

**COUNTY OF PITTSYLVANIA, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2010**

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

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## **INTRODUCTORY SECTION**

# COUNTY OF PITTSYLVANIA, VIRGINIA

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## BOARD OF SUPERVISORS

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

## COUNTY SCHOOL BOARD

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

## SOCIAL SERVICES BOARD

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

## OTHER OFFICIALS

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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

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## Independent Auditors' Report

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**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 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of 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 represents 71.3% and 7.2%, 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, are 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 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2010, 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 should be considered in assessing the results of our audit.



The Management's Discussion and Analysis, the budgetary comparison information and the Schedule of OPEB and Pension 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, other supplementary information, and the statistical tables 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 supplementary financial statements, budgetary comparison schedule, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, other supplementary information, and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Fauner, Cox Associates*

Christiansburg, Virginia  
December 24, 2010

## **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, 2010. 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 \$53,476,347 (net assets). Of this amount, \$29,677,421 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 \$12,303,289 of which \$(1,322,351) is unrestricted, the Industrial Development Authority's net assets totaling \$621,384 of which \$(966,416) is unrestricted and Pittsylvania County Service Authority's net assets totaling \$29,871,824 of which \$1,889,936 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 \$1,468,996. In addition, the School Board's net assets decreased by \$310,844 and the IDA's assets increased by \$1,481,536 and the PCSA's net assets increased by \$2,900,263. (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 \$31,078,490 or 51 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2010 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2011.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$44,965,731, a decrease of \$28,223,883 from last year. Approximately 74 percent of this total amount, or \$33,137,134 (which includes special revenue funds), is available for spending at the government's discretion. This unreserved balance has two parts, designated which represents \$3,924,793 of the unreserved balance and undesignated which represents \$29,212,341 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 2009-2010.
- 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.

#### **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 \$53,476,347 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.

<b>County of Pittsylvania's Net Assets</b>				
	2010		2009	
	Governmental Activities		Governmental Activities	
	<u>                    </u>		<u>                    </u>	
Current and other assets	\$	60,297,769	\$	96,501,059
Capital assets		127,655,442		99,429,289
Total assets	\$	<u>187,953,211</u>	\$	<u>195,930,348</u>
Long-term liabilities	\$	123,118,546	\$	124,393,133
Other liabilities		11,358,318		19,393,634
Total liabilities	\$	<u>134,476,864</u>	\$	<u>143,786,767</u>
Net assets:				
Invested in capital assets, net of related debt	\$	21,923,612	\$	17,874,820
Restricted		1,875,314		903,138
Unrestricted		29,677,421		33,365,623
Total net assets	\$	<u>53,476,347</u>	\$	<u>52,143,581</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 41 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. The majority of these net assets was seized by the Sheriff's Department and can only be used for law enforcement. In addition to these seized funds, a considerable amount of assets are used to maintain a self insured insurance program. The County's restricted net assets account for 4 percent of total net assets.

The remaining balance of unrestricted net assets, which is \$29,677,421 or 55 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 \$1,468,996 during the current fiscal year. The majority of this increase was generated by several tax and rate increases in various categories.

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## Governmental Activities

Governmental activities increased the County's net assets by \$1,468,996. Key elements of this increase are as follows:

### County of Pittsylvania's Changes in Net Assets

	2010	2009
	Governmental	Governmental
	Activities	Activities
Revenues:		
Program revenues:		
Charges for services	\$ 885,248	\$ 776,068
Operating grants & contributions	21,413,814	22,813,227
General revenues:		
General property taxes	27,907,392	29,680,376
Other local taxes	6,414,085	8,304,925
Use of money and property	1,174,002	1,520,387
Other	758,424	272,379
Grants and contributions not restricted to specific programs	6,748,918	4,483,640
Community Development Grants	3,006,599	-
Total revenues	\$ 68,308,482	\$ 67,851,002
Expenses:		
General government	\$ 3,008,491	\$ 2,953,224
Judicial administration	1,289,615	1,579,879
Public safety	13,884,135	13,399,420
Public works	5,552,474	4,495,239
Health and welfare	18,784,848	15,855,096
Education	11,601,833	13,030,727
Parks, recreation and cultural	1,179,959	1,163,559
Community development	5,879,792	6,642,658
Interest on long-term debt	5,658,339	4,706,088
Total expense	\$ 66,839,486	\$ 63,825,890
Increase in net assets	\$ 1,468,996	\$ 4,025,112
Net assets, Beginning	52,007,351	48,118,469
Net assets, Ending	\$ 53,476,347	\$ 52,143,581

-Revenues: General property taxes decreased by 6% from last year because of the general economic decline of the County. Real property taxes experienced a slight increase of 2% while personal property taxes had a decrease of 2%.

-Revenues: Other local taxes decreased by 23% from FY2009, which was due primarily to the removal of the Communication sales tax from this category. Other than this major change, local sales tax was down by 8% while consumer utility tax was up by 32% over FY2009.

Motor Vehicle licenses also increased during this year by 15% because DMV Registration Stops have forced citizens to pay license fees in order to keep their vehicle registration current.

-Expenses: Overall primary government expenditures increased 18% over FY2009. This increase was due to the retirement of debt.

-Expenses: Education decreased 4% from FY2009.

-Expenses: Community Development decreased by 68%. Community Development expenditures decreased significantly because of the expenditure of \$4,134,776.75 that occurred in 2009 for the purchase of property at the Berry Hill Industrial Park did not exist in 2010. The Berry Hill Industrial Park is a joint project with the City of Danville. These funds that were expended in 2009 were returned back to the County within weeks of the initial expenditure because the City agreed to front costs associated with the purchase of property. Excluding this expenditure from the 2009 Industrial Development expenditures, this department would have experienced a decrease of 36% in expenses from the previous year. Because of the economic down turn, the County did not have as many industrial projects during FY2010. Several waterline projects continued in 2010, which included engineering for the Route 40 waterline and the Berry Hill waterline. Other construction projects included engineering for the Olde Dominion Agricultural Complex, construction of the Route 40 Booster Station.

## **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 \$44,965,731. Approximately 74 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 \$11,392,713.

The general fund is the chief operating fund of the County. As of June 30, 2010, total fund balance of the general fund was \$31,078,490 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 51 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$10,216,720.



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, 2010**

	2010	2009
General Fund Balance per Treasurer	\$ 26,503,501	\$ 26,677,352
<u>Funds merged for financial reporting purposes:</u>		
Adjustment for Central Stores negative cash	(57,686)	(59,390)
Adjustment for WIA negative cash	(605,503)	-
Animal Friendly Plates Revenue Fund	1,505	1,661
Debt Reserve Fund-Human Services Fund	114,037	124,450
County Jail CIP Fund	13,467	18,832
Bond Fund	2,400	2,400
Grants Fund	9,892	(1,255,443)
Capital Improvement Fund	921,211	814,684
Jail Operations Fund	-	47,516
Rural Roads Fund	195,315	487,075
Courthouse Security Fund	403,461	341,325
Jail Processing Fee Fund	37,820	32,146
Library Gifts Fund	87,106	57,455
Courthouse Maintenance Fund	4,088	1,328
Law Library Fund	22,671	23,126
 Subtotal - Merged Funds	 \$ <u>1,149,784</u>	 \$ <u>637,165</u>
 <u>Adjustments to covert cash basis records to the modified accrual</u>		
Reversion of School Salaries Payable Fund	\$ 4,257,384	\$ 4,258,162
Cash moved to other funds	-	(89,849)
Rural Roads cash to Cash Bond fund	-	(291,760)
Funds held in the Sheriff's Office	2,781	-
Cash Adjustment-Amount Due from other Funds	-	-
Lease-purchase funds held by County Administration	-	-
 Total Cash Adjustments	 \$ <u>4,260,165</u>	 \$ <u>3,876,553</u>
 Total Cash/Investments – Exhibit 3	 \$ <u>31,913,450</u>	 \$ <u>31,191,070</u>

Accrual Entries:

Taxes and fees receivable	(1,877,240)	(1,945,830)
Accounts Receivable	429,507	227,198
Amounts due from other funds	663,188	59,390
Amounts due from other Governments	2,149,089	3,239,050
Accounts Payable	(884,641)	(635,426)
Amount due the Component Unit School Board	(1,314,863)	(2,506,694)
Total Accrual Entries	\$ (834,960)	\$ (1,562,312)
Total Fund Balance General Fund – Exhibit 3	\$ 31,078,490	\$ 29,628,758

Fund balance of the County’s general fund increased by \$1,449,732 during the current fiscal year. This increase is due to the increase in merged fund balances and the increase in cash adjustments as well as the decrease in accrual entries. These increases were offset with the beginning cash balance from the Treasurer’s Statement of Accountability. This beginning balance showed a decrease of \$173,851 from the prior year.

**General Fund Budgetary Highlights**

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$7,998,495 increase. This increase occurred because of unforeseen events that occurred after the 2010 budget process. Budgeted revenues increased by \$6,126,682 which is attributable to normal growth. Significant budgetary supplements are included below:

- A total of \$3,841,795 of the final amended budgeted expenditures and revenues was actually budgeted twice. This was done in order to show an appropriation for the transfer as well for the expense. Considering this amount would bring the increase in budgeted expenses down to \$4,156,700 and the increase in budgeted revenues down to \$2,284,887.
- 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, 2009, budgeted carryovers were increased by \$2,280,086.
- Grant Funds increased the budget significantly during FY 2010. New grants received during the year totaled \$2,037,278.
- 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 \$1,953,216, which included state funds of \$1,755,379 and local funds of \$197,837.

## Capital Asset and Debt Administration

### Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2010 is \$127,655,442 (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:

- New Landfill Compactor totaling \$21,084
- New Compactor Site at Route 41/839 totaling \$163,032
- New Compactor at Sandy River totaling \$38,525
- E911 Dell Poweredge Servers and other E911 equipment totaling \$86,435
- Courthouse Renovations totaling \$287,849
- Construction in process on high school renovation project totaling \$60,308,879

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

	2010 Governmental activities	2009 Governmental activities
Land	\$ 4,914,148	\$ 4,902,148
Buildings and system	58,130,625	59,871,870
Machinery and equipment	4,301,790	4,236,070
Construction in progress	60,308,879	30,419,201
Total	<u>\$ 127,655,422</u>	<u>\$ 99,429,289</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 \$108,806,027. Additional information on the County's capital assets can be found in the notes to the financial statements.

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Long-term debt

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

**County of Pittsylvania's Outstanding Debt**

	2010		2009
	Governmental		Governmental
	activities		activities
General obligation bonds	\$ 90,413,982	\$	92,629,636
Loan Anticipation Note	20,090,000		20,000,000
Lease Revenue Notes	3,517,245		3,884,462
Bond Premium	2,079,140		809,256
Deferred Amount on Refunding	(1,069,652)		(363,837)
Bond Discounts	(160,338)		(168,355)
Landfill closure/post-closure	3,717,581		2,150,044
OPEB Liability	278,000		139,000
Capital leases	3,225,069		4,259,151
Compensated absences	1,027,519		1,053,776
Total	\$ 123,118,546	\$	124,393,133

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 10.1 percent, which is a slight decrease from the rate of 10.2 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.5 percent and the national average rate of 9.2 percent.
- Pittsylvania County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Regional Facilities Authority. This authority works to attract industry and business to Southside Virginia.
- 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 61,414 based on US Census Bureau information from 2009.

All of these factors were considered in preparing the County's budget for the 2011 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 2011 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](http://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.

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## **Basic Financial Statements**

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

	Primary Government Governmental Activities		Component Units	
			School Board	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 40,724,576	\$ 277,561	\$ 96,556	\$ 343,580
Cash in custody of others	8,267	-	-	-
Investments	11,540,461	-	-	1,740,039
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,215,824	-	-	-
Accounts receivable	482,091	-	-	253,290
Notes receivable	-	-	275,540	-
Interest receivable	-	-	-	6,842
Due from primary government	-	1,314,863	-	15,852
Due from other governmental units	3,094,409	3,017,459	-	-
Inventories	15,510	-	384,388	46,274
Prepaid expenses	-	692,276	-	37,711
Restricted assets:				
Other assets:				
Unamortized bond issue costs	1,216,631	-	-	-
Noncurrent assets:				
Investments	-	-	-	249,560
Notes receivable	-	-	8,124,503	-
Capital assets (net of accumulated depreciation):				
Land	4,914,148	2,662,750	364,900	-
Buildings and system	58,130,625	8,344,221	1,191,544	-
Machinery and equipment	4,301,790	2,368,669	-	-
Utility plant in service	-	-	-	29,712,143
Construction in progress	60,308,879	250,000	-	601,348
Total assets	187,953,211	18,927,799	10,437,431	33,006,639
<b>LIABILITIES</b>				
Accounts payable	2,231,641	86,743	-	240,193
Accrued liabilities	-	4,257,384	-	3,421
Customer deposits	-	-	-	121,746
Retainage payable	2,667,860	-	-	-
Estimate of incurred but unreported health claims	808,840	-	-	-
Accrued interest payable	1,832,135	-	-	16,625
Due to component unit	1,314,863	-	-	-
Unearned revenue	2,502,979	-	2,678,744	72,987
Long-term liabilities:				
Due within one year	5,212,146	1,282,787	453,328	445,053
Due in more than one year	117,906,400	997,596	6,683,975	2,234,790
Total liabilities	134,476,864	6,624,510	9,816,047	3,134,815
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	21,923,612	13,625,640	1,587,800	27,981,888
Restricted for:				
Construction	1,439,430	-	-	-
Asset forfeiture funds	435,884	-	-	-
Unrestricted (deficit)	29,677,421	(1,322,351)	(966,416)	1,889,936
Total net assets	\$ 53,476,347	\$ 12,303,289	\$ 621,384	\$ 29,871,824

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, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit			
				Primary Government	School Board	Industrial Development Authority	Pittsylvania County Service Authority
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 3,008,491	\$ 177,763	\$ 382,754	\$ (2,447,974)	\$ -	\$ -	\$ -
Judicial administration	1,289,615	18,879	1,010,851	(259,885)	-	-	-
Public safety	13,884,135	363,574	4,854,855	(8,865,706)	-	-	-
Public works	5,552,474	297,155	15,701	(5,239,618)	-	-	-
Health and welfare	18,784,848	-	15,166,356	(3,618,492)	-	-	-
Education	11,601,833	-	-	(11,601,833)	-	-	-
Parks, recreation, and cultural	1,179,959	24,306	183,297	(972,356)	-	-	-
Community development	5,879,792	3,571	-	(2,869,622)	-	-	-
Interest on long-term debt	5,659,339	-	-	(5,658,339)	-	-	-
Total primary government	66,839,486	885,248	21,413,814	(41,533,825)	-	-	-
<b>COMPONENT UNITS:</b>							
School Board	83,723,717	2,262,858	69,342,296	-	(12,118,563)	-	-
Industrial Development Authority	1,014,660	-	-	-	(1,014,660)	-	-
Pittsylvania County Service Authority	2,899,469	2,090,630	3,443,151	-	-	-	-
Total component units	87,437,846	4,353,488	69,342,296	-	(12,118,563)	-	2,834,312
General revenues:				27,907,392	-	-	-
General property taxes				1,705,327	-	-	-
Other local taxes:				1,355,253	-	-	-
Local sales and use taxes				2,238,380	-	-	-
Consumers' utility taxes				1,115,125	-	-	-
Motor vehicle taxes				1,174,002	1,304	340,154	63,128
Other local taxes				756,424	222,804	2,156,042	-
Unrestricted revenues from use of money and property				-	11,583,611	-	-
Miscellaneous				6,748,918	-	-	-
Payments from the County of Pittsylvania				43,002,821	11,807,719	2,496,196	65,951
Grants and contributions not restricted to specific programs				1,468,996	(310,844)	1,481,536	2,900,263
Gain (loss) on disposal of capital assets				52,007,351	12,614,133	(860,152)	26,971,561
Total general revenues				53,476,347	12,303,289	621,354	29,871,824
Change in net assets							
Net assets - beginning, as restated							
Net assets - ending							

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



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

	General	Industrial Development	Workforce Investment Act	School Capital Improvements	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 31,874,586	\$ 2,370,155	\$ -	\$ 3,233,944	\$ 404,739	\$ 37,883,424
Cash in custody of others	2,781	-	-	5,486	-	8,267
Investments	36,063	-	-	11,504,378	-	11,540,461
Receivables (net of allowance for uncollectibles):						
Taxes receivable	3,215,824	-	-	-	-	3,215,824
Accounts receivable	429,507	-	-	-	31,145	460,652
Due from other funds	663,188	-	-	-	-	663,188
Due from other governmental units	2,149,089	460	944,860	-	-	3,094,409
Total assets	<u>38,371,058</u>	<u>2,370,615</u>	<u>944,860</u>	<u>14,743,808</u>	<u>435,884</u>	<u>56,866,225</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	884,641	182,207	469,122	683,235	-	2,219,205
Retainage payable	-	-	-	2,667,860	-	2,667,860
Due to other funds	-	-	605,502	-	-	605,502
Due to component unit	1,314,863	-	-	-	-	1,314,863
Deferred revenue	5,093,064	-	-	-	-	5,093,064
Total liabilities	<u>7,292,568</u>	<u>182,207</u>	<u>1,074,624</u>	<u>3,351,095</u>	<u>-</u>	<u>11,900,494</u>
Fund balances:						
Reserved for:						
Construction	-	-	-	11,392,713	-	11,392,713
Asset forfeiture funds	-	-	-	-	435,884	435,884
Unreserved:						
Designated, reported in:						
Special revenue funds	-	2,188,408	-	-	-	2,188,408
General fund	1,736,385	-	-	-	-	1,736,385
Undesignated, reported in:						
General fund	29,342,105	-	-	-	-	29,342,105
Special revenue funds (deficit)	-	-	(129,764)	-	-	(129,764)
Total fund balances	<u>31,078,490</u>	<u>2,188,408</u>	<u>(129,764)</u>	<u>11,392,713</u>	<u>435,884</u>	<u>44,965,731</u>
Total liabilities and fund balances	<u>\$ 38,371,058</u>	<u>\$ 2,370,615</u>	<u>\$ 944,860</u>	<u>\$ 14,743,808</u>	<u>\$ 435,884</u>	<u>\$ 56,866,225</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, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 44,965,731
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	127,655,442
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,590,085
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.	1,999,139
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(123,734,050)
Net assets of governmental activities	<u>\$ 53,476,347</u>

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

	General	Industrial Development	Workforce Investment Act	School Capital Improvements	Other Governmental Funds	Total
<b>REVENUES</b>						
General property taxes	\$ 29,247,029	\$ -	\$ -	\$ -	\$ -	\$ 29,247,029
Other local taxes	6,414,085	-	-	-	-	6,414,085
Permits, privilege fees, and regulatory licenses	179,480	-	-	-	-	179,480
Fines and forfeitures	166,937	-	-	-	-	166,937
Revenue from the use of money and property	738,989	-	-	434,442	571	1,174,002
Charges for services	538,831	-	-	-	-	538,831
Miscellaneous	586,464	-	171,960	-	-	758,424
Recovered costs	1,111,679	341,218	-	-	-	1,452,897
Intergovernmental revenues:						
Commonwealth	19,673,725	948,955	-	-	217,502	20,840,182
Federal	5,085,639	-	5,243,510	-	-	10,329,149
Total revenues	<u>63,742,858</u>	<u>1,290,173</u>	<u>5,415,470</u>	<u>434,442</u>	<u>218,073</u>	<u>71,101,016</u>
<b>EXPENDITURES</b>						
Current:						
General government administration	3,149,941	-	-	-	-	3,149,941
Judicial administration	1,536,157	-	-	-	-	1,536,157
Public safety	14,104,700	-	-	-	68,936	14,173,636
Public works	3,634,763	-	-	-	-	3,634,763
Health and welfare	13,413,369	-	5,423,152	-	-	18,836,521
Education	10,226,677	-	-	-	-	10,226,677
Parks, recreation, and cultural	1,116,757	-	-	-	-	1,116,757
Community development	3,631,045	2,754,229	-	-	-	6,385,274
Nondepartmental	8,342	-	-	-	-	8,342
Capital projects	11,049	-	-	30,155,753	-	30,166,802
Debt service:						
Principal retirement	4,242,516	-	-	20,000,000	-	24,242,516
Bond issuance costs	-	-	-	434,050	-	434,050
Interest and other fiscal charges	6,366,666	-	-	383,372	-	6,750,038
Total expenditures	<u>61,441,982</u>	<u>2,754,229</u>	<u>5,423,152</u>	<u>50,973,175</u>	<u>68,936</u>	<u>120,661,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,300,876</u>	<u>(1,464,056)</u>	<u>(7,682)</u>	<u>(50,538,733)</u>	<u>149,137</u>	<u>(49,560,458)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	174,210	540,917	-	1,000,000	-	1,715,127
Transfers out	(1,540,917)	(172,409)	-	-	(1,801)	(1,715,127)
Proceeds of refunding bond	-	-	-	32,575,000	-	32,575,000
Premium on refunding bond	-	-	-	1,390,581	-	1,390,581
Proceeds of capital leases	515,563	-	-	-	-	515,563
Payment to bond escrow agent	-	-	-	(13,144,569)	-	(13,144,569)
Total other financing sources (uses)	<u>(851,144)</u>	<u>368,508</u>	<u>-</u>	<u>21,821,012</u>	<u>(1,801)</u>	<u>21,336,575</u>
Net change in fund balances	1,449,732	(1,095,548)	(7,682)	(28,717,721)	147,336	(28,223,883)
Fund balances - beginning	29,628,758	3,283,956	(122,082)	40,110,434	288,548	73,189,614
Fund balances - ending	<u>\$ 31,078,490</u>	<u>\$ 2,188,408</u>	<u>\$ (129,764)</u>	<u>\$ 11,392,713</u>	<u>\$ 435,884</u>	<u>\$ 44,965,731</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, 2010

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

Net change in fund balances - total governmental funds	\$ (28,223,883)
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.	28,362,383
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,339,637)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,772,454
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.	978,956
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.	(81,277)
Change in net assets of governmental activities	<u>\$ 1,468,996</u>

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

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	<b>Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,841,152
Accounts receivables, net of allowances for uncollectibles	21,439
Inventories	15,510
Total current assets	2,878,101
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	12,436
Estimate of incurred but unreported health claims	808,840
Due to other funds	57,686
Total current liabilities	878,962
<b>NET ASSETS</b>	
Unrestricted	\$ 1,999,139

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, 2010

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	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Materials and supplies	\$ 582,186
Insurance premiums	9,639,498
Total operating revenues	<u>10,221,684</u>
<b>OPERATING EXPENSES</b>	
Supplies, insurance and telephone	573,198
Insurance claims and expenses	9,729,763
Total operating expenses	<u>10,302,961</u>
Income before contributions and transfers	(81,277)
Total net assets - beginning	2,080,416
Total net assets - ending	<u>\$ 1,999,139</u>

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, 2010

	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for materials and supplies	\$ 570,789
Receipts for insurance premiums	9,639,498
Payments to suppliers	(570,789)
Payments for premiums	(9,662,104)
Net cash provided (used) by operating activities	<u>(22,606)</u>
Net increase (decrease) in cash and cash equivalents	(22,606)
Cash and cash equivalents - beginning	<u>2,863,758</u>
Cash and cash equivalents - ending	<u>\$ 2,841,152</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	<u>\$ (81,277)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(11,397)
(Increase) decrease in inventories	(994)
Increase (decrease) in accounts payable	72,766
Increase (decrease) in due to other funds	(1,704)
Total adjustments	<u>58,671</u>
Net cash provided (used) by operating activities	<u>\$ (22,606)</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, 2010

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 241,191
Cash in custody of others	29,244
Total assets	<u>\$ 270,435</u>
<b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 15,931
Amounts held for developer	225,260
Amounts held for inmates	29,244
Total liabilities	<u>\$ 270,435</u>

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



COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

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**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, 2009. 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, 2009. 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 \$153,609 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 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are due and collectible in installments on June 5<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,157,014 at June 30, 2010 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 \$(123,734,050) and \$(2,280,383) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
General obligation bonds	\$ (90,413,982)	\$ -
Lease revenue notes	(3,517,245)	-
Loan anticipation note	(20,090,000)	-
Lease purchase agreements	(3,225,069)	-
Unamortized premium	(2,079,140)	-
Unamortized discount	160,338	-
Unamortized issuance costs	1,216,631	-
Unamortized loss on refunding	1,069,652	-
Accrued interest payable	(1,832,135)	-
Landfill accrued closure and postclosure monitoring costs	(3,717,581)	-
Other post employment benefits	(278,000)	(570,000)
Compensated absences	(1,027,519)	(1,710,383)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (123,734,050)</u>	<u>\$ (2,280,383)</u>

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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 \$28,362,383 and \$(488,827) for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 31,902,657	\$ 520,540
Capital asset deletions	(273,739)	(708,820)
Depreciation expense	(3,539,466)	(970,541)
Removal of accumulated depreciation	<u>272,931</u>	<u>669,994</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>\$ 28,362,383</u>	<u>\$ (488,827)</u>

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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 \$1,772,454 difference in the primary government are as follows:

	<u>Primary Government</u>
Debt Issued or Incurred:	
General Obligation bond issuance	\$ (12,485,000)
Loan anticipation note issuance	(20,090,000)
Bond issuance costs	434,050
Premium on bond anticipation note	(1,390,581)
Proceeds of lease purchase agreement	(515,563)
Accrued landfill closure/postclosure	(1,567,537)
Principal Payments:	
Bonds	2,325,654
Lease revenue notes	367,217
Lease purchase agreements	1,549,645
Loan anticipation note	20,000,000
Payments to refunded bond escrow agent	<u>13,144,569</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>\$ 1,772,454</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 \$978,956 and \$(170,513) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
	<u>          </u>	<u>          </u>
(Increase) decrease in compensated absences	\$ 26,257	\$ 128,487
(Increase) decrease in accrued interest	1,180,336	-
(Increase) decrease in other postemployment benefits	(139,000)	(299,000)
Amortization of bond premium	120,697	-
Amortization of bond discount	(8,017)	-
Amortization of loss on refunding	(63,754)	-
Amortization of issuance costs	<u>(137,563)</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	 \$ <u>978,956</u>	 \$ <u>(170,513)</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, 2010, there were no departments with expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2010, 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, 2010 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
	AAA <sub>m</sub>
LGIP	\$ 36,083
Government Obligations	11,504,378
Total	\$ 11,540,461

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, 2010.

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

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 297,823	\$ -
Communication sales tax	401,283	-
State sales tax	-	1,418,405
Non-categorical aid	73,110	-
Categorical aid-shared expenses	456,985	-
Categorical aid-Virginia Public Assistance funds	82,872	-
Categorical aid-other	40,579	8,440
Categorical aid-Comprehensive Services Act funds	652,826	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	137,603	-
Categorical aid-Workforce Investment Act funds	944,860	-
Categorical aid-other	6,468	1,590,614
Total Amount Due from Other Governmental Units	<u>\$ 3,094,409</u>	<u>\$ 3,017,459</u>

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

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
<u>Primary Government:</u>		
General Fund	<u>\$ 1,314,863</u>	<u>\$ -</u>
<u>Component Unit - School Board:</u>		
School Fund	<u>\$ -</u>	<u>\$ 1,314,863</u>

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

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government:</b>		
General Fund	\$ 174,210	\$ (1,540,917)
Industrial Development Fund	540,917	(172,409)
School Capital Improvements Fund	1,000,000	-
Forfeited Assets Fund	-	(1,801)
Total	<u>\$ 1,715,127</u>	<u>\$ (1,715,127)</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
2011	\$ 3,304,368	\$ 4,085,624	\$ -	\$ 513,690	\$ 384,693	\$ 149,002
2012	4,922,731	4,255,882	-	703,150	402,413	130,670
2013	5,164,840	4,025,874	-	703,150	425,209	111,385
2014	5,512,670	4,279,224	20,090,000	351,575	438,110	91,236
2015	5,757,432	3,411,771	-	-	461,152	70,210
2016-2020	25,748,829	13,692,121	-	-	1,405,668	117,833
2021-2025	24,428,112	7,901,582	-	-	-	-
2026-2030	15,575,000	2,787,314	-	-	-	-
Totals	<u>\$ 90,413,982</u>	<u>\$ 44,439,392</u>	<u>\$ 20,090,000</u>	<u>\$ 2,271,565</u>	<u>\$ 3,517,245</u>	<u>\$ 670,336</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, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
General obligation bonds	\$ 92,629,636	\$ 12,485,000	\$ (14,700,654)	\$ 90,413,982
Loan anticipation note	20,000,000	20,090,000	(20,000,000)	20,090,000
Lease revenue notes	3,884,462	-	(367,217)	3,517,245
Deferred Amounts:				
Bond premiums	809,256	1,390,581	(120,697)	2,079,140
On refunding	(363,837)	(769,569)	63,754	(1,069,652)
Bond discounts	(168,355)	-	8,017	(160,338)
Lease purchase agreements	4,259,151	515,563	(1,549,645)	3,225,069
OPEB liability	139,000	189,000	(50,000)	278,000
Landfill closure/postclosure liability	2,150,044	1,567,537	-	3,717,581
Compensated absences	1,053,776	764,075	(790,332)	1,027,519
<b>Total</b>	<b>\$ 124,393,133</b>	<b>\$ 36,232,187</b>	<b>\$ (37,506,774)</b>	<b>\$ 123,118,546</b>

The County issued \$12,485,000 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 \$12,375,000 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 \$769,569. The amount is being netted against the new debt and amortized over the life of the new debt. This advance refunding was undertaken to reduce debt service, long-term, which resulted in less debt service of \$799,256 and an economic gain of \$639,071. Debt that has been defeased in substance, but remains outstanding as of the end of the fiscal year totaled \$12,375,000.

In addition, the County refunded a bond anticipation note in the amount of \$20,000,000, replacing the note with a bond anticipation note in the amount of \$20,090,000.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 7-Long-Term Debt: (continued)**

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<b>General Obligation Bonds:</b>						
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	291,104	142,272
General Obligation Bond	3.60-5.75%	6/1/2001	3/1/2023	38,625,000	810,000	-
General Obligation Refunding Bond	4%	12/22/1998	7/1/2014	8,600,000	4,040,000	730,000
General Obligation Advance Refunding Bond	3%	2/16/2005	2/1/2016	9,240,000	5,440,000	835,000
General Obligation Refunding Bond	4.10-5.60%	11/10/2004	7/15/2024	15,735,749	12,537,878	698,096
General Obligation Bond	3.60%	12/20/2007	3/1/2025	10,000,000	10,000,000	514,000
General Obligation Bond	3.50-5.75%	10/30/2008	2/1/2030	40,000,000	40,000,000	250,000
General Obligation Refunding Bond	3%	5/21/2009	3/1/2017	3,225,000	3,225,000	-
General Obligation Bond	2-5%	4/22/2010	3/1/2023	12,485,000	12,485,000	135,000
Total GO Bonds					<u>\$ 90,413,982</u>	<u>\$ 3,304,368</u>
<b>Lease Revenue Notes:</b>						
Revenue Bond - IDA	5%	8/16/2005	8/15/2015	2,000,000	\$ 1,324,745	\$ 182,517
Revenue Bond - SSB	3.99%	4/27/2006	7/15/2019	2,900,000	2,192,500	184,700
Total lease revenue notes					<u>\$ 3,517,245</u>	<u>\$ 367,217</u>
Loan Anticipation Note	3.50%	4/22/2010	7/15/2013	20,090,000	\$ 20,090,000	\$ -
<b>Deferred amounts:</b>						
Plus:						
Unamortized Premium					\$ 2,079,140	\$ 261,740
Less:						
Unamortized Discount					(160,338)	(118,212)
Unamortized Amounts on Refunding					(1,069,652)	(8,017)
Total deferred amounts					<u>\$ 849,150</u>	<u>\$ 135,511</u>
<b>Other Obligations:</b>						
Capital Leases (Note 8)					\$ 3,225,069	\$ 634,411
Landfill Closure and Postclosure Monitoring Liability					3,717,581	-
Other postemployment benefits					278,000	-
Compensated Absences					1,027,519	770,639
Total Other Obligations					<u>\$ 8,248,169</u>	<u>\$ 1,405,050</u>
Total Long-Term Obligations					<u>\$ 123,118,546</u>	<u>\$ 5,212,146</u>

**Note 8-Capital Leases:**

Primary Government

The County has entered into lease agreements to finance the acquisition of 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>School Buses</u>	<u>Equipment</u>
Machinery and equipment	\$ 2,874,093	\$ 198,183
Less: Accumulated depreciation	<u>(670,680)</u>	<u>(115,984)</u>
Net Asset	<u>\$ 2,203,413</u>	<u>\$ 82,199</u>

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

<u>Year Ending June 30,</u>	<u>School Buses</u>	<u>Energy Savings Lease</u>	<u>Equipment Lease</u>
2011	\$ 643,140	\$ -	\$ 27,163
2012	177,833	324,043	-
2013	-	324,043	-
2014	-	324,043	-
2015	-	1,620,215	-
2016-2020	<u>-</u>	<u>324,043</u>	<u>-</u>
Subtotal	\$ 820,973	\$ 2,916,387	\$ 27,163
Less, amount representing interest	<u>(33,045)</u>	<u>(506,054)</u>	<u>(355)</u>
Present Value of Lease Agreement	<u>\$ 787,928</u>	<u>\$ 2,410,333</u>	<u>\$ 26,808</u>

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

Discretely Presented Component Unit-School Board-Indebtedness

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
OPEB Liability	\$ 271,000	\$ 714,000	\$ (415,000)	\$ 570,000
Compensated absences	<u>1,838,870</u>	<u>1,250,665</u>	<u>(1,379,152)</u>	<u>1,710,383</u>
Total	<u>\$ 2,109,870</u>	<u>\$ 1,964,665</u>	<u>\$ (1,794,152)</u>	<u>\$ 2,280,383</u>

Details of long-term indebtedness:

	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
<u>Other Obligations:</u>		
Other postemployment benefits	\$ 570,000	\$ -
Compensated absences	<u>1,710,383</u>	<u>1,282,787</u>
Total Long-Term Obligations	<u>\$ 2,280,383</u>	<u>\$ 1,282,787</u>

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**Note 10-Employee Retirement System and Pension Plans:**

A. Plan Description

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or 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 2010 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 2010 was 6.72% of annual covered payroll.

**Note 10-Employee Retirement System and Pension Plans: (continued)**

C. Annual Pension Cost

For the fiscal year 2010, the County's annual pension cost of \$1,095,418 (does not include the portion of the employee share assumed by the County which was \$615,404) was equal to the County's required and actual contributions. For fiscal year 2010, the School Board's annual pension cost of \$210,824 (does not include the portion of the employee share assumed by the School Board which was \$156,863) was equal to the School Board's required and actual contributions for the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2008	\$ 886,964	100.00%	\$ -
	6/30/2009	1,110,605	100.00%	-
	6/30/2010	1,095,418	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2008	\$ 241,494	100.00%	\$ -
	6/30/2009	214,230	100.00%	-
	6/30/2010	210,824	100.00%	-

<sup>1</sup> 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 10-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, 2009, the most recent actuarial valuation date, the plan was 90.27% funded. The actuarial accrued liability for benefits was \$47,119,923, and the actuarial value of assets was \$42,534,376, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,585,547. The covered payroll (annual payroll of active employees covered by the plan) was \$12,416,646, and ratio of the UAAL to the covered payroll was 36.93%.

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 93.39% funded. The actuarial accrued liability for benefits was \$12,127,414, and the actuarial value of assets was \$11,326,200, resulting in an unfunded actuarial accrued liability (UAAL) of \$801,214. The covered payroll (annual payroll of active employees covered by the plan) was \$3,168,040, and ratio of the UAAL to the covered payroll was 25.29%.

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 10-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/2009-Annual-Report.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 \$4,716,692, \$5,824,975, and \$4,174,676 for the fiscal years ended 2010, 2009, and 2008 respectively. Employer contributions represented 13.81% for July 2009 through March 2010 and zero (0.00%) for April through June 2010, 13.81%, and 10.30% of covered payroll for the fiscal years ended 2010, 2009, and 2008 respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 11-Capital Assets:**

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

Primary Government:

	Beginning Balance as Adjusted	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,914,148	\$ -	\$ -	\$ 4,914,148
Construction in progress	30,419,201	29,889,678	-	60,308,879
Total capital assets not being depreciated	<u>\$ 35,333,349</u>	<u>\$ 29,889,678</u>	<u>\$ -</u>	<u>\$ 65,223,027</u>
Capital assets, being depreciated:				
Buildings	\$ 81,609,580	\$ 483,525	\$ -	\$ 82,093,105
Machinery and equipment	18,734,704	1,529,454	(273,739)	19,990,419
Total capital assets being depreciated	<u>\$ 100,344,284</u>	<u>\$ 2,012,979</u>	<u>\$ (273,739)</u>	<u>\$ 102,083,524</u>
Less: accumulated depreciation for:				
Buildings	\$ (21,794,863)	\$ (2,167,617)	\$ -	\$ (23,962,480)
Machinery and equipment	(14,589,711)	(1,371,849)	272,931	(15,688,629)
Total accumulated depreciation	<u>\$ (36,384,574)</u>	<u>\$ (3,539,466)</u>	<u>\$ 272,931</u>	<u>\$ (39,651,109)</u>
Total capital assets being depreciated, net	<u>\$ 63,959,710</u>	<u>\$ (1,526,487)</u>	<u>\$ (808)</u>	<u>\$ 62,432,415</u>
Governmental activities capital assets, net	<u>\$ 99,293,059</u>	<u>\$ 28,363,191</u>	<u>\$ (808)</u>	<u>\$ 127,655,442</u>

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

Governmental activities:	
General governmental administration	\$ 67,756
Judicial administration	29,513
Public safety	644,814
Public works	707,034
Health and welfare	97,652
Education	1,871,405
Parks, recreation, and cultural	55,379
Community development	65,913
Total depreciation expense-governmental activities	<u>\$ 3,539,466</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 11-Capital Assets: (continued)**

Capital asset activity for the School Board for the year ended June 30, 2010 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	-	250,000	-	250,000
Total capital assets not being depreciated	<u>\$ 2,662,750</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 2,912,750</u>
Capital assets, being depreciated:				
Buildings	\$ 20,161,444	\$ -	\$ -	\$ 20,161,444
Machinery and equipment	12,061,217	270,540	(708,820)	11,622,937
Total capital assets being depreciated	<u>\$ 32,222,661</u>	<u>\$ 270,540</u>	<u>\$ (708,820)</u>	<u>\$ 31,784,381</u>
Less: accumulated depreciation for:				
Buildings	\$ (11,550,939)	\$ (266,284)	\$ -	\$ (11,817,223)
Machinery and equipment	(9,220,005)	(704,257)	669,994	(9,254,268)
Total accumulated depreciation	<u>\$ (20,770,944)</u>	<u>\$ (970,541)</u>	<u>\$ 669,994</u>	<u>\$ (21,071,491)</u>
Total capital assets being depreciated, net	<u>\$ 11,451,717</u>	<u>\$ (700,001)</u>	<u>\$ (38,826)</u>	<u>\$ 10,712,890</u>
Governmental activities capital assets, net	<u>\$ 14,114,467</u>	<u>\$ (450,001)</u>	<u>\$ (38,826)</u>	<u>\$ 13,625,640</u>

**Note 12-Risk Management:**

The County and its Component Unit – School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County 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 13-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. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The State Auditor of Public Accounts (APA) conducted a review of the Comprehensive Services Act Program (CSA) in Pittsylvania County. The review concluded that the County had requested funds of approximately \$7.7 million dollars for ineligible expenses. As a result of the APA's review, the State Office of Comprehensive Services (OCS) has announced their intent to recover funds spent on ineligible expenses. The County disagrees with the APA's review and has started the process of appealing the claim set forth by the OCS and the APA. At this time, the County is unable to estimate the amount of any settlement (if any) that may be due OCS and therefore no liability has been recorded in the financial statements for same.

**Note 14-Surety Bonds:**

Primary Government:

<u>Fidelity &amp; 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

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**Note 15-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. \$4,888,150 is the total estimated closure and postclosure care liability at June 30, 2010. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2010. The liability on the statement of net assets of \$3,717,581 is based on the County's estimate that the landfill has reached 100% of Phase I and 70% of cell A in Phase II of capacity with a remaining useful life of 20 years for phase II, including cells B&C. 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 16-Reserved/Designated Fund Balance and Restricted Net Assets:**

Primary Government:		
Reserved for:		
School Capital Improvements	\$	11,392,713
Asset Forfeiture Fund		<u>435,884</u>
Total Primary Government Reservations	\$	<u><u>11,828,597</u></u>
Designated, Reported in:		
General Fund for:		
Social Services	\$	114,038
Bonds		2,400
CIP		847,828
Jail inmate management		13,467
Rural Roads		195,315
Courthouse Security		410,223
Jail Processing		38,201
Library Gifts		85,369
Courthouse Maintenance		5,488
Law Library		22,513
Other		<u>1,543</u>
Total General Fund Designations	\$	<u>1,736,385</u>
Industrial Development Fund for:		
Industrial development	\$	<u>2,188,408</u>
Total Primary Government Designations	\$	<u><u>3,924,793</u></u>

**Note 16-Reserved/Designated Fund Balance and Restricted Net Assets: (Continued)**

Component Unit -- School Board:	
Designated, Reported in:	
School Fund for:	
Cafeteria Operations	\$ <u>265,756</u>

**Note 17-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 2010, a total of \$7,568,600 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, 2010, the County was exposed to risk totaling \$1,390,584 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 \$808,840 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 2010 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>
2009-10	\$ <u>741,181</u>	\$ <u>7,636,259</u>	\$ <u>(7,568,600)</u>	\$ <u>808,840</u>

**Note 18-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 \$2,590,085.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$2,502,979 at June 30, 2010.

**Note 19-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.

The County has obligated funds for the projects described below as of June 30, 2010:

	Original Contract	Amount Paid As of 6/30/2010	Remaining Contract Amount	Retainage Payable
Berry Hill Road Water & Sewer	\$ 2,278,939	\$ 539,848	\$ 1,730,237	\$ 8,854
Moses Building Basement	24,100	12,050	12,050	-
Solid Waste Monitoring	12,450	9,200	3,250	-
Chatham Railroad Depot	84,090	78,510	5,580	-
Landfill Studies	50,150	31,900	18,250	-
Olde Dominion Agriculture Complex Water/Sewer	189,150	157,880	31,270	-
Dan River High School Renovations	13,453,500	12,089,597	727,608	636,295
Tunstall High School Renovations	14,668,500	13,223,158	749,386	695,956
Chatham High School Renovations	14,512,000	13,440,719	363,875	707,406
Gretna High School Renovations	12,917,000	11,935,853	352,944	628,203
Whispering Pines Water Line	639,387	638,927	460	-
Sanitary Sewer Plans at Cane Creek Centre	26,550	19,913	6,637	-
Route 40 Fire Booster Station	206,700	186,531	11,720	8,449
Chatham Southern Railway Station Renovations	362,402	313,533	32,367	16,502
<b>Total Contracts</b>	<b>\$ 59,424,918</b>	<b>\$ 52,677,619</b>	<b>\$ 4,045,634</b>	<b>\$ 2,701,665</b>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 19-Commitments and Contingencies: (continued)**

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, 2010.

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	Cane Creek Park	71,461	3,945	67,516	-
		Berry Hill Industrial Park	1,004,827	846,890	157,937	-
Totals			\$ 1,191,288	\$ 931,179	\$ 260,109	\$ -
County's 50% obligation			\$ 595,644	\$ 465,590	\$ 130,055	\$ -

The Component Unit School Board has obligated funds for the projects described below as of June 30, 2010:

	Original Contract	Amount Paid As of 6/30/2010	Remaining Contract Amount	Retainage Payable
High School Renovations	\$ 4,066,044	\$ 3,937,259	\$ 128,785	\$ -

*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. Employees are required to work twenty days per year to receive their payment. At June 30, 2010 the commitment related to the Early Retirement Incentive Program was \$10,843,924. In prior years this balance has been reflected as a liability, but this program requires service from the retirees to receive benefit, therefore, no liability is present. This is reflected in the restatement of net assets for the Component Unit – School Board.

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**Note 20-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 20-Other Post-Employment Benefits-Health Insurance (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 state'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 state's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the state's net OPEB obligation to SREHP (dollar amounts in thousands):

Annual required contribution	\$ 189,000
Interest on net OPEB obligation	6,000
Adjustment to annual required contribution	6,000
Annual OPEB cost (expense)	<u>189,000</u>
Contributions made	<u>50,000</u>
Increase in net OPEB obligation	139,000
Net OPEB obligation - beginning of year	<u>139,000</u>
Net OPEB obligation - end of year	\$ 278,000

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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
6/30/2010	189,000	26%	278,000

\*only available for two years



**Note 20-Other Post-Employment Benefits-Health Insurance (continued)**

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

For 2010, the School Board's annual OPEB cost (expense) of \$714,000 was not equal to the ARC of \$715,000. The obligation calculation is as follows:

Annual required contribution	\$ 715,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	13,000
Annual OPEB cost (expense)	<u>714,000</u>
Contributions made	<u>415,000</u>
Increase in net OPEB obligation	299,000
Net OPEB obligation - beginning of year	<u>271,000</u>
Net OPEB obligation - end of year	\$ 570,000

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 594,000	54%	\$ 271,000
6/30/2010	714,000	58%	\$ 570,000

\* Information available for two years only

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2010, is as follows:

Actuarial accrued liability (AAL)	\$ 1,763,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,763,000
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 12,416,646
UAAL as a percentage of covered payroll	14.20%

**Note 20-Other Post-Employment Benefits-Health Insurance (continued)**

D. Funded Status and Funding Progress (continued)

The funded status of the Plan for the School Board as of June 30, 2010, is as follows:

Actuarial accrued liability (AAL)	\$	9,083,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	9,083,000
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	53,810,354
UAAL as a percentage of covered payroll		16.88%

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.

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.

**Note 21—Restatement of Fund Balance/Net Assets**

**Governmental Activities:**

Net Assets as previously reported, June 30, 2009	\$ 52,143,581
Capital Assets	(108,714)
Accumulated Depreciation	<u>(27,516)</u>
Net Assets as restated, June 30, 2009	<u>\$ 52,007,351</u>

**Component Unit – School Board:**

Net Assets as previously reported, June 30, 2009	\$ 6,148,270
Removal of ERIP liability	<u>6,465,863</u>
Net Assets as restated, June 30, 2009	<u>\$ 12,614,133</u>

**Note 22—Other Post-Employment Benefits-VRS Health Insurance Credit:**

A. Plan Description

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 0.00% of annual covered payroll.

**Note 22—Other Post-Employment Benefits-VRS Health Insurance Credit: (continued)**

C. OPEB Cost and Net OPEB Obligation:

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

For 2010, the County's contribution of \$0 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
County	6/30/2010	\$ -	100.00%	\$ -

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 347,092
Actuarial value of plan assets	\$ 242,603
Unfunded actuarial accrued liability (UAAL)	\$ 104,489
Funded ratio (actuarial value of plan assets/AAL)	69.90%
Covered payroll (active plan members)	\$ 12,416,646
UAAL as a percentage of covered payroll	0.84%

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

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

**Note 22—Other Post-Employment Benefits-VRS Health Insurance Credit: (continued)**

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2009 was 27 years.

F. Professional Employees – Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2010 was \$310,058 and equaled the required contributions.

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**Required Supplementary Information**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 28,642,352	\$ 28,642,352	\$ 29,247,029	\$ 604,677
Other local taxes	6,265,817	6,288,037	6,414,085	126,048
Permits, privilege fees, and regulatory licenses	181,733	181,733	179,480	(2,253)
Fines and forfeitures	65,200	70,200	166,937	96,737
Revenue from the use of money and property	702,437	702,437	738,989	36,552
Charges for services	460,800	469,605	538,831	69,226
Miscellaneous	771,899	825,364	586,464	(238,900)
Recovered costs	2,186,857	2,629,516	1,111,679	(1,517,837)
Intergovernmental revenues:				
Commonwealth	20,034,911	22,052,677	19,673,725	(2,378,952)
Federal	5,614,789	5,760,155	5,085,639	(674,516)
Total revenues	64,926,795	67,622,076	63,742,858	(3,879,218)
<b>EXPENDITURES</b>				
Current:				
General government administration	3,293,974	3,357,463	3,149,941	207,522
Judicial administration	1,690,104	1,757,635	1,536,157	221,478
Public safety	13,628,039	15,385,992	14,104,700	1,281,292
Public works	3,534,115	4,101,754	3,634,763	466,991
Health and welfare	14,315,092	16,307,377	13,413,369	2,894,008
Education	11,956,329	13,653,153	10,226,677	3,426,476
Parks, recreation, and cultural	1,120,612	1,127,931	1,116,757	11,174
Community development	4,461,559	6,831,276	3,631,045	3,200,231
Nondepartmental	122,056	90,315	8,342	81,973
Capital projects	-	25,049	11,049	14,000
Debt service:				
Principal retirement	4,449,487	4,242,516	4,242,516	-
Interest and other fiscal charges	6,681,927	6,371,328	6,366,666	4,662
Total expenditures	65,253,294	73,251,789	61,441,982	11,809,807
Excess (deficiency) of revenues over (under) expenditures	(326,499)	(5,629,713)	2,300,876	7,930,589
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,039,521	3,431,434	174,210	(3,257,224)
Transfers out	(1,580,438)	(4,724,453)	(1,540,917)	3,183,536
Proceeds of capital leases	-	-	515,563	515,563
Total other financing sources and uses	(540,917)	(1,293,019)	(851,144)	441,875
Net change in fund balances	(867,416)	(6,922,732)	1,449,732	8,372,464
Fund balances - beginning	867,416	6,922,732	29,628,758	22,706,026
Fund balances - ending	\$ -	\$ -	\$ 31,078,490	\$ 31,078,490

County of Pittsylvania, Virginia  
Required Supplementary Information

Schedule of Pension and OPEB Funding Progress  
For the Year Ended June 30, 2010

Primary Government

County Retirement Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009	\$ 42,534,376	\$ 47,119,923	\$ 4,585,547	90.27%	\$ 12,416,646	36.93%
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%

County VRS Health Insurance Credit Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009	\$ 242,603	\$ 347,092	\$ 104,489	69.90%	\$ 12,416,646	0.84%
June 30, 2008	338,312	483,118	144,806	70.03%	12,263,717	1.18%
June 30, 2007	323,354	239,826	(83,528)	134.83%	11,471,011	-0.73%

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, 2009	\$ -	\$ 1,763,000	\$ 1,763,000	0.00%	\$ 12,416,646	14.20%
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, 2009	\$ 11,326,200	\$ 12,127,414	\$ 801,214	93.39%	\$ 3,168,040	25.29%
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%

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, 2009	\$ -	\$ 9,083,000	\$ 9,083,000	0.00%	\$ 53,810,354	16.88%
July 1, 2008	-	6,368,000	6,368,000	0.00%	52,347,852	12.16%

\*Only two years 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 495,764	\$ 434,442	\$ (61,322)
<b>EXPENDITURES</b>				
Capital projects	57,721,376	49,352,261	30,155,753	19,196,508
Debt service:				
Principal retirement	-	-	20,000,000	(20,000,000)
Bond issuance costs	-	-	434,050	(434,050)
Interest and other fiscal charges	-	-	383,372	(383,372)
Total expenditures	<u>57,721,376</u>	<u>49,352,261</u>	<u>50,973,175</u>	<u>(1,620,914)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,721,376)</u>	<u>(48,856,497)</u>	<u>(50,538,733)</u>	<u>(1,682,236)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,000,000	1,000,000
Proceeds of refunding bond	-	-	32,575,000	32,575,000
Premium on refunding bond	-	-	1,390,581	1,390,581
Payment to bond escrow agent	-	-	(13,144,569)	(13,144,569)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>21,821,012</u>	<u>21,821,012</u>
Net change in fund balances	(57,721,376)	(48,856,497)	(28,717,721)	20,138,776
Fund balances - beginning	57,721,376	48,856,497	40,110,434	(8,746,063)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,392,713</u>	<u>\$ 11,392,713</u>

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Recovered costs	\$ -	\$ 341,218	\$ 341,218	\$ -
Intergovernmental revenues:				
Commonwealth	5,642,879	5,898,744	948,955	(4,949,789)
Total revenues	5,642,879	6,239,962	1,290,173	(4,949,789)
<b>EXPENDITURES</b>				
Current:				
Community development	8,570,204	9,637,998	2,754,229	6,883,769
Excess (deficiency) of revenues over (under) expenditures	(2,927,325)	(3,398,036)	(1,464,056)	1,933,980
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	540,917	540,917	540,917	-
Transfers out	-	(172,409)	(172,409)	-
Total other financing sources and uses	540,917	368,508	368,508	-
Net change in fund balances	(2,386,408)	(3,029,528)	(1,095,548)	1,933,980
Fund balances - beginning	2,386,408	3,029,528	3,283,956	254,428
Fund balances - ending	\$ -	\$ -	\$ 2,188,408	\$ 2,188,408

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 2,500	\$ 35,509	\$ 171,960	\$ 136,451
Intergovernmental revenues:				
Federal	4,709,416	7,014,961	5,243,510	(1,771,451)
Total revenues	4,711,916	7,050,470	5,415,470	(1,635,000)
<b>EXPENDITURES</b>				
Current:				
Health and welfare	4,711,916	7,053,470	5,423,152	1,630,318
Excess (deficiency) of revenues over (under) expenditures	-	(3,000)	(7,682)	(4,682)
Net change in fund balances	-	(3,000)	(7,682)	(4,682)
Fund balances - beginning	-	3,000	(122,082)	(125,082)
Fund balances - ending	\$ -	\$ -	\$ (129,764)	\$ (129,764)

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## Other Supplementary Information

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## **FIDUCIARY FUNDS**

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

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, 2010

	Agency Funds			Total
	Special Welfare	Cash Bond Fund	Sheriff's Inmate Trust and Canteen Account Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,931	\$ 225,260	\$ -	\$ 241,191
Cash in custody of others	-	-	29,244	29,244
Total assets	15,931	225,260	29,244	270,435
<b>LIABILITIES</b>				
Amounts held for social services clients	15,931	-	-	15,931
Amounts held for developers	-	225,260	-	225,260
Amounts held for inmates	-	-	29,244	29,244
Total liabilities	\$ 15,931	\$ 225,260	\$ 29,244	\$ 270,435

## **INTERNAL SERVICE FUNDS**

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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, 2010

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 2,841,152	\$ 2,841,152
Accounts receivables, net of allowances for uncollectibles	21,439		21,439
Inventories	15,510	-	15,510
Total current assets	<u>36,949</u>	<u>2,841,152</u>	<u>2,878,101</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	12,436	-	12,436
Estimate of incurred but unreported health claims	-	808,840	808,840
Due to other funds	57,686	-	57,686
Total current liabilities	<u>70,122</u>	<u>808,840</u>	<u>878,962</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ (33,173)</u>	<u>\$ 2,032,312</u>	<u>\$ 1,999,139</u>



County of Pittsylvania, Virginia  
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Internal Service Funds  
 For the Year Ended June 30, 2010

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Materials and supplies	\$ 582,186	\$ -	\$ 582,186
Insurance premiums	-	9,639,498	9,639,498
Total operating revenues	<u>582,186</u>	<u>9,639,498</u>	<u>10,221,684</u>
<b>OPERATING EXPENSES</b>			
Supplies, insurance and telephone	573,198	-	573,198
Insurance claims and expenses	-	9,729,763	9,729,763
Total operating expenses	<u>573,198</u>	<u>9,729,763</u>	<u>10,302,961</u>
Operating income (loss)	<u>8,988</u>	<u>(90,265)</u>	<u>(81,277)</u>
Total net assets - beginning	(42,161)	2,122,577	2,080,416
Total net assets - ending	<u>\$ (33,173)</u>	<u>\$ 2,032,312</u>	<u>\$ 1,999,139</u>

County of Pittsylvania, Virginia  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2010

	Central Stores Fund	Self- Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts for materials and supplies	\$ 570,789	\$ -	\$ 570,789
Receipts for insurance premiums	-	9,639,498	9,639,498
Payments to suppliers	(570,789)	-	(570,789)
Payments for premiums	-	(9,662,104)	(9,662,104)
Net cash provided (used) by operating activities	-	(22,606)	(22,606)
Net increase (decrease) in cash and cash equivalents	-	(22,606)	(22,606)
Cash and cash equivalents - beginning	-	2,863,758	2,863,758
Cash and cash equivalents - ending	\$ -	\$ 2,841,152	\$ 2,841,152
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 8,988	\$ (90,265)	\$ (81,277)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	(11,397)	-	(11,397)
(Increase) decrease in inventories	(994)	-	(994)
Increase (decrease) in accounts payable	5,107	67,659	72,766
Increase (decrease) in due to other funds	(1,704)	-	(1,704)
Total adjustments	(8,988)	67,659	58,671
Net cash provided (used) by operating activities	\$ -	\$ (22,606)	\$ (22,606)

## **NON-MAJOR SPECIAL REVENUE FUND**

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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, 2010

	Forfeited Assets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 571	\$ 571
Intergovernmental revenues:				
Commonwealth	65,000	65,000	217,502	152,502
Total revenues	65,000	65,000	218,073	153,073
<b>EXPENDITURES</b>				
Current:				
Public safety	60,000	113,199	68,936	44,263
Excess (deficiency) of revenues over (under) expenditures	5,000	(48,199)	149,137	197,336
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(5,000)	(1,801)	(1,801)	-
Net change in fund balances	-	(50,000)	147,336	197,336
Fund balances - beginning	-	50,000	288,548	238,548
Fund balances - ending	\$ -	\$ -	\$ 435,884	\$ 435,884

**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, 2010

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	<b>School Operating Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 277,561
Due from primary government	1,314,863
Due from other governmental units	<u>3,017,459</u>
Total assets	<u><u>4,609,883</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	86,743
Salaries payable	<u>4,257,384</u>
Total liabilities	<u>4,344,127</u>
Fund balances:	
Unreserved:	
Designated balances	<u>265,756</u>
Total fund balances	<u>265,756</u>
Total liabilities and fund balances	<u><u>\$ 4,609,883</u></u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 265,756
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,625,640
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	692,276
Long-term liabilities, including early retirement incentives, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,280,383)
Net assets of governmental activities	<u><u>\$ 12,303,289</u></u>

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, 2010

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 1,304
Charges for services	2,262,858
Miscellaneous	222,804
Recovered costs	326,302
Intergovernmental revenues:	
Local government	10,216,720
Commonwealth	53,535,863
Federal	15,806,433
Total revenues	<u>82,372,284</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>82,192,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>179,311</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Net change in fund balances	179,311
Fund balances - beginning	86,445
Fund balances - ending	<u>\$ 265,756</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	\$ 179,311
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.	(488,827)
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.	(170,513)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	169,185
Change in net assets of governmental activities	<u>\$ (310,844)</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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 15,034	\$ 15,034	\$ 1,304	\$ (13,730)
Charges for services	2,546,645	2,546,645	2,262,858	(283,787)
Miscellaneous	89,750	89,750	222,804	133,054
Recovered costs	339,277	339,277	326,302	(12,975)
Intergovernmental revenues:				
Local government	11,946,372	13,643,196	10,216,720	(3,426,476)
Commonwealth	61,509,218	61,509,218	53,535,863	(7,973,355)
Federal	9,021,012	9,021,012	15,806,433	6,785,421
Total revenues	<u>85,467,308</u>	<u>87,164,132</u>	<u>82,372,284</u>	<u>(4,791,848)</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>85,510,510</u>	<u>87,207,334</u>	<u>82,192,973</u>	<u>5,014,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,202)</u>	<u>(43,202)</u>	<u>179,311</u>	<u>222,513</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net change in fund balances	(43,202)	(43,202)	179,311	222,513
Fund balances - beginning	75,000	75,000	86,445	11,445
Fund balances - ending	<u>\$ 31,798</u>	<u>\$ 31,798</u>	<u>\$ 265,756</u>	<u>\$ 233,958</u>



## **SUPPORTING SCHEDULES**

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

Schedule 1  
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 18,935,378	\$ 18,935,378	\$ 19,038,553	\$ 103,175
Real and Personal PSC Tax	1,544,668	1,544,668	1,695,365	150,697
Personal Property Tax	5,826,484	5,826,484	5,812,326	(14,158)
Mobile Home Tax	281,322	281,322	273,024	(8,298)
Machinery and Tools Tax	1,396,300	1,396,300	1,551,426	155,126
Merchants Capital	252,500	252,500	244,421	(8,079)
Penalties	260,200	260,200	334,250	74,050
Interest	145,500	145,500	297,664	152,164
Total general property taxes	<u>\$ 28,642,352</u>	<u>\$ 28,642,352</u>	<u>\$ 29,247,029</u>	<u>\$ 604,677</u>
Other local taxes:				
Local Sales and Use Tax	\$ 1,900,000	\$ 1,900,000	\$ 1,705,327	\$ (194,673)
Consumers' Utility Tax	1,160,495	1,160,495	1,355,253	194,758
Consumption Taxes	195,000	195,000	102,667	(92,333)
Business License Tax	1,200	1,200	2,775	1,575
Motor Vehicle Licenses	2,134,042	2,156,262	2,238,380	82,118
Bank Stock Tax	30,000	30,000	47,402	17,402
Taxes on Recordation and Wills	345,080	345,080	297,901	(47,179)
Total other local taxes	<u>\$ 6,265,817</u>	<u>\$ 6,288,037</u>	<u>\$ 6,414,085</u>	<u>\$ 126,048</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,113	\$ 13,113	\$ 34,886	\$ 21,773
Land use application fees	4,500	4,500	3,571	(929)
Transfer fees	2,000	2,000	1,958	(42)
Cellular tower fees	31,120	31,120	31,392	272
Permits and other licenses	131,000	131,000	107,673	(23,327)
Total permits, privilege fees, and regulatory licenses	<u>\$ 181,733</u>	<u>\$ 181,733</u>	<u>\$ 179,480</u>	<u>\$ (2,253)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 65,200	\$ 70,200	\$ 166,937	\$ 96,737
Revenue from use of money and property:				
Revenue from use of money	\$ 560,000	\$ 560,000	\$ 458,039	\$ (101,961)
Revenue from use of property	142,437	142,437	280,950	138,513
Total revenue from use of money and property	<u>\$ 702,437</u>	<u>\$ 702,437</u>	<u>\$ 738,989</u>	<u>\$ 36,552</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 6,000	\$ 6,000	\$ 3,348	\$ (2,652)
Charges for Commonwealth's Attorney	2,000	2,000	1,941	(59)
Miscellaneous jail and inmate fees	26,200	26,200	69,865	43,665
Charges for Animal Control	5,000	5,000	7,815	2,815
Charges for Copies	5,000	5,000	3,298	(1,702)
Charges for sanitation and waste removal	270,000	270,000	267,611	(2,389)
Charges for parks and recreation	1,000	1,000	43	(957)
Charges for recycling	32,000	32,000	15,234	(16,766)
Administrative charges	12,000	12,000	29,000	17,000
Charges for library	15,000	15,000	24,263	9,263
Law library fees	16,000	16,000	10,898	(5,102)
Excess clerks fees	9,000	9,000	-	(9,000)
Delinquent attorneys fees	-	-	4,082	4,082
Courthouse maintenance fees	18,000	18,000	14,310	(3,690)
Courthouse security fees	40,000	48,805	70,906	22,101
Medical Co-pay	3,600	3,600	9,817	6,217
Other Charges for Services	-	-	6,400	6,400
Total charges for services	<u>\$ 460,800</u>	<u>\$ 469,605</u>	<u>\$ 538,831</u>	<u>\$ 69,226</u>

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

Schedule 1  
 Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Sale of maps, ordinances	\$ 900	\$ 900	\$ 732	\$ (168)
Miscellaneous other	395,799	422,299	262,205	(160,094)
Sale of property/surplus	-	-	221,598	221,598
Gifts and donations	25,000	36,965	46,643	9,678
Train Depot Restoration	350,200	365,200	55,286	(309,914)
Total miscellaneous revenue	<u>\$ 771,899</u>	<u>\$ 825,364</u>	<u>\$ 586,464</u>	<u>\$ (238,900)</u>
Recovered costs:				
Recovered costs - Danville City	\$ 50,000	\$ 351,000	\$ 49,427	\$ (301,573)
Recovered cost - Community College	5,000	5,000	5,809	809
Sheriffs extra duty	65,000	65,000	64,713	(287)
Recovered costs - Social Services	1,300,000	1,300,000	81,120	(1,218,880)
Recovered cost local jails	391,843	391,843	334,481	(57,362)
Recoverd cost health department	52,000	52,000	119,460	67,460
Expenditure refunds	30,000	158,441	130,928	(27,513)
Recovered cost CSA	25,000	25,000	25,457	457
Soil and water conservation district	127,614	127,614	116,040	(11,574)
School resource officer	40,000	40,000	45,045	5,045
Recovered cost - telephone	5,000	9,569	23,402	13,833
P.A. refunds	80,000	80,000	38,764	(41,236)
Other Recovered Costs	15,400	24,049	77,033	52,984
Total recovered costs	<u>\$ 2,186,857</u>	<u>\$ 2,629,516</u>	<u>\$ 1,111,679</u>	<u>\$ (1,517,837)</u>
Total revenue from local sources	<u>\$ 39,277,095</u>	<u>\$ 39,809,244</u>	<u>\$ 38,983,494</u>	<u>\$ (825,750)</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 63,000	\$ 63,000	\$ 317	\$ (62,683)
Mobile home titling tax	153,204	153,204	138,623	(14,581)
Motor vehicle rental tax	-	-	2,145	2,145
State recordation tax	100,000	100,000	90,017	(9,983)
State Communications Tax	2,483,000	2,483,000	2,378,539	(104,461)
Personal property tax relief act funds	4,139,276	4,139,276	4,139,277	1
Total noncategorical aid	<u>\$ 6,938,480</u>	<u>\$ 6,938,480</u>	<u>\$ 6,748,918</u>	<u>\$ (189,562)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 569,050	\$ 569,050	\$ 493,623	\$ (75,427)
Sheriff	4,387,762	4,387,762	3,570,443	(817,319)
Commissioner of revenue	180,234	180,234	154,938	(25,296)
Treasurer	211,184	211,184	175,883	(35,301)
Medical examiner	700	700	-	(700)
Registrar/electoral board	62,000	62,000	51,933	(10,067)
Clerk of the Circuit Court	414,451	440,521	381,274	(59,247)
Circuit Court	53,698	61,789	58,201	(3,588)
Total Shared Expenses	<u>\$ 5,879,079</u>	<u>\$ 5,913,240</u>	<u>\$ 4,886,295</u>	<u>\$ (1,026,945)</u>
Other categorical aid:				
Victim witness grant	\$ 12,755	\$ 17,329	\$ 17,329	\$ -
VJCCA grant	56,906	51,718	51,718	-
Records preservation grant	5,000	5,000	8,436	3,436
Safe and drug free schools	43,530	43,530	43,226	(304)
Law enforcement grants	100,348	150,371	44,845	(105,526)
E-911 grants	199,000	314,110	60,206	(253,904)
Criminal history grants	120,000	120,000	-	(120,000)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Technology grants	\$ 5,000	\$ 80,000	\$ -	\$ (80,000)
EMS grants	125,000	125,000	59,870	(65,130)
Fire Program Funds	195,000	195,000	160,931	(34,069)
Library grants	188,285	183,297	183,297	-
Litter control grants	23,068	23,068	15,701	(7,367)
Public assistance	1,971,781	1,963,976	1,534,524	(429,452)
Comprehensive services act	4,037,518	5,792,897	5,830,950	38,053
Community based foster care prevention	85,122	85,122	-	(85,122)
Babycare grant	49,039	50,539	27,479	(23,060)
Total other categorical aid	<u>\$ 7,217,352</u>	<u>\$ 9,200,957</u>	<u>\$ 8,038,512</u>	<u>\$ (1,162,445)</u>
Total categorical aid	<u>\$ 13,096,431</u>	<u>\$ 15,114,197</u>	<u>\$ 12,924,807</u>	<u>\$ (2,189,390)</u>
Total revenue from the Commonwealth	<u>\$ 20,034,911</u>	<u>\$ 22,052,677</u>	<u>\$ 19,673,725</u>	<u>\$ (2,378,952)</u>
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 136,195	\$ 136,195	\$ -	\$ (136,195)
EPA grants	1,000,406	1,000,406	1,656,200	655,794
CDBG grants	793,288	793,288	401,444	(391,844)
Federal Sheriff Shared Exp	-	50,000	246,839	196,839
Homeland security	75,000	177,200	146,764	(30,436)
Emergency management preparedness	18,605	18,605	18,605	-
Law enforcement block grants	48,000	48,000	33,906	(14,094)
Crime victim assistance	51,017	51,988	51,988	-
Bureau of justice assistance	26,000	26,000	-	(26,000)
Public assistance	3,466,278	3,458,473	2,529,893	(928,580)
Total categorical aid	<u>\$ 5,614,789</u>	<u>\$ 5,760,155</u>	<u>\$ 5,085,639</u>	<u>\$ (674,516)</u>
Total revenue from the federal government	<u>\$ 5,614,789</u>	<u>\$ 5,760,155</u>	<u>\$ 5,085,639</u>	<u>\$ (674,516)</u>
Total General Fund	<u>\$ 64,926,795</u>	<u>\$ 67,622,076</u>	<u>\$ 63,742,858</u>	<u>\$ (3,879,218)</u>
<b>Special Revenue Funds:</b>				
<b>Industrial Development Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Industrial Development Authority	\$ -	\$ 341,218	\$ 341,218	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ 5,642,879	\$ 5,898,744	\$ 948,955	\$ (4,949,789)
Total Industrial Development Fund	<u>\$ 5,642,879</u>	<u>\$ 6,239,962</u>	<u>\$ 1,290,173</u>	<u>\$ (4,949,789)</u>
<b>Workforce Investment Act Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 2,500	\$ 35,509	\$ 171,960	\$ 136,451

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

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Workforce Investment Act Fund: (Continued)</b>				
Intergovernmental revenue:				
Revenue from the federal government:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 4,709,416	\$ 7,014,961	\$ 5,243,510	\$ (1,771,451)
<b>Total Workforce Investment Act Fund</b>	<b>\$ 4,711,916</b>	<b>\$ 7,050,470</b>	<b>\$ 5,415,470</b>	<b>\$ (1,635,000)</b>
<b>Nonmajor Special Revenue Funds:</b>				
<b>Forfeited Assets Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 571	\$ 571
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ 65,000	\$ 65,000	\$ 217,502	\$ 152,502
<b>Total Forfeited Assets Fund</b>	<b>\$ 65,000</b>	<b>\$ 65,000</b>	<b>\$ 218,073</b>	<b>\$ 153,073</b>
<b>Capital Projects Fund:</b>				
<b>School Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 495,764	\$ 434,442	\$ (61,322)
<b>Total School Capital Improvements Fund</b>	<b>\$ -</b>	<b>\$ 495,764</b>	<b>\$ 434,442</b>	<b>\$ (61,322)</b>
<b>Total Primary Government</b>	<b>\$ 75,346,590</b>	<b>\$ 81,473,272</b>	<b>\$ 71,101,016</b>	<b>\$ (10,372,256)</b>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 15,034	\$ 15,034	\$ 1,104	\$ (13,930)
Revenue from the use of property	-	-	200	200
<b>Total revenue from use of money and property</b>	<b>\$ 15,034</b>	<b>\$ 15,034</b>	<b>\$ 1,304</b>	<b>\$ (13,730)</b>
Charges for services:				
School food	\$ 2,318,649	\$ 2,318,649	\$ 1,904,078	\$ (414,571)
Tuition and payments from other divisions	227,996	227,996	358,780	130,784
<b>Total charges for services</b>	<b>\$ 2,546,645</b>	<b>\$ 2,546,645</b>	<b>\$ 2,262,858</b>	<b>\$ (283,787)</b>
Miscellaneous revenue:				
Other miscellaneous	\$ 89,750	\$ 89,750	\$ 222,804	\$ 133,054
Recovered costs:				
Other recovered costs	\$ 339,277	\$ 339,277	\$ 326,302	\$ (12,975)
<b>Total revenue from local sources</b>	<b>\$ 2,990,706</b>	<b>\$ 2,990,706</b>	<b>\$ 2,813,268</b>	<b>\$ (177,438)</b>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 11,946,372	\$ 13,643,196	\$ 10,216,720	\$ (3,426,476)

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

Schedule 1  
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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	\$ 8,456,126	\$ 8,456,126	\$ 8,069,790	\$ (386,336)
Basic Aid	31,392,399	31,392,399	29,537,412	(1,854,987)
Remedial summer education	223,696	223,696	228,394	4,698
Regular foster care	22,263	22,263	13,610	(8,653)
Gifted and talented	307,316	307,316	312,718	5,402
Remedial education	833,168	833,168	847,812	14,644
Enrollment loss	217,109	217,109	-	(217,109)
Special education	4,176,118	4,176,118	4,243,743	67,625
Textbook payment	809,402	809,402	-	(809,402)
Alternative education	167,814	167,814	163,141	(4,673)
Algebra readiness	111,792	111,792	116,652	4,860
Mentor teacher program	8,237	8,237	12,658	4,421
Social security fringe benefits	1,857,555	1,857,555	1,890,205	32,650
Group life	68,292	68,292	48,645	(19,647)
Retirement fringe benefits	2,390,236	2,390,236	1,827,661	(562,575)
Governor's school	17,000	17,000	17,630	630
Early reading intervention	152,276	152,276	157,035	4,759
Homebound education	115,249	115,249	83,459	(31,790)
Vocation education	1,314,953	1,314,953	1,323,078	8,125
Special education - foster children	-	-	29,227	29,227
At risk payments	794,209	794,209	792,577	(1,632)
Primary class size	1,196,819	1,196,819	1,166,501	(30,318)
Technology	570,000	570,000	380,776	(189,224)
At risk four-year olds	893,376	893,376	679,338	(214,038)
English as a second language	109,368	109,368	116,974	7,606
Other state funds	1,072,948	1,072,948	640,827	(432,121)
GED prep program	23,576	23,576	23,576	-
Project Graduation	-	-	10,129	10,129
Lottery payments	4,207,921	4,207,921	802,295	(3,405,626)
Total revenue from the Commonwealth	<u>\$ 61,509,218</u>	<u>\$ 61,509,218</u>	<u>\$ 53,535,863</u>	<u>\$ (7,973,355)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 3,219,060	\$ 3,219,060	\$ 2,335,657	\$ (883,403)
Title I, ARRA	-	-	458,489	458,489
Special Education	2,885,583	2,885,583	1,847,960	(1,037,623)
Special Education, ARRA	-	-	1,090,356	1,090,356
Title VI-B, preschool	-	-	27,557	27,557
Title VI-B, preschool, ARRA	-	-	37,145	37,145
Vocational education	184,496	184,496	202,476	17,980
Drug free schools	36,885	36,885	44,896	8,011
Title II Part D	22,174	22,174	19,866	(2,308)
School Food Program	2,213,391	2,213,391	2,841,614	628,223
Gear up	-	-	23,308	23,308
Migrant education	-	-	3,488	3,488
Title II	459,423	459,423	465,140	5,717
Title IV Part B-21	-	-	241,000	241,000

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Language acquisition	\$ -	\$ -	\$ 21,345	\$ 21,345
State fiscal stabilization funds	-	-	5,825,984	5,825,984
Educational technology	-	-	50,296	50,296
School improvement grant	-	-	269,856	\$ 269,856
Total categorical aid	<u>\$ 9,021,012</u>	<u>\$ 9,021,012</u>	<u>\$ 15,806,433</u>	<u>\$ 6,785,421</u>
Total revenue from the federal government	<u>\$ 9,021,012</u>	<u>\$ 9,021,012</u>	<u>\$ 15,806,433</u>	<u>\$ 6,785,421</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 85,467,308</u>	<u>\$ 87,164,132</u>	<u>\$ 82,372,284</u>	<u>\$ (4,791,848)</u>

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

Schedule 2  
 Page 1 of 4

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 127,123	\$ 127,123	\$ 121,995	\$ 5,128
General and financial administration:				
County administrator	\$ 272,955	\$ 273,134	\$ 272,247	\$ 887
Legal services	97,950	97,950	72,126	25,824
Independent auditor	67,000	66,400	56,207	10,193
Commissioner of revenue	586,281	586,281	503,006	83,275
Reassessment	557,814	549,814	541,484	8,330
Treasurer	629,008	651,228	603,671	47,557
Central accounting	251,124	260,798	259,640	1,158
Management information systems	319,054	349,070	336,922	12,148
Central purchasing	111,029	111,029	110,476	553
Grants administration	72,843	72,843	69,419	3,424
Total general and financial administration	\$ 2,965,058	\$ 3,018,547	\$ 2,825,198	\$ 193,349
Board of elections:				
Electoral board	\$ 79,853	\$ 89,281	\$ 81,463	\$ 7,818
Registrar	121,940	122,512	121,285	1,227
Total board of elections	\$ 201,793	\$ 211,793	\$ 202,748	\$ 9,045
Total general government administration	\$ 3,293,974	\$ 3,357,463	\$ 3,149,941	\$ 207,522
Judicial administration:				
Courts:				
Circuit court	\$ 123,894	\$ 131,985	\$ 127,725	\$ 4,260
General district court	16,055	16,151	9,358	6,793
Special magistrates	5,450	5,450	3,934	1,516
Juvenile & Domestic relations Court	15,500	15,500	8,963	6,537
Clerk of the circuit court	628,034	657,324	585,230	72,094
Law Library	16,000	26,000	19,919	6,081
Victim and witness assistance	63,772	69,482	65,238	4,244
DCJS grants	120,000	120,000	-	120,000
Safe/Drug free program	43,530	43,530	43,226	304
Commissioner of Accounts	1,280	1,280	620	660
Total courts	\$ 1,033,515	\$ 1,086,702	\$ 864,213	\$ 222,489
Commonwealth's attorney:				
Commonwealth's attorney	\$ 656,589	\$ 670,933	\$ 671,944	\$ (1,011)
Total judicial administration	\$ 1,690,104	\$ 1,757,635	\$ 1,536,157	\$ 221,478
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 5,724,265	\$ 5,866,272	\$ 5,634,874	\$ 231,398
Sheriff - Grants	310,543	572,766	222,716	350,050
Sheriff - 911 System	199,000	596,000	359,355	236,645
Total law enforcement and traffic control	\$ 6,233,808	\$ 7,035,038	\$ 6,216,945	\$ 818,093
Fire and rescue services:				
Fire Marshall	\$ 100,609	\$ 100,609	\$ 92,209	\$ 8,400
Volunteer fire department	1,749,153	1,897,266	1,624,935	272,331
Ambulance and rescue services	168,605	218,537	96,821	121,716
Total fire and rescue services	\$ 2,018,367	\$ 2,216,412	\$ 1,813,965	\$ 402,447



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

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>
<b>General Fund: (Continued)</b>				
<b>Public safety: (Continued)</b>				
Correction and detention:				
Sheriff - correction and detention	\$ 3,228,878	\$ 4,077,964	\$ 4,125,766	\$ (47,802)
Court services unit	475,916	387,065	389,062	(1,997)
Other correction and detention	83,100	83,100	60,449	22,651
Total correction and detention	<u>\$ 3,787,894</u>	<u>\$ 4,548,129</u>	<u>\$ 4,575,277</u>	<u>\$ (27,148)</u>
Inspections:				
Building inspections	\$ 292,220	\$ 295,649	\$ 274,327	\$ 21,322
Other protection:				
Animal control	\$ 250,651	\$ 257,542	\$ 255,373	\$ 2,169
Medical examiner	3,800	3,800	1,765	2,035
E911 System	1,041,299	1,029,422	967,048	62,374
Total other protection	<u>\$ 1,295,750</u>	<u>\$ 1,290,764</u>	<u>\$ 1,224,186</u>	<u>\$ 66,578</u>
Total public safety	<u>\$ 13,628,039</u>	<u>\$ 15,385,992</u>	<u>\$ 14,104,700</u>	<u>\$ 1,281,292</u>
<b>Public works:</b>				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 158,285	\$ 158,285	\$ 153,117	\$ 5,168
Sanitation and waste removal:				
Refuse collection	\$ 1,112,848	\$ 1,287,303	\$ 1,207,150	\$ 80,153
Refuse disposal	945,143	976,145	825,227	150,918
Total sanitation and waste removal	<u>\$ 2,057,991</u>	<u>\$ 2,263,448</u>	<u>\$ 2,032,377</u>	<u>\$ 231,071</u>
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,146,177	\$ 1,507,659	\$ 1,340,038	\$ 167,621
Fleet management	171,662	172,362	109,231	63,131
Total maintenance of general buildings and grounds	<u>\$ 1,317,839</u>	<u>\$ 1,680,021</u>	<u>\$ 1,449,269</u>	<u>\$ 230,752</u>
Total public works	<u>\$ 3,534,115</u>	<u>\$ 4,101,754</u>	<u>\$ 3,634,763</u>	<u>\$ 466,991</u>
<b>Health and welfare:</b>				
Health:				
Local health department	\$ 545,147	\$ 545,147	\$ 528,305	\$ 16,842
Mental health and mental retardation:				
Mental health and mental retardation	\$ 153,609	\$ 153,609	\$ 153,609	\$ -
Welfare:				
Welfare administration	\$ 5,041,718	\$ 5,076,109	\$ 3,449,340	\$ 1,626,769
Public assistance	2,542,360	2,542,360	1,398,338	1,144,022
Comprehensive Services Act	5,898,097	7,855,991	7,790,860	65,131
Family preservation grant	85,122	85,122	44,074	41,048
Baby care grant	49,039	49,039	48,843	196
Total welfare	<u>\$ 13,616,336</u>	<u>\$ 15,608,621</u>	<u>\$ 12,731,455</u>	<u>\$ 2,877,166</u>
Total health and welfare	<u>\$ 14,315,092</u>	<u>\$ 16,307,377</u>	<u>\$ 13,413,369</u>	<u>\$ 2,894,008</u>
<b>Education:</b>				
Other instructional costs:				
Contribution to local school board	\$ 11,946,372	\$ 13,643,196	\$ 10,216,720	\$ 3,426,476
Contributions to community college	9,957	9,957	9,957	-
Total education	<u>\$ 11,956,329</u>	<u>\$ 13,653,153</u>	<u>\$ 10,226,677</u>	<u>\$ 3,426,476</u>

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

Schedule 2  
 Page 3 of 4

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
State Forestry	\$ 27,781	\$ 33,984	\$ 33,984	\$ -
Library:				
Library administration	\$ 1,092,831	\$ 1,093,947	\$ 1,082,773	\$ 11,174
Total parks, recreation, and cultural	\$ 1,120,612	\$ 1,127,931	\$ 1,116,757	\$ 11,174
Community development:				
Planning and community development:				
Planning commission	\$ 138,265	\$ 163,843	\$ 150,541	\$ 13,302
Community development	3,016,055	5,166,728	2,473,617	2,693,111
Zoning board	229,166	229,166	213,753	15,413
Economic development	846,052	1,039,518	603,546	435,972
Transportation Safety	3,800	3,800	1,887	1,913
Total planning and community development	\$ 4,233,338	\$ 6,603,055	\$ 3,443,344	\$ 3,159,711
Environmental management:				
Soil and water conservation district	\$ 127,614	\$ 127,614	\$ 115,026	\$ 12,588
Other environmental management	23,068	23,068	15,744	7,324
Total environmental management	\$ 150,682	\$ 150,682	\$ 130,770	\$ 19,912
Cooperative extension program:				
Cooperative extension program	\$ 77,539	\$ 77,539	\$ 56,931	\$ 20,608
Total community development	\$ 4,461,559	\$ 6,831,276	\$ 3,631,045	\$ 3,200,231
Nondepartmental:				
Other nondepartmental	\$ 122,056	\$ 90,315	\$ 8,342	\$ 81,973
Capital projects:				
Social Services Capital Project	\$ -	\$ 25,049	\$ 11,049	\$ 14,000
Debt service:				
Principal retirement	\$ 4,449,487	\$ 4,242,516	\$ 4,242,516	\$ -
Interest and other fiscal charges	6,681,927	6,371,328	6,366,666	4,662
Total debt service	\$ 11,131,414	\$ 10,613,844	\$ 10,609,182	\$ 4,662
Total General Fund	\$ 65,253,294	\$ 73,251,789	\$ 61,441,982	\$ 11,809,807
<b>Special Revenue Fund:</b>				
<b>Industrial Development Fund:</b>				
Community development:				
Planning and community development:				
EPA Gretna alternative water	\$ 660,000	\$ -	\$ -	\$ -
Industrial development	3,733,000	4,777,200	2,073,744	2,703,456
Brosville industrial park	300,000	1,000	1,000	-
Cane creek water systems improvement	3,877,204	4,859,798	679,485	4,180,313
Total planning and community development	\$ 8,570,204	\$ 9,637,998	\$ 2,754,229	\$ 6,883,769
Total Industrial Development Fund	\$ 8,570,204	\$ 9,637,998	\$ 2,754,229	\$ 6,883,769

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

Schedule 2  
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Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Fund: (Continued)</b>				
<b>Workforce Investment Act Fund:</b>				
Health and welfare:				
Welfare:				
Workforce investment act	\$ 4,711,916	\$ 7,053,470	\$ 5,423,152	\$ 1,630,318
Total Workforce Investment Act Fund	<u>\$ 4,711,916</u>	<u>\$ 7,053,470</u>	<u>\$ 5,423,152</u>	<u>\$ 1,630,318</u>
<b>Nonmajor Special Revenue Funds:</b>				
<b>Forfeited Assets Fund:</b>				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 60,000	\$ 113,199	\$ 68,936	\$ 44,263
Total Forfeited Asset Fund	<u>\$ 60,000</u>	<u>\$ 113,199</u>	<u>\$ 68,936</u>	<u>\$ 44,263</u>
<b>Capital Projects Fund:</b>				
<b>School Capital Improvements Fund:</b>				
Education:				
Capital projects expenditures:				
Capital projects	\$ 57,721,376	\$ 49,352,261	\$ 30,155,753	\$ 19,196,508
Debt service:				
Principal retirement	\$ -	\$ -	\$ 20,000,000	\$ (20,000,000)
Bond issuance costs	-	-	434,050	(434,050)
Interest and other fiscal charges	-	-	383,372	(383,372)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,817,422</u>	<u>\$ (20,817,422)</u>
Total School Capital Improvements Fund	<u>\$ 57,721,376</u>	<u>\$ 49,352,261</u>	<u>\$ 50,973,175</u>	<u>\$ (1,620,914)</u>
Total Primary Government	<u>136,316,790</u>	<u>139,408,717</u>	<u>120,661,474</u>	<u>18,747,243</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 3,364,822	\$ 3,364,822	\$ 3,111,957	\$ 252,865
Instruction costs:				
Instructional costs	\$ 61,838,992	\$ 62,772,220	\$ 58,509,164	\$ 4,263,056
Technology	2,516,377	2,516,377	2,412,437	103,940
Total instruction costs	<u>\$ 64,355,369</u>	<u>\$ 65,288,597</u>	<u>\$ 60,921,601</u>	<u>\$ 4,366,996</u>
Operating costs:				
Pupil transportation	\$ 5,849,824	\$ 5,862,682	\$ 6,343,189	\$ (480,507)
Operation and maintenance of school plant	7,011,551	6,998,692	6,696,471	302,221
Food service and non-instructional	4,928,944	5,692,541	5,119,755	572,786
Total operating costs	<u>\$ 17,790,319</u>	<u>\$ 18,553,915</u>	<u>\$ 18,159,415</u>	<u>\$ 394,500</u>
Total education	<u>\$ 85,510,510</u>	<u>\$ 87,207,334</u>	<u>\$ 82,192,973</u>	<u>\$ 5,014,361</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 85,510,510</u>	<u>\$ 87,207,334</u>	<u>\$ 82,192,973</u>	<u>\$ 5,014,361</u>

## **OTHER STATISTICAL INFORMATION**

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
2009-10	\$ 3,008,491	\$ 1,289,615	\$ 13,884,135	\$ 5,552,474	\$ 18,784,848	\$ 11,601,833	\$ 1,179,959	\$ 5,879,792	\$ -	\$ 5,658,339	\$ 66,839,486
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 8 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 (3)	Permits, Privilege Fees, Regulatory Licenses	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs (3)			
2009-10	\$ 885,248	\$ 21,413,814	\$ 3,006,599	\$ 27,907,392	\$ 6,414,085	\$ -	\$ 1,174,002	\$ 758,424	\$ 6,748,918	\$ 68,308,482		
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	53,890,278		
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 8 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.

(3) Communication sales tax reported as non-categorical aid for first time in fiscal year 2009-10 instead of other local 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
2009-10	\$ 3,149,941	\$ 1,536,157	\$ 14,173,636	\$ 3,634,763	\$ 18,836,521	\$ 82,202,930	\$ 1,116,757	\$ 6,385,274	\$ 8,342	\$ 10,609,182	\$ 141,653,503
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	2,406,966	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	56,604,645	797,068	2,247,738	-	4,015,025	85,196,342

(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 (4)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2,4)	Total
2009-10	\$ 29,247,029	\$ 6,414,085	\$ 179,480	\$ 166,937	\$ 740,864	\$ 2,801,689	\$ 981,228	\$ 1,779,199	\$ 100,511,627	\$ 142,822,138
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	2,865,162	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	828,174	2,930,935	91,314,513	142,981,202
2005-06	23,973,358	7,670,729	194,032	35,858	1,212,422	2,527,252	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	35,785	1,283,785	2,003,853	281,431	1,835,464	61,896,045	93,108,608

(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.

(4) Communication sales tax reported as non-categorical aid for first time in fiscal year 2009-10 instead of other local taxes.



Table 5

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

Fiscal Year	Total Tax Levy (1,2,3)	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)	
							Percent of Delinquent Taxes to Tax Levy	
2009-10	\$ 31,940,215	\$ 30,753,521	96.28%	\$ 2,000,871	\$ 32,754,392	102.55%	4,372,838	13.69%
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%

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

(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
2009-10	\$ 3,658,961,545	\$ 111,212,898	\$ 30,661,670	\$ 8,358,600	\$ 46,670,090	\$ 302,840,801	\$ 4,158,705,604
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

(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)
2009-10	\$ 0.56/0.52	\$ 8.50	\$ 4.50	\$ 2.75	\$ 0.56/0.52	\$ 0.56/0.52
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	-

(1) Per \$100 of assessed value. Property taxes are assessed on January 1 of each year and therefore, the rates for amounts due on December 5th, may be different from the rates for amounts due on June 5th.

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

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
2009-10	61,745	\$ 4,158,706	\$ 114,021,227	\$ 114,021,227	2.74%	\$ 1,847
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

(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
2009-10 (3)	\$ 10,992,554	\$ 141,653,503	7.76%
2008-09	9,587,217	146,147,618	6.56%
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)	6,519,530	132,684,871	4.91%
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%

- (1) Includes all governmental funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit-School Board.  
(2) Excludes payoff of \$20 million dollar note.  
(3) Excludes refunding transactions, including bond issuance costs.

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications of Audits for Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of 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 was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (Reference 2010-1).

### **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 questioned costs as item (Reference 2010-2).

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

We noted certain matters that we reported to management of the County of Pittsylvania, Virginia in a separate letter dated December 24, 2010.

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

*Robinson, Fauner, Co. Associates*

Christiansburg, Virginia  
December 24, 2010



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited the County of Pittsylvania, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Pittsylvania, Virginia's major federal programs for the year ended June 30, 2010. 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 and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of 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.

In our opinion, the County of Pittsylvania, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the County of 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Pittsylvania, Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, Board of Supervisor, 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, Faerner, Co. Associates*

Christiansburg, Virginia  
December 24, 2010

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	90249, 90359, 90360, 90361	\$ 38,375
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90202, 90229, 90230 90231, 90232, 90247, 90365 90366, 90367, 90377, 90409 90377	469,883
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	1,216
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	29,512
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	90544, 90545, 90547	231,338
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90119 90236, 90237, 90238, 90239 90378, 90517, 90527, 90529, 90539, 90540, 90541	130,476
ARRA-Child Care and Development Block Grant	93.713	90517, 90527, 90529, 90540 90541, 90545, 90547	105,145
Chafee Education & Training Vouchers	93.599	90353	3,897
Adoption Incentive Payments Program	93.603	90651	737
Child Welfare Services - State Grants	93.645	90251	1,643
Foster Care - Title IV-E	93.658	90047, 90105, 90106, 90107 90209, 90225, 90226, 90227 90253, 90258, 90405, 90406 90705, 90706, 90707, 90733	226,726
ARRA-Foster Care - Title IV-E	93.658	90636, 90637, 90639	11,446
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90607, 90627, 90708	79,704
ARRA-Adoption Assistance	93.659	90120, 90122, 90123, 90124 90125, 90126, 90240, 90242 90243, 90244, 90262, 90332 90338, 90340, 90358	8,078
Social Services Block Grant	93.667	90120, 90122, 90123, 90124 90125, 90126, 90240, 90242 90243, 90244, 90245, 90246 90262, 90332, 90338, 90340 90358, 90379	280,242
Chafee Foster Care Independence Program	93.674	90254, 90356	9,872
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	24,869
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	307,350
Total Dept. Health & Human Services-pass through			\$ 1,960,509
Total Department Health and Human Services			\$ 1,960,509
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
School Nutrition Cluster:			
Food Distribution-Schools (Note D)	10.555	Not applicable	\$ 244,209

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (continued)			
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	40591	603,540
National School Lunch Program	10.555	40623	1,890,714
Fresh Fruit and Vegetable Program	10.582	40599	77,191
ARRA-Child Nutrition Discretionary Grants Limited Availability	10.579	40592	25,960
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	90103, 90150, 90223, 90403 90703, 90121, 90304, 90104, 90104, 90224, 90404, 90704	532,142
ARRA-State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	90303, 90507	<u>37,242</u>
Total Department of Agriculture - pass-through payments			<u>3,410,998</u>
Total Department of Agriculture			<u>\$ 3,410,998</u>
Department of Commerce:			
Direct payments:			
Public Works and Economic Development Cluster:			
Investments for Public Works and Economic Development Facilities	11.300	Not applicable	<u>\$ 1,000,000</u>
Department of Justice:			
Direct payments:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	09VAGX0007	\$ 51,988
Virginia Compensation Board:			
Edward Byrne Memorial Justice Assistance Grant Program	16.803	09PWBX0008	<u>246,839</u>
Total Department of Justice			<u>\$ 298,827</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Alcohol Open Container Requirements	20.607	154AL-2009 59270 3573	\$ 9,337
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2010 50259 3879	<u>24,569</u>
Total Department of Transportation			<u>\$ 33,906</u>
Department of Labor:			
Pass Through Payments:			
Virginia Employment Commission:			
Workforce Investment Act Cluster:			
Workforce Investment Act Adult Program	17.258	53427	\$ 1,077,516
ARRA-Workforce Investment Act Adult Program	17.258	53427	455,373
Workforce Investment Act Youth Activities	17.259	53427	1,070,689
ARRA-Workforce Investment Act Youth Activities	17.259	53427	997,462
Workforce Investment Act Dislocated Workers	17,260	53427	859,174
ARRA-Workforce Investment Act Dislocated Workers	17.260	53427	<u>783,296</u>
Total Department of Labor			<u>\$ 5,243,510</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency:			
Direct Payments:			
Department of Conservation and Recreation			
Congressional Earmark Project	66.202	Not applicable	\$ 656,200
Department of Education:			
Pass Through Payments:			
Department of Education:			
Migrant Education Grant	84.011	42910	\$ 3,488
Title I Cluster:			
Title I: Grants to local educational agencies	84.010	42901	2,335,657
ARRA-Title I: Grants to local educational agencies	84.389	42913	458,489
Special Education Cluster:			
Special Education: Grants to States	84.027	43071	1,847,960
ARRA-Special Education: Grants to States	84.391	61245	1,090,356
Special Education: Preschool Grants	84.173	62521	27,557
ARRA-Special Education: Preschool Grants	84.392	61247	37,145
Career and Technical Education: Basic Grants to States	84.048	61095, 86647	202,476
Safe and Drug-Free Schools and Communities-State Grants	84.186	65011	44,896
Educational Technology State Grants	84.318	61600	19,866
Twenty-First Century Community Learning Centers	84.287	60565	241,000
ARRA-State Fiscal Stabilization Fund-Education State Grants	84.394	62532	5,825,984
ARRA-Educational Technology State Grants	84.386	60897	50,296
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		23,308
School Improvement Grant	84.377	43040	269,856
English Language Acquisition Grant	84.365	60512	21,345
Improving Teacher Quality - State Grants	84.367	61480	465,140
Total Department of Education			<u>\$ 12,964,819</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant	14.228	50797	\$ 401,444
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grant	97.042	52749	\$ 18,605
State Homeland Security Program	97.073	52708	146,764
Total U.S. Department of Homeland Security			<u>\$ 165,369</u>
Total Expenditures of Federal Awards			<u>\$ 26,135,582</u>

The notes to the Schedule of Expenditures of Federal Awards follow this page

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

Note A -- Basis of Presentation

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

Note B -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note C -- Subrecipients

Of the federal expenditures presented in the schedule, Pittsylvania County, Virginia provided federal awards to subrecipients as follows:  
 CFDA Numbers: 17.258, 17.259 and 17.260  
 Program Name: Workforce Development Act Cluster  
 Amount Provided to Subrecipients: \$4,352,529

Note D -- Food Donation:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, The Pittsylvania County School Board had food commodities totaling \$0 in inventory.

Note E -- Relationship to Financial Statements

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 5,085,639
Workforce Investment Act Fund	<u>5,243,510</u>
Total primary government:	<u>\$ 10,329,149</u>
Component Unit Schools:	
School Operating Fund	<u>\$ 15,806,433</u>
Total Federal Expenditures Per Basic Financial Statements	<u><u>\$ 26,135,582</u></u>

**County of Pittsylvania, Virginia**

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2010

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
17.258/17.259/ 17.260	WIA Cluster
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants
84.010/84.389	Title I - Grants to Local Education Agencies Cluster
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program Cluster
84.027/84.173/ 84.391/84.392	Special Education Program - Cluster
11.300	Public Works and Development Facilities

Dollar threshold used to distinguish between Type A and Type B programs: \$784,067

Auditee qualified as low-risk auditee? No

County of Pittsylvania, Virginia

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2010

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Section II - Financial Statement Findings

2010-1

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- Criteria: Per Statement on Auditing Standards 115, 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.
- 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.
- Cause of Condition: The County has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.
- Effect of Condition: 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.
- Recommendation: Management should continue to implement and follow review procedures in order to make all necessary adjustments.
- 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

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- Criteria: Behavioral aide expenditures for in-school services are the responsibility of the School system and should not be reimbursed through the CSA program.
- Condition: The County paid for behavioral aide expenditures from January 1, 2010 to June 30, 2010 which was not an allowable Comprehensive Services Act (CSA) expenditure as clarified in a superintendent's memo.
- Cause of Condition: Department of Social Services failed to discontinue this practice when the State Department of Social Services issued a letter to cease this operation.
- Effect of Condition: There is more the a remote likelihood that the State reimbursed the County for more expenditures than were allowable.
- Recommendation: The Department of Social Services should discontinue this practice.
- Management's Response: The County and School Board have made corrections to the program and are working with the Office of Community Services for resolution.



**County of Pittsylvania, Virginia**

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2010

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**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - Status of Prior Audit Findings and Questioned Costs**

Financial Statement Finding 2009-1 was recurring in the current year.  
Financial Statement Findings 2009-2, 2009-3 and 2009-4 were corrected.