,438
Cooperative extension program:				
Cooperative extension program	\$ 81,620	\$ 81,020	\$ 56,280	\$ 24,740
Total community development	\$ 5,328,798	\$ 5,824,892	\$ 2,573,852	\$ 3,251,040
Nondepartmental:				
Other nondepartmental	\$ 192,032	\$ 65,576	\$ 14,414	\$ 51,162
Capital projects:				
Social Services Capital Project	\$ -	\$ 111,123	\$ 104,790	\$ 6,333
Debt service:				
Principal retirement	\$ 5,931,652	\$ 5,931,835	\$ 5,927,035	\$ 4,800
Interest and other fiscal charges	2,987,508	2,987,600	2,985,182	2,418
Total debt service	\$ 8,919,160	\$ 8,919,435	\$ 8,912,217	\$ 7,218
Total General Fund	\$ 65,273,550	\$ 69,555,183	\$ 60,455,670	\$ 9,099,513
Special Revenue Fund:				
Industrial Development Fund:				
Community development:				
Planning and community development:				
Gretna engineering-intake project	\$ 103,631	\$ 38,057	\$ 18,699	\$ 19,358
EPA Gretna alternative water	1,221,096	981,567	715,229	266,338
Industrial development	4,583,804	9,080,747	5,246,524	3,834,223
Route 58/62 Sewer	123,670	123,670	119,824	3,846
Brosville industrial park	2,431,289	298,265	148,313	149,952
Cane creek water systems improvement	5,486,771	5,706,509	827,055	4,879,454
Henry County/Pitts Water II & III	1,630,200	1,554,465	1,386,443	168,022
Sanitary sewer extension	62,252	62,251	-	62,251
Sanitary sewer extension	15,208	15,207	-	15,207
Regional park water tank	313,308	4,850	4,850	-
Hurt Key Industrial Park	22,133	22,133	12,890	9,243
Total planning and community development	\$ 15,993,362	\$ 17,887,721	\$ 8,479,828	\$ 9,407,893
Total Industrial Development Fund	\$ 15,993,362	\$ 17,887,721	\$ 8,479,828	\$ 9,407,893

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Workforce Investment Act Fund:				
Health and welfare:				
Welfare:				
Workforce investment act	\$ 5,212,691	\$ 5,736,650	\$ 3,184,106	\$ 2,552,544
Total Workforce Investment Act Fund	\$ 5,212,691	\$ 5,736,650	\$ 3,184,106	\$ 2,552,544
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 65,000	\$ 409,027	\$ 358,763	\$ 50,264
Total Forfeited Asset Fund	\$ 65,000	\$ 409,027	\$ 358,763	\$ 50,264
Capital Projects Fund:				
School Capital Improvements Fund:				
Education:				
Operating costs:				
Operation and maintenance of school plant	\$ -	\$ 13,736	\$ 13,737	\$ (1)
Capital projects expenditures:				
Capital projects	\$ 9,941,100	\$ 20,275,677	\$ 29,327,726	\$ (9,052,049)
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 742,830	\$ (742,830)
Total School Capital Improvements Fund	\$ 9,941,100	\$ 20,289,413	\$ 30,084,293	\$ (9,794,880)
Total Primary Government	96,485,703	113,877,994	102,562,660	11,315,334
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 3,676,210	\$ 3,513,632	\$ 3,388,603	\$ 125,029
Instruction costs:				
Instructional costs	\$ 60,895,331	\$ 61,804,053	\$ 59,692,157	\$ 2,111,896
Technology	2,748,200	2,557,367	2,466,510	90,857
Total instruction costs	\$ 63,643,531	\$ 64,361,420	\$ 62,158,667	\$ 2,202,753
Operating costs:				
Pupil transportation	\$ 6,048,300	\$ 5,931,351	\$ 7,308,141	\$ (1,376,790)
Operation and maintenance of school plant	7,391,322	7,179,212	7,004,045	175,167
Food service and non-instructional	7,297,613	7,467,314	5,168,228	2,299,086
Facilities	1,192,640	1,375,048	563,276	811,772
Total operating costs	\$ 21,929,875	\$ 21,952,925	\$ 20,043,690	\$ 1,909,235
Total education	\$ 89,249,616	\$ 89,827,977	\$ 85,590,960	\$ 4,237,017
Total Discretely Presented Component Unit - School Board	\$ 89,249,616	\$ 89,827,977	\$ 85,590,960	\$ 4,237,017

OTHER STATISTICAL INFORMATION

Table 1

County of Pittsylvania, 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(2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-Term Debt	Total
2008-09	\$ 2,953,224	\$ 1,579,879	\$ 13,399,420	\$ 4,495,239	\$ 15,855,096	\$ 13,030,727	\$ 1,163,559	\$ 6,642,658	\$ -	\$ 4,706,088	\$ 63,825,890
2007-08	2,268,035	1,554,911	12,356,590	4,416,883	15,780,009	15,904,724	1,170,737	7,041,212	-	2,799,504	63,292,605
2006-07	2,271,683	1,464,735	11,577,156	3,420,748	16,364,479	14,808,363	938,209	6,967,075	-	2,677,642	60,490,090
2005-06	2,563,706	1,402,086	10,803,557	5,646,411	13,944,548	17,754,863	895,838	6,727,152	17,373	2,826,528	62,582,062
2004-05	2,285,096	1,582,446	10,020,520	3,144,897	11,611,407	23,251,349	892,832	4,127,916	-	2,169,822	59,086,285
2003-04	2,660,863	1,504,247	9,127,879	2,339,464	11,032,918	12,009,437	835,972	5,409,677	-	2,710,932	47,631,389
2002-03	2,022,962	1,398,748	9,090,059	2,702,900	6,766,239	12,191,587	837,773	7,566,200	-	3,060,427	45,636,895

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

(2) Debt financed assets are transferred to the School Board upon defeasance of debt. This amounts includes assets (net of related depreciation) that were transferred to the School Board during the fiscal year.

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2008-09	\$ 776,068	\$ 22,813,227	\$ -	\$ -	\$ 29,680,376	\$ 8,304,925	\$ -	\$ 1,520,387	\$ 272,379	\$ 4,483,640	\$ 67,851,002	
2007-08	924,114	24,461,459	-	-	24,012,434	7,748,448	-	1,708,824	512,564	4,523,327	63,891,170	
2006-07 (2)	829,230	14,801,890	-	-	39,379,257	5,932,477	-	1,477,238	494,659	13,480,047	76,394,798	
2005-06	774,016	20,133,387	-	-	25,730,408	7,670,729	-	1,219,586	333,902	3,563,250	59,425,278	
2004-05	531,084	16,502,453	-	-	21,149,043	7,447,714	-	809,786	47,292	7,392,906	53,880,278	
2003-04	527,386	15,899,410	-	-	23,295,522	6,492,864	-	738,614	85,777	7,402,488	54,442,061	
2002-03	494,579	10,696,949	-	-	21,146,965	6,534,585	100,605	1,433,632	371,831	5,625,312	46,404,458	

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

(2) Fiscal year 2006-07 was the first time the County started twice a year collections for property taxes, as such general property taxes increased significantly due to collecting one and a half years of taxes.

Table 3

County of Pittsylvania, 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	Debt Service	Total
2008-09	\$ 3,138,333	\$ 1,610,990	\$ 14,046,712	\$ 3,867,606	\$ 16,044,417	\$ 85,614,779	\$ 1,101,641	\$ 11,053,679	\$ 14,414	\$ 9,655,047	\$ 146,147,618
2007-08	2,540,697	1,563,729	12,980,722	3,474,763	15,680,679	80,580,365	1,117,971	8,628,219	10,123	8,428,853	135,006,121
2006-07	2,410,245	1,457,412	11,716,463	3,258,613	17,740,409	79,929,753	1,059,877	7,240,548	17,966	7,985,324	132,816,610
2005-06	2,867,450	1,485,388	11,085,605	4,909,283	15,318,430	75,191,815	848,209	7,000,961	17,372	7,729,334	126,453,847
2004-05	2,408,966	1,570,920	9,494,823	2,367,735	8,377,443	69,384,008	832,365	2,246,097	-	26,194,358	122,874,715
2003-04	2,135,874	1,490,079	9,286,993	2,472,419	10,931,596	60,411,775	790,805	5,391,857	-	6,071,046	98,982,444
2002-03	2,152,426	1,533,500	10,427,733	2,316,920	6,824,678	58,519,618	784,601	7,557,079	-	5,282,447	95,399,002
2001-02	2,440,651	1,708,745	9,129,098	2,052,319	7,023,456	56,729,764	857,184	4,824,970	-	5,493,249	90,259,436
2000-01	2,128,063	1,535,731	8,503,129	3,049,096	6,315,847	58,604,645	797,068	2,247,738	-	4,015,025	85,196,342
1999-00	1,749,813	1,543,023	8,178,494	1,869,019	6,536,229	57,070,158	727,229	2,197,084	-	4,611,082	84,482,131

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

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

County of Pittsylvania, 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	\$ 28,538,436	\$ 8,304,925	\$ 187,789	\$ 76,900	\$ 728,070	\$ 2,778,471	\$ 413,763	\$ 5,608,484	\$ 97,486,830	\$ 144,123,668
2007-08	26,648,575	7,748,448	228,189	59,939	1,617,807	2,807,395	752,137	2,855,162	93,065,615	135,793,267
2006-07 (3)	37,457,835	5,932,477	190,647	59,261	1,502,448	2,664,912	928,174	2,930,935	91,314,513	142,981,202
2005-06	23,973,358	7,670,729	194,032	35,858	1,212,422	2,927,252	364,769	2,669,158	79,797,186	118,444,764
2004-05	22,118,617	7,447,714	99,367	30,696	808,248	2,261,561	246,988	2,477,978	77,002,158	112,493,327
2003-04	22,190,424	6,492,864	110,376	28,778	642,446	1,925,765	194,390	1,894,935	70,110,021	103,589,999
2002-03	21,195,402	6,534,585	100,605	23,342	563,297	1,847,634	583,846	1,503,521	60,329,569	92,681,801
2001-02	19,973,472	6,490,069	117,430	18,354	816,150	1,874,559	550,941	1,132,354	59,090,315	90,063,644
2000-01	19,637,259	6,010,186	124,800	35,765	1,283,785	2,003,853	281,431	1,835,464	61,896,045	93,108,608
1999-00	17,727,230	5,218,143	145,673	9,960	988,102	2,808,738	760,691	1,519,735	54,718,482	83,896,754

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

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

(3) Fiscal year 2006-07 was the first time the County started twice a year collections for property taxes, as such general property taxes increased significantly due to collecting one and a half years of taxes.

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2008-09	\$ 32,080,815	\$ 31,031,751	96.73%	\$ 1,055,873	\$ 32,087,624	100.02%	\$ 6,093,598	18.99%
2007-08	30,622,788	29,287,616	95.64%	995,228	30,282,844	98.89%	5,162,664	16.86%
2006-07 (3)	42,906,728	40,904,736	95.33%	1,372,240	42,276,976	98.53%	5,442,012	12.68%
2005-06	27,550,647	25,301,243	91.84%	1,244,080	26,545,323	96.35%	3,890,053	14.12%
2004-05	25,825,295	24,583,223	95.19%	910,357	25,493,580	98.72%	3,274,117	12.68%
2003-04	26,189,167	24,800,704	94.70%	965,446	25,766,150	98.38%	3,105,388	11.86%
2002-03	25,574,656	24,176,353	94.53%	633,949	24,810,302	97.01%	3,148,322	12.31%
2001-02	23,727,511	22,151,780	93.36%	1,102,939	23,254,719	98.01%	3,416,770	14.40%
2000-01	22,522,164	21,317,840	94.65%	538,756	21,856,596	97.04%	3,178,252	14.11%
1999-00	19,034,253	18,013,454	94.64%	670,004	18,683,458	98.16%	2,811,230	14.77%

(1) Exclusive of penalties and interest.

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

(3) Fiscal year 2006-07 was the first time the County started twice a year collections for property taxes, as such the tax levy increased significantly

Table 6

County of Pittsylvania, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Merchant's Capital	Mobile Homes	Public Service (2)	Total
2008-09	\$ 3,441,025,740	\$ 116,284,250	\$ 27,960,420	\$ 10,958,360	\$ 53,850,620	\$ 279,532,952	\$ 3,929,612,342
2007-08	3,340,200,900	126,995,535	30,406,175	14,075,345	53,156,985	303,006,203	3,867,841,143
2006-07	3,283,464,100	124,122,610	31,212,500	14,007,680	52,996,310	319,260,819	3,825,064,019
2005-06	2,611,570,600	118,411,320	31,222,910	7,285,270	59,329,740	276,384,720	3,104,204,560
2004-05	2,548,462,609	111,655,846	34,479,460	12,614,550	59,705,300	300,082,626	3,067,000,391
2003-04	2,510,303,915	118,426,518	33,893,110	12,783,450	59,872,634	304,244,572	3,039,524,199
2002-03	2,459,198,245	112,986,792	32,289,430	11,285,150	59,105,530	326,980,484	3,001,845,631
2001-02	2,005,505,135	114,008,509	36,414,890	7,714,640	65,467,280	192,524,615	2,421,635,069
2000-01	1,931,115,802	105,133,968	34,337,680	7,481,400	64,411,620	186,789,948	2,329,270,418
1999-00	1,879,882,198	98,531,801	32,300,010	7,318,010	61,162,120	194,868,001	2,274,062,140

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission-includes all property types.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Generating Equipment (2)
2008-09	\$ 0.53/0.56	\$ 7.75/8.50	\$ 4.50	\$ 2.75	\$ 0.53/0.56	\$ 0.53/0.56
2007-08	0.53	7.75	4.50	2.75	0.53	0.53
2006-07	0.50	7.75	4.50	2.75	0.50	0.48
2005-06	0.57	7.75	4.50	2.75	0.57	0.55
2004-05	0.55	7.25	4.50	2.75	0.55	0.45
2003-04	0.55	7.25	4.50	2.75	0.55	0.45
2002-03	0.55	7.25	4.50	2.75	0.55	0.45
2001-02	0.60	7.25	4.50	2.75	0.60	-
2000-01	0.60	7.25	4.50	2.75	0.60	-
1999-00	0.48	7.25	4.50	2.75	0.48	-

(1) Per \$100 of assessed value.

(2) Included as part of Public Service Corporations in other schedules

(3) Second half 2008/First half 2009

Table 8

County of Pittsylvania, 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	61,745	\$ 3,929,612	\$ 116,514,098	\$ 116,514,098	2.97%	\$ 1,887
2007-08	61,745	3,867,841	60,326,400	60,326,400	1.56%	977
2006-07	61,745	3,825,064	54,194,748	54,194,748	1.42%	878
2005-06	61,745	3,104,205	57,958,492	57,958,492	1.87%	939
2004-05	61,745	3,067,000	58,888,579	58,888,579	1.92%	954
2003-04	61,745	3,039,524	66,116,252	66,116,252	2.18%	1,071
2002-03	61,745	3,001,846	68,775,935	68,775,935	2.29%	1,114
2001-02	61,745	2,421,635	64,834,504	64,834,504	2.68%	1,050
2000-01	61,745	2,329,270	65,262,920	65,262,920	2.80%	1,057
1999-00	55,655	2,274,062	25,690,953	25,690,953	1.13%	462

(1) Bureau of the Census

(2) Real property 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 Pittsylvania, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2008-09	\$ 8,912,217	\$ 146,147,618	6.10%
2007-08	8,428,853	135,006,121	6.24%
2006-07	7,985,324	132,816,610	6.01%
2005-06	7,729,334	126,453,847	6.11%
2004-05 (2)	26,519,530	132,684,871	19.99%
2003-04	6,071,046	122,570,186	4.95%
2002-03	5,682,447	119,870,113	4.74%
2001-02	5,493,249	102,761,638	5.35%
2000-01	4,015,025	85,196,342	4.71%
1999-00	4,611,082	84,482,131	5.46%

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

(2) Includes payoff of \$20 million dollar note.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Members of the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely component units, each major fund and the aggregate remaining fund information of the County of Pittsylvania, Virginia as of and for the year ended June 30, 2009, which collectively comprise the County of Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Pittsylvania, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings, responses and questioned costs (reference 2009-1, 2009-2, 2009-3) to be significant deficiencies in internal control over financial reporting.

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. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Pittsylvania, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2009-2 and 2009-3.

We noted certain matters that we reported to management of the County of Pittsylvania, Virginia in a separate letter dated November 30, 2009.

The County of Pittsylvania, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings, responses and questioned costs. We did not audit the County of Pittsylvania, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use 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

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 Members of the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia

Compliance

We have audited the compliance of the County of Pittsylvania, 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 Pittsylvania, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Pittsylvania, Virginia's management. Our responsibility is to express an opinion on the County of Pittsylvania, 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 Pittsylvania, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Pittsylvania, Virginia's compliance with those requirements.

As described in item 2009-4 in the accompanying schedule of findings and questioned costs, the County of Pittsylvania, Virginia did not comply with the requirements regarding allowable costs that are applicable to the Workforce Investment Act. Compliance with such requirements is necessary, in our opinion, for the County of Pittsylvania, Virginia to comply with the requirements applicable to each of the programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Pittsylvania, 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 Pittsylvania, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Pittsylvania, Virginia's internal control over compliance with the 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 the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Pittsylvania, Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-4 to be a significant deficiency.

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. We did not identify any deficiencies that we consider to be a material weakness.

The County of Pittsylvania, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Pittsylvania, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, 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, Turner, Cox Associates

Christiansburg, Virginia
November 30, 2009

County of Pittsylvania, 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	\$ 41,990
Temporary Assistance for Needy Families (TANF)	93.558	452,186
Refugee and Entrant Assistance - State Administered Programs	93.566	857
Low-Income Home Energy Assistance	93.568	26,812
Child Care and Development Block Grant	93.575	271,640
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	129,365
Child Care and Development Block Grant - ARRA	93.713	2,226
Chafee Education & Training Vouchers	93.599	2,347
Adoption Incentive Payments Program	93.603	1,097
Child Welfare Services - State Grants	93.645	2,795
Foster Care - Title IV-E	93.658	302,520
Foster Care - Title IV-E-ARRA	93.658	2,005
Adoption Assistance	93.659	75,638
Adoption Assistance-ARRA	93.659	651
Social Services Block Grant	93.667	334,619
Chafee Foster Care Independence Program	93.674	9,268
Children's Health Insurance Program	93.767	36,809
Medical Assistance Program	93.778	320,787
		<u>2,013,612</u>
Total Department Health and Human Services		\$ 2,013,612
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution-Schools (Note 2)	10.555	\$ 298,717
Department of Education:		
National School Breakfast Program	10.553	581,907
National School Lunch Program	10.555	1,734,267
Fresh Fruit and Vegetable Program	10.582	84,740
Department of Social Services:		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	501,292
		<u>3,200,923</u>
Total Department of Agriculture		\$ 3,200,923
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Crime Victim Assistance	16.575	\$ 51,017
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and Community Highway Safety	20.607	\$ 27,278
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	20,112
		<u>47,390</u>
Total Department of Transportation		\$ 47,390

County of Pittsylvania, 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 Labor:		
Pass Through Payments:		
Virginia Employment Commission:		
Workforce Investment Act Adult Program	17.258	\$ 816,602
Workforce Investment Act Adult Program-ARRA	17.258	31,265
Workforce Investment Act Youth Activities	17.259	1,114,177
Workforce Investment Act Youth Activities-ARRA	17.259	224,106
Workforce Investment Act Disabled Workers	17,260	1,275,649
Workforce Investment Act Disabled Workers-ARRA	17.260	26,521
		<u>3,488,320</u>
Total Department of Labor		<u>\$ 3,488,320</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Grants to local educational agencies	84.010	\$ 1,972,269
Special Education: Grants to States	84.027	2,067,292
Career and Technical Education: Basic Grants to States	84.048	230,030
Special Education: Preschool Grants	84.173	26,199
Safe and Drug-Free Schools and Communities-State Grants	84.186	31,945
Educational Technology State Grants	84.318	22,174
Twenty-First Century Community Learning Centers	84.287	177,536
State Fiscal Stabilization Fund-Recovery Act	84.397	931,706
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	27,739
School Improvement Grant	84.377	73,060
English Language Acquisition Grant	84.365	12,655
Improving Teacher Quality - State Grants	84.367	458,292
		<u>6,030,897</u>
Total Department of Education		<u>\$ 6,030,897</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 275,957
U.S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Citizen Corps	97.053	\$ 8,669
Emergency Management Performance Grant	97.042	18,605
State Homeland Security Program	97.073	11,331
		<u>38,605</u>
Total U.S. Department of Homeland Security		<u>\$ 38,605</u>
Total Federal Assistance		<u><u>\$ 15,146,721</u></u>

County of Pittsylvania, Virginia
Schedule of Expenditures of Federal Awards
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 Pittsylvania 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	\$ 3,859,560
Workforce Investment Act Fund	<u>3,488,320</u>

Total primary government:	<u>\$ 7,347,900</u>
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Component Unit Schools:

School Operating Fund	<u>\$ 7,798,821</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 15,146,721</u></u>
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County of Pittsylvania, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Yes

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
17.258/17.260	WIA Cluster
84.397	State Fiscal Stabilization Funds - Recovery Act
93.558	Temporary Assistance for Needy Families
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$454,402
Auditee qualified as low-risk auditee?	No

County of Pittsylvania, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2009

Section II - Financial Statement Findings

2009-1

Condition: The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.

Criteria: Per Statement on Auditing Standards 112, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal controls over financial reporting.

Management's Response: Management agrees with this finding and will continue to work toward having their trial balance more complete and ready for the audit process.

2009-2

Condition: The Sheriff's Office maintains a work release bank account.

Criteria: The Virginia Sheriff's Accounting Manual indicates that such account should be maintained by the County Treasurer and that the expenditure of these funds is subject to an appropriation by the Board of Supervisors.

Effect: Transactions occurring in this fund are not posted to the County's books and as a result 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 controls over financial reporting. In addition, these funds were spent without an appropriation by the Board of Supervisors as required by the *Code of Virginia, 1950 as amended*.

Management's Response: County Administration will request that the Sheriff transfer these funds to the custody of the County Treasurer.

County of Pittsylvania, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2009

2009-3

Condition: The Sheriff's Office maintains undercover and petty cash bank accounts that has more than \$5,000 on deposit each.

Criteria: The *Code of Virginia, 1950 as amended* does not allow petty cash accounts to exceed \$5,000.

Management's

Response: County Administration will request that the Sheriff deposit enough funds with the Treasurer to get the accounts below \$5,000.

Section III - Federal Award Findings and Questioned Costs

2009-4

Workforce Investment Act-CFDA No. 17.258

Statement of

Condition: Unallowable costs: A review of the expenses on a test basis disclosed several immaterial late fees and finance charges.

Criteria: The Grant administration should have internal controls in place to ensure only allowable expenditures are reimbursed.

Cause: Due to the lack of diligence in submitting invoices to the County for timely payment.

Effect: The Grant received more funds from the State (and Federal Government) than they should have received otherwise.

Recommendation: Management should put into place internal controls such that these types of problems do not occur in the future.

Management's Response: Management of the WIA has hired a CPA firm to review their invoices and get them approved and paid in a more timely matter.

Section IV - Status of Prior Audit Findings and Questioned Costs

Financial Statement Findings 2008-1, 2008-3, 2008-4 were recurring in the current year. Finding 2008-2 was corrected.