

COUNTY OF PITTSYLVANIA, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

COUNTY OF PITTSYLVANIA, VIRGINIA
 ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

COUNTY OF PITTSYLVANIA, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

Earl C. Hodnett, Vice Chairperson	Arlene S. Creasy, Chairperson	J. Carson Womack, III
William H. Pritchett		Raymond E. Cobb
Diane D. McMahon		Ronnie Haymore
James B. Williams		

OTHER OFFICIALS

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the 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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of 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 1.90% and 69.57%, respectively, of the total net assets and program revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions on the basic financial statements insofar as they relate to the amounts included for the Industrial Development Authority of Pittsylvania County, Virginia and the Pittsylvania County Service Authority in the aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, the major funds, and the aggregate remaining fund information of the County of Pittsylvania, Virginia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2011, on our consideration of the County of Pittsylvania, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pittsylvania, Virginia's, basic financial statements as a whole. The introductory section, supplementary financial statements, supporting schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The introductory section, supplementary financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section, supporting schedules, and other statistical information have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 13, 2011

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, 2011. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

Financial Highlights

Government-wide Financial Statements

The assets of the County of Pittsylvania, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$52,484,135 (net assets). Of this amount, \$28,222,445 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 \$13,209,178 of which \$(1,149,083) is unrestricted, the Industrial Development Authority's net assets totaling \$866,643 of which \$(721,157) is unrestricted and Pittsylvania County Service Authority's net assets totaling \$31,794,975 of which \$1,860,025 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 decreased by \$1,866,694. In addition, the School Board's net assets increased by \$905,889 and the IDA's assets decreased by \$37,732 and the PCSA's net assets increased by \$1,923,151. (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, unassigned fund balance for the general fund was \$31,311,834 or 56 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2011 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2012.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$43,403,740, a decrease of \$1,561,991 from last year. Approximately 80 percent of this total amount, or \$34,810,095 (which includes committed, assigned and unassigned funds), is available for spending at the government's discretion. This unrestricted balance has three parts, (1) committed funds which represents \$2,498,159, (2) assigned funds which represents \$1,000,102 and (3) unassigned funds which represents \$31,311,834. (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 2010-2011.
- 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 *other 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 standards applicable to financial statements contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the *Specifications of Audits for Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia and 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 \$52,484,135 at the end of the fiscal year.

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

	County of Pittsylvania's Net Assets	
	2011	2010
	Governmental	Governmental
	Activities	Activities
Current and other assets	\$ 68,415,681	\$ 60,297,769
Capital assets	126,808,089	127,655,442
Total assets	<u>\$ 195,223,770</u>	<u>\$ 187,953,211</u>
Long-term liabilities	\$ 122,430,878	\$ 123,118,546
Other liabilities	20,308,757	11,358,318
Total liabilities	<u>\$ 142,739,635</u>	<u>\$ 134,476,864</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 21,394,339	\$ 21,923,612
Restricted	2,867,351	1,875,314
Unrestricted	28,222,445	29,677,421
Total net assets	<u>\$ 52,484,135</u>	<u>\$ 53,476,347</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. These assets include funds restricted for construction, grants, law library, courthouse maintenance and courthouse security. Also included in these restricted assets are assets seized by the Sheriff's Department and can only be used for law enforcement. The County's restricted net assets account for 5 percent of total net assets.

The remaining balance of unrestricted net assets, which is \$28,222,445 or 54 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 decreased by \$1,866,694 during the current fiscal year. The majority of this decrease can be attributed to the \$2.5 million amount due to the Commonwealth for the CSA settlement.

Governmental Activities

Governmental activities decreased the County's net assets by \$1,866,694. Key elements of this decrease are as follows:

County of Pittsylvania's Changes in Net Assets

	2011 Governmental Activities	2010 Governmental Activities
Revenues:		
Program revenues:		
Charges for services	\$ 861,632	\$ 885,248
Operating grants & contributions	16,037,575	21,413,814
General revenues:		
General property taxes	28,781,337	27,907,392
Other local taxes	6,696,327	6,414,085
Use of money and property	646,849	1,174,002
Other	673,095	758,424
Grants and contributions not restricted to specific programs	6,760,306	6,748,918
Community Development Grants	3,564,213	3,006,599
Total revenues	\$ 64,021,334	\$ 68,308,482
Expenses:		
General government	\$ 2,317,903	\$ 3,008,491
Judicial administration	1,521,622	1,289,615
Public safety	13,492,424	13,884,135
Public works	5,199,400	5,552,474
Health and welfare	15,013,208	18,784,848
Education	16,068,919	11,601,833
Parks, recreation and cultural	1,212,790	1,179,959
Community development	6,009,715	5,879,792
Interest on long-term debt	5,052,047	5,658,339
Total expense	\$ 65,888,028	\$ 66,839,486
Increase/(Decrease) in net assets	\$ (1,866,694)	\$ 1,468,996
Net assets, Beginning *	54,350,829	52,007,351
Net assets, Ending	\$ 52,484,135	\$ 53,476,347

*beginning net assets balance for FY2011 was restated-see note 20

-Revenues: Under the full accrual method, general property taxes increased by 3% from last year. However, under the modified accrual basis, real property taxes experienced a slight decrease of 1% while personal property taxes had a decrease of 4%.

-Revenues: Other local taxes increased by 4% from FY2010, which was due primarily to the inclusion of Meals Tax in this category. Other than this major change, local sales tax was up by 10% while consumer utility tax was down slightly by 2% over FY2010. Motor Vehicle licenses also increased during this year by 2% because the Treasurer's Office continued to use DMV Registration Stops which forced citizens to pay license fees in order to keep their vehicle registration current.

-Expenditures: Overall primary government expenditures decreased by 44% over FY2010. This decrease was due to more prudent budget practices as well as the absence of a major retirement of debt and the completion of the High School Renovation project.

-Expenditures: Education decreased less than 1% from FY2010.

-Expenditures: Community Development increased by 60%. Community Development expenditures increased primarily because of the development of the new Berry Hill Mega Park. This approximately 3,500 acre park is a joint venture between the County and the City of Danville. In addition to this major project, other industrial development included the completion of the Olde Dominion Agricultural Complex, improvements to the Klopman Mills plant in Hurt as well as improvements to the Ringgold East Industrial Park.

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 \$43,403,740. Approximately 72 percent of this total amount constitutes unassigned 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 \$7,116,695.

The general fund is the chief operating fund of the County. As of June 30, 2011, total fund balance of the general fund was \$33,417,594 of which \$31,311,834 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 55 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$12,875,094.

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

County of Pittsylvania, Virginia Reconciliation of Treasurer's General Fund Balance
To Audited General Fund Balance
For the Year Ended June 30, 2011

	2011	2010
General Fund Balance per Treasurer	\$ 28,873,828	\$ 26,503,501
Funds merged for financial reporting purposes:		
Adjustment for Central Stores negative cash	(55,534)	(57,686)
Adjustment for WIA negative cash	-	(605,503)
Animal Friendly Plates Revenue Fund	988	1,505
Debt Reserve Fund-Human Services Fund	114,512	114,037
County Jail CIP Fund	24,373	13,467
Bond Fund	2,400	2,400
Grants Fund	592,117	9,892
Capital Improvement Fund	571,537	921,211
Rural Roads Fund	195,315	195,315
Landfill Bond Fund	(38,700)	-
Courthouse Security Fund	462,452	403,461
Jail Processing Fee Fund	42,761	37,820
Library Gifts Fund	61,364	87,106
Courthouse Maintenance Fund	21,660	4,088
Law Library Fund	21,091	22,671
Subtotal - Merged Funds	\$ <u>2,016,336</u>	\$ <u>1,149,784</u>
<u>Adjustments to covert cash basis records to the modified accrual basis of</u>		
Reversion of School Salaries Payable Fund	\$ 4,100,813	\$ 4,257,384
Funds held in the Sheriff's Office	-	2,781
Total Cash Adjustments	\$ <u>4,100,813</u>	\$ <u>4,260,165</u>
Total Cash/Investments – Exhibit 3	\$ <u>34,990,977</u>	\$ <u>31,913,450</u>
Accrual Entries:		
Taxes and fees receivable	(2,069,905)	(1,877,240)
Accounts Receivable	587,838	429,507
Amounts due from other funds	55,534	663,188
Amounts due from other Governments	2,041,289	2,149,089
Accounts Payable	(444,377)	(884,641)
Salaries Payable	(26,987)	-
Retainage Payable	(13,259)	-
Amount due the Component Unit School Board	(1,703,516)	(1,314,863)
Total Accrual Entries	\$ <u>(1,573,383)</u>	\$ <u>(834,960)</u>
Total Fund Balance General Fund – Exhibit 3	\$ <u>33,417,594</u>	\$ <u>31,078,490</u>

The fund balance of the County's general fund increased by \$2,339,104 during the current fiscal year. The increase in the General Fund Balance can be attributed to the fact that the County has enforced stricter guidelines concerning Comprehensive Services Act expenditures, which in turn greatly reduced CSA expenditures from \$7,665,167 in 2010 to \$3,779,350 in 2011. In addition to this major change, merged fund balances were also up primarily because the Work Force Investment Act Fund had a positive fund balance at year-end. These increases were offset by an increased amount of accruals for FY 2011.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$15,622,025 increase. This increase occurred because of unforeseen events that occurred after the 2011 budget process. Budgeted revenues increased by \$5,347,435 which is attributable to normal growth and an increase of grants received during the year. Significant budgetary supplements are included below:

- A total of \$1,334,330 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 \$14,287,695 and the increase in budgeted revenues down to \$4,013,105.
- 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, 2010, budgeted carryovers were increased by \$3,274,365. In addition to these carryovers, the High School Renovation Carryover totaled \$7,103,878
- Grant Funds increased the budget significantly during FY 2011. New grants received during the year totaled \$4,300,986.
- Unexpected expenditures appropriated from undesignated fund balance totaled \$905,440.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2011 is \$126,808,089 (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:

- Landfill Cell II Design \$38,700
- Moses Building Renovations \$315,331
- Landfill-Purchase of Property \$75,000
- E911 Radio Equipment \$171,742
- Repairs to Landfill Equipment \$14,000
- Construction in process on high school renovation project during FY 2011 totaling \$3,077,417

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

	2011 Governmental activities		2010 Governmental activities
Land	\$ 4,989,148	\$	4,914,148
Buildings and system	56,322,327		58,130,625
Machinery and equipment	2,110,318		4,301,790
Construction in progress	63,386,296		60,308,879
Total	\$ 126,808,089	\$	127,655,422

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 \$108,556,415. Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term debt

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

County of Pittsylvania's Outstanding Debt

	2011 Governmental activities		2010 Governmental activities
General obligation bonds	\$ 87,109,614	\$	90,413,982
Loan Anticipation Note	20,090,000		20,090,000
Lease Revenue Notes	3,132,553		3,517,245
Bond Premium	1,739,853		2,079,140
Deferred Amount on Refunding	(951,440)		(1,069,652)
Bond Discounts	(152,321)		(160,338)
Landfill closure/post-closure	5,130,261		3,717,581
OPEB Liability	464,000		278,000
Capital leases	2,354,277		3,225,069
Compensated absences	1,014,081		1,027,519
Contingency for CSA	2,500,000		-
Total	\$ 122,430,878	\$	123,118,546

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 9.3 percent, which is a decrease from the rate of 10.1 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.6 percent and favorably to the national average rate of 9.4 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 \$39,531 (based on the latest attainable 2009 data) compared to the State median household income of \$59,372.
- Pittsylvania County's current population stands at 63,506 based on US Census Bureau information from 2010.

All of these factors were considered in preparing the County's budget for the 2012 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 may also be visited to obtain valuable information about the County.

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

Basic Financial Statements

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

	Component Units			
	Primary Government	School Board	Industrial	Pittsylvania
	Governmental Activities		Development Authority	County Service Authority
ASSETS				
Cash and cash equivalents	\$ 45,035,168	\$ 336,724	\$ 89,420	\$ 548,396
Cash in custody of others	5,500	-	-	-
Investments	4,267,764	-	384,388	44,814
Receivables (net of allowance for uncollectibles):				
Taxes receivable	14,328,066	-	-	-
Accounts receivable	685,172	11,520	-	302,706
Notes receivable	-	-	287,511	-
Interest receivable	-	-	-	1,777
Due from primary government	-	1,703,516	-	255,245
Due from other governmental units	3,099,299	2,735,103	-	-
Inventories	17,336	-	-	43,178
Prepaid expenses	-	602,592	-	35,811
Restricted assets:				
Other assets:				
Unamortized bond issue costs	977,376	-	-	-
Noncurrent assets:				
Investments	-	-	-	1,693,269
Notes receivable	-	-	7,562,222	-
Capital assets (net of accumulated depreciation):				
Land	4,989,148	2,662,750	364,900	-
Buildings and system	56,322,327	8,077,938	1,160,187	-
Machinery and equipment	2,110,318	3,367,573	-	-
Utility plant in service	-	-	-	30,740,794
Construction in progress	63,386,296	250,000	-	1,106,067
Total assets	<u>195,223,770</u>	<u>19,747,716</u>	<u>9,848,628</u>	<u>34,772,057</u>
LIABILITIES				
Accounts payable	1,345,505	406,284	-	324,268
Salaries payable	26,987	4,100,813	-	-
Accrued liabilities	-	-	-	31,402
Customer deposits	-	-	-	132,924
Retainage payable	283,320	-	-	-
Estimate of incurred but unreported health claims	840,764	-	-	-
Accrued interest payable	1,981,512	-	-	14,024
Due to component unit	1,703,516	-	-	23,000
Unearned revenue	14,127,153	-	2,388,019	72,202
Long-term liabilities:				
Due within one year	6,714,052	1,222,081	490,524	408,704
Due in more than one year	115,716,826	809,360	6,103,442	1,970,558
Total liabilities	<u>142,739,635</u>	<u>6,538,538</u>	<u>8,981,985</u>	<u>2,977,082</u>
NET ASSETS				
Invested in capital assets, net of related debt	21,394,339	14,358,261	1,587,800	29,934,950
Restricted for:				
Construction	1,390,401	-	-	-
Grant funds	600,453	-	-	-
Asset forfeiture funds	371,292	-	-	-
Law library funds	21,092	-	-	-
Courthouse maintenance funds	21,661	-	-	-
Courthouse security funds	462,452	-	-	-
Unrestricted (deficit)	28,222,445	(1,149,083)	(721,157)	1,860,025
Total net assets	<u>\$ 52,484,135</u>	<u>\$ 13,209,178</u>	<u>\$ 866,643</u>	<u>\$ 31,794,975</u>

The accompanying 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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	School Board	Component Unit	Pittsylvania County Service Authority
					Governmental Activities		Industrial Development Authority	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,317,903	\$ 202,378	\$ 345,286	\$ -	\$ (1,770,239)			
Judicial administration	1,521,622	15,441	1,000,540	-	(505,641)			
Public safety	13,492,424	376,476	4,653,512	-	(8,462,436)			
Public works	5,199,400	240,015	18,154	-	(4,941,231)			
Health and welfare	15,013,208	-	9,873,891	-	(5,139,317)			
Education	16,068,919	-	-	-	(16,068,919)			
Parks, recreation, and cultural	1,212,790	24,982	146,192	-	(1,041,616)			
Community development	6,009,715	2,340	-	3,564,213	(2,443,162)			
Interest on long-term debt	5,052,047	-	-	-	(5,052,047)			
Total governmental activities	\$ 65,888,028	\$ 861,632	\$ 16,037,575	\$ 3,564,213	\$ (45,424,608)			
COMPONENT UNITS:								
School Board	\$ 80,797,900	\$ 2,364,386	\$ 62,595,419	\$ -		\$ (15,838,095)	\$ -	\$ -
Industrial Development Authority	902,177	-	-	-		-	(902,177)	-
Pittsylvania County Service Authority	2,791,658	2,132,546	-	2,560,834		-	-	1,901,722
Total component units	\$ 84,491,735	\$ 4,496,932	\$ 62,595,419	\$ 2,560,834		\$ (15,838,095)	\$ (902,177)	\$ 1,901,722
General revenues:								
General property taxes					\$ 28,781,337	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					1,885,308	-	-	-
Consumers' utility taxes					1,327,771	-	-	-
Motor vehicle taxes					2,274,687	-	-	-
Other local taxes					1,208,561	-	-	-
Unrestricted revenues from use of money and property					646,849	41,258	864,445	21,429
Miscellaneous					673,095	500,603	-	-
Payments from the County of Pittsylvania					-	16,202,123	-	-
Grants and contributions not restricted to specific programs					6,760,306	-	-	-
Total general revenues					43,557,914	16,743,984	864,445	21,429
Change in net assets					(1,866,694)	905,889	(37,732)	1,923,151
Net assets - beginning, as restated					54,350,829	12,303,289	904,375	29,871,824
Net assets - ending					\$ 52,484,135	\$ 13,209,178	\$ 866,643	\$ 31,794,975

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

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

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>School Capital Improvements</u>	<u>Asset Forfeiture Funds</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 34,954,820	\$ 2,312,877	\$ 109,703	\$ 3,008,179	\$ 371,292	\$ 40,756,871
Cash in custody of others	-	-	-	5,500	-	5,500
Investments	36,157	-	-	4,231,607	-	4,267,764
Receivables (net of allowance for uncollectibles):						
Taxes receivable	14,328,066	-	-	-	-	14,328,066
Accounts receivable	587,838	461	7,878	21,409	-	617,586
Due from other funds	55,534	-	-	-	-	55,534
Due from other governmental units	2,041,289	656,932	401,078	-	-	3,099,299
Total assets	<u>52,003,704</u>	<u>2,970,270</u>	<u>518,659</u>	<u>7,266,695</u>	<u>371,292</u>	<u>63,130,620</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	444,377	372,524	498,185	-	-	1,315,086
Salaries payable	26,987	-	-	-	-	26,987
Retainage payable	13,259	120,061	-	150,000	-	283,320
Due to component unit	1,703,516	-	-	-	-	1,703,516
Deferred revenue	16,397,971	-	-	-	-	16,397,971
Total liabilities	<u>18,586,110</u>	<u>492,585</u>	<u>498,185</u>	<u>150,000</u>	<u>-</u>	<u>19,726,880</u>
Fund balances:						
Restricted:						
Construction Fund	-	-	-	7,116,695	-	7,116,695
Grants Fund	600,453	-	-	-	-	600,453
Asset Forfeiture Fund	-	-	-	-	371,292	371,292
Law Library Fund	21,092	-	-	-	-	21,092
Courthouse Maintenance Fund	21,661	-	-	-	-	21,661
Courthouse Security Fund	462,452	-	-	-	-	462,452
Committed:						
Special revenue funds	-	2,477,685	20,474	-	-	2,498,159
Assigned:						
Veterinary Expense Fund	988	-	-	-	-	988
Library Gifts Fund	61,474	-	-	-	-	61,474
Capital Outlay Fund	558,279	-	-	-	-	558,279
Jail Inmate Management Fund	24,373	-	-	-	-	24,373
Jail Processing Fund	42,761	-	-	-	-	42,761
Rural Road Addition Fund	195,315	-	-	-	-	195,315
Social Services Bond Fund	114,512	-	-	-	-	114,512
Schools Bond Fund	2,400	-	-	-	-	2,400
Unassigned	31,311,834	-	-	-	-	31,311,834
Total fund balances	<u>33,417,594</u>	<u>2,477,685</u>	<u>20,474</u>	<u>7,116,695</u>	<u>371,292</u>	<u>43,403,740</u>
Total liabilities and fund balances	<u>\$ 52,003,704</u>	<u>\$ 2,970,270</u>	<u>\$ 518,659</u>	<u>\$ 7,266,695</u>	<u>\$ 371,292</u>	<u>\$ 63,130,620</u>

The accompanying 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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 43,403,740
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	126,808,089
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,270,818
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.	3,436,502
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	977,376
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(124,412,390)
Net assets of governmental activities	<u>\$ 52,484,135</u>

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

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

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>School Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES						
General property taxes	\$ 29,100,604	\$ -	\$ -	\$ -	\$ -	\$ 29,100,604
Other local taxes	6,696,327	-	-	-	-	6,696,327
Permits, privilege fees, and regulatory licenses	178,650	-	-	-	-	178,650
Fines and forfeitures	170,237	-	-	-	-	170,237
Revenue from the use of money and property	644,124	-	-	1,399	1,326	646,849
Charges for services	512,745	-	-	-	-	512,745
Miscellaneous	463,610	-	209,485	-	-	673,095
Recovered costs	1,469,213	125,993	-	-	-	1,595,206
Intergovernmental revenues:						
Commonwealth	16,466,342	3,390,121	-	-	108,315	19,964,778
Federal	3,028,147	-	3,369,169	-	-	6,397,316
Total revenues	<u>58,729,999</u>	<u>3,516,114</u>	<u>3,578,654</u>	<u>1,399</u>	<u>109,641</u>	<u>65,935,807</u>
EXPENDITURES						
Current:						
General government administration	2,784,289	-	-	-	-	2,784,289
Judicial administration	1,494,085	-	-	-	-	1,494,085
Public safety	13,632,422	-	-	-	174,233	13,806,655
Public works	3,244,763	-	-	-	-	3,244,763
Health and welfare	9,261,926	-	3,428,416	-	-	12,690,342
Education	12,884,074	-	-	-	-	12,884,074
Parks, recreation, and cultural	1,178,396	-	-	-	-	1,178,396
Community development	2,105,660	4,396,920	-	-	-	6,502,580
Capital projects	398,872	-	-	3,077,417	-	3,476,289
Debt service:						
Principal retirement	4,559,852	-	-	-	-	4,559,852
Interest and other fiscal charges	4,876,473	-	-	-	-	4,876,473
Total expenditures	<u>56,420,812</u>	<u>4,396,920</u>	<u>3,428,416</u>	<u>3,077,417</u>	<u>174,233</u>	<u>67,497,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,309,187</u>	<u>(880,806)</u>	<u>150,238</u>	<u>(3,076,018)</u>	<u>(64,592)</u>	<u>(1,561,991)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,201,917	1,172,000	-	-	-	2,373,917
Transfers out	(1,172,000)	(1,917)	-	(1,200,000)	-	(2,373,917)
Total other financing sources (uses)	<u>29,917</u>	<u>1,170,083</u>	<u>-</u>	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,339,104	289,277	150,238	(4,276,018)	(64,592)	(1,561,991)
Fund balances - beginning	31,078,490	2,188,408	(129,764)	11,392,713	435,884	44,965,731
Fund balances - ending	<u>\$ 33,417,594</u>	<u>\$ 2,477,685</u>	<u>\$ 20,474</u>	<u>\$ 7,116,695</u>	<u>\$ 371,292</u>	<u>\$ 43,403,740</u>

The accompanying 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, 2011

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

Net change in fund balances - total governmental funds	\$ (1,561,991)
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.	(847,353)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(319,267)
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.	647,172
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.	(348,136)
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.	562,881
Change in net assets of governmental activities	<u>\$ (1,866,694)</u>

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

County of Pittsylvania, Virginia
 Combined Statement of Net Assets
 Proprietary Funds
 June 30, 2011

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,278,297
Accounts receivables, net of allowances for uncollectibles	67,586
Inventories	17,336
Total current assets	<u>4,363,219</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	30,419
Estimate of incurred but unreported health claims	840,764
Due to other funds	55,534
Total current liabilities	<u>926,717</u>
 NET ASSETS	
Unrestricted	<u>\$ 3,436,502</u>

The accompanying 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, 2011

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services:	
Materials and supplies	\$ 684,654
Insurance premiums	10,607,629
Total operating revenues	<u>11,292,283</u>
OPERATING EXPENSES	
Supplies, insurance and telephone	652,512
Insurance claims and expenses	10,076,890
Total operating expenses	<u>10,729,402</u>
Income before contributions and transfers	562,881
Total net assets - beginning, as restated	2,873,621
Total net assets - ending	<u>\$ 3,436,502</u>

The accompanying 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, 2011

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for materials and supplies	\$ 638,507
Receipts for insurance premiums	10,607,629
Payments to suppliers	(638,507)
Payments for premiums	<u>(10,044,966)</u>
Net cash provided (used) by operating activities	<u>562,663</u>
 Net increase (decrease) in cash and cash equivalents	 562,663
 Cash and cash equivalents - beginning	 <u>3,715,634</u>
Cash and cash equivalents - ending	<u>\$ 4,278,297</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ 562,881</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(46,147)
(Increase) decrease in inventories	(1,826)
Increase (decrease) in accounts payable	49,907
Increase (decrease) in due to other funds	<u>(2,152)</u>
Total adjustments	<u>(218)</u>
Net cash provided (used) by operating activities	<u>\$ 562,663</u>

The accompanying 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, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 274,052
Cash in custody of others	30,358
Total assets	\$ 304,410
 LIABILITIES	
Amounts held for Social Services clients	\$ 12,208
Amounts held for developer	261,844
Amounts held for inmates	30,358
Total liabilities	\$ 304,410

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

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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.

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, 2010. 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, 2010. 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 \$147,882 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 and reports the proceeds of specific revenue sources that are restricted or committed to expenditure 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 and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for administering programs to improve the workforce of Pittsylvania County and surrounding jurisdictions.

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

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

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.

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."

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,199,649 at June 30, 2011 and is comprised solely of property taxes.

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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

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

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

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

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

9. Fund Equity (continued)

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

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

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

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

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 \$(124,412,390) and \$(2,031,441) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
	<u> </u>	<u> </u>
General obligation bonds	\$ (87,109,614)	\$ -
Lease revenue notes	(3,132,553)	-
Loan anticipation note	(20,090,000)	-
Lease purchase agreements	(2,354,277)	-
Unamortized premium	(1,739,853)	-
Unamortized discount	152,321	-
Unamortized loss on refunding	951,440	-
Accrued interest payable	(1,981,512)	-
Landfill accrued closure and postclosure monitoring costs	(5,130,261)	-
Other post employment benefits	(464,000)	(402,000)
Compensated absences	(1,014,081)	(1,629,441)
Comprehensive Services Act-Due to Commonwealth	(2,500,000)	-
	<u> </u>	<u> </u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(124,412,390)</u>	\$ <u>(2,031,441)</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 \$(847,353) and \$732,621 for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
	<u> </u>	<u> </u>
Capital outlays	\$ 3,997,908	\$ 227,129
Reversion of assets back to the School Board (net)	(1,434,752)	1,434,752
Depreciation expense	<u>(3,410,509)</u>	<u>(929,260)</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>\$ (847,353)</u>	<u>\$ 732,621</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 \$647,172 difference in the primary government are as follows:

	<u>Primary Government</u>
Debt Issued or Incurred:	
Accrued landfill closure/postclosure	\$ (1,412,680)
Comprehensive Services Act-Due to Commonwealth	(2,500,000)
Principal Payments:	
Bonds	3,304,368
Lease revenue notes	384,692
Lease purchase agreements	<u>870,792</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>\$ 647,172</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, "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 \$(348,136) and \$248,942 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	\$ 13,438	\$ 80,942
(Increase) decrease in accrued interest	(149,377)	-
(Increase) decrease in other postemployment benefits	(186,000)	168,000
Amortization of bond premium	339,287	-
Amortization of bond discount	(8,017)	-
Amortization of loss on refunding	(118,212)	-
Amortization of issuance costs	<u>(239,255)</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>\$ (348,136)</u>	<u>\$ 248,942</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, 2011, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2011 the Central Stores funds had deficit fund equity.

Note 4-Deposits and Investments:

Deposits

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

Investments

Statutes authorize 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, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>		
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	<u>Unrated</u>
LGIP	\$ 36,157	\$ -
Government Obligations	-	4,231,607
Total	<u>\$ 36,157</u>	<u>\$ 4,231,607</u>

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, 2011.

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	\$ 327,409	\$ -
Communication sales tax	360,241	-
State sales tax	-	1,431,930
Non-categorical aid	46,412	-
Categorical aid-shared expenses	443,813	-
Categorical aid-Virginia Public Assistance funds	82,195	-
Categorical aid-other	690,292	27,047
Categorical aid-Comprehensive Services Act funds	599,750	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	144,798	-
Categorical aid-Workforce Investment Act funds	401,079	-
Categorical aid-other	3,310	1,276,126
 Total Amount Due from Other Governmental Units	 \$ <u>3,099,299</u>	 \$ <u>2,735,103</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>1,703,516</u>	\$ <u>-</u>
<u>Component Unit - School Board:</u>		
School Fund	\$ <u>-</u>	\$ <u>1,703,516</u>

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

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,201,917	\$ (1,172,000)
Industrial Development Fund	1,172,000	(1,917)
School Capital Improvements Fund	-	(1,200,000)
Total	<u>\$ 2,373,917</u>	<u>\$ (2,373,917)</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

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

	Balance <u>July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	Balance <u>June 30, 2011</u>
General obligation bonds	\$ 90,413,982	\$ -	\$ (3,304,368)	\$ 87,109,614
Loan anticipation note	20,090,000	-	-	20,090,000
Lease revenue notes	3,517,245	-	(384,692)	3,132,553
Deferred Amounts:				
Bond premiums	2,079,140	-	(339,287)	1,739,853
On refunding	(1,069,652)	-	118,212	(951,440)
Bond discounts	(160,338)	-	8,017	(152,321)
Lease purchase agreements	3,225,069	-	(870,792)	2,354,277
OPEB liability	278,000	235,000	(49,000)	464,000
Landfill closure/postclosure liability	3,717,581	1,412,680	-	5,130,261
Compensated absences	1,027,519	757,201	(770,639)	1,014,081
Due to Commonwealth (CSA)	-	2,500,000	-	2,500,000
Total	<u>\$ 123,118,546</u>	<u>\$ 4,904,881</u>	<u>\$ (5,592,549)</u>	<u>\$ 122,430,878</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

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
2012	\$ 4,922,731	\$ 4,025,874	\$ -	\$ 703,150	\$ 402,413	\$ 130,670
2013	5,164,840	3,833,365	-	703,150	425,209	111,385
2014	5,512,670	3,652,257	20,090,000	351,575	438,111	91,236
2015	5,757,432	3,411,771	-	-	461,152	70,210
2016	5,838,178	3,190,874	-	-	479,268	48,195
2017-2021	24,918,558	12,579,573	-	-	926,400	69,637
2022-2026	22,195,205	6,718,819	-	-	-	-
2027-2031	12,800,000	1,891,750	-	-	-	-
Totals	\$ 87,109,614	\$ 39,304,283	\$ 20,090,000	\$ 1,757,875	\$ 3,132,553	\$ 521,333

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Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:						
General Obligation Landfill Bond	2.00-3.10%	6/1/2003	2/1/2013	\$ 6,500,000	\$ 1,585,000	\$ 780,000
VPSA Series 1991A Bond	6.60%	7/31/1991	7/15/2011	2,093,937	148,832	148,832
General Obligation Bond	3.60-5.75%	6/1/2001	3/1/2012	18,625,000	810,000	810,000
General Obligation Refunding Bond	4.31%	12/22/1998	7/1/2014	8,600,000	3,310,000	760,000
General Obligation Advance Refunding Bond	3.28%	2/16/2005	2/1/2016	9,240,000	4,605,000	865,000
General Obligation Refunding Bond	4.10-5.60%	11/10/2004	7/15/2024	15,735,749	11,839,782	715,899
General Obligation Bond	3.60%	12/20/2007	3/1/2025	10,000,000	9,486,000	533,000
General Obligation Bond	3.50-5.75%	10/30/2008	2/1/2030	40,000,000	39,750,000	250,000
General Obligation Refunding Bond	3.00%	5/21/2009	3/1/2017	3,225,000	3,225,000	-
General Obligation Bond	2.00-5.00%	4/22/2010	3/1/2023	12,485,000	12,350,000	60,000
Total GO Bonds					<u>\$ 87,109,614</u>	<u>\$ 4,922,731</u>
Lease Revenue Notes:						
Revenue Bond - IDA	5.32%	8/16/2005	8/15/2015	2,000,000	\$ 1,132,253	\$ 203,013
Revenue Bond - SSB	3.99%	4/27/2006	7/15/2019	2,900,000	2,000,300	199,400
Total lease revenue notes					<u>\$ 3,132,553</u>	<u>\$ 402,413</u>
Loan Anticipation Note	3.50%	4/22/2010	7/15/2013	20,090,000	\$ 20,090,000	\$ -
Deferred amounts:						
Plus:						
Unamortized Premium					\$ 1,739,853	\$ 332,791
Less:						
Unamortized Discount					(152,321)	(8,017)
Unamortized Amounts on Refunding					(951,440)	(118,212)
Total deferred amounts					<u>\$ 636,092</u>	<u>\$ 206,562</u>
<u>Other Obligations:</u>						
Capital Leases (Note 8)					\$ 2,354,277	\$ 171,785
Landfill Closure and Postclosure Monitoring Liability					5,130,261	-
Other postemployment benefits					464,000	-
Compensated Absences					1,014,081	760,561
CSA-Due to Commonwealth (Note 14)					2,500,000	250,000
Total Other Obligations					<u>\$ 11,462,619</u>	<u>\$ 1,182,346</u>
Total Long-Term Obligations					<u>\$ 122,430,878</u>	<u>\$ 6,714,052</u>

Note 8-Capital Leases:

Primary Government

The County has entered into lease agreements to finance the acquisition of 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>
Machinery and equipment	\$ 515,563
Less: Accumulated depreciation	<u>(108,763)</u>
Net Asset	<u>\$ 406,800</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30,</u>	<u>School Buses</u>	<u>Energy Savings Lease</u>
2012	\$ 177,833	\$ -
2013	-	324,043
2014	-	324,043
2015	-	324,043
2016	-	324,043
2017-2020	<u>-</u>	<u>1,296,172</u>
Subtotal	\$ 177,833	\$ 2,592,344
Less, amount representing interest	<u>(6,048)</u>	<u>(409,852)</u>
Present Value of Lease Agreement	<u>\$ 171,785</u>	<u>\$ 2,182,492</u>

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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, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>
OPEB Liability	\$ 570,000	\$ 730,000	\$ (898,000)	\$ 402,000
Compensated absences	<u>1,710,383</u>	<u>1,201,845</u>	<u>(1,282,787)</u>	<u>1,629,441</u>
Total	<u>\$ 2,280,383</u>	<u>\$ 1,931,845</u>	<u>\$ (2,180,787)</u>	<u>\$ 2,031,441</u>

Details of long-term indebtedness:

<u>Other Obligations:</u>	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
Other postemployment benefits	\$ 402,000	\$ -
Compensated absences	<u>1,629,441</u>	<u>1,222,081</u>
Total Long-Term Obligations	<u>\$ 2,031,441</u>	<u>\$ 1,222,081</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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave, and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

A. Plan Description (continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the 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 report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 compensation toward their retirement. All or part of the 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 2011 was 9.00% 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 compensation toward their retirement. All or part of the 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 2011 was 6.75% of annual covered payroll.

C. Annual Pension Cost

For the fiscal year 2011, the County's annual pension cost of \$1,052,290 (does not include the portion of the employee share assumed by the County which was \$614,050) was equal to the County's required and actual contributions. For fiscal year 2011, the School Board's annual pension cost of \$208,878 (does not include the portion of the employee share assumed by the School Board which was \$154,724) was equal to the School Board's required and actual contributions for the School Board Non-Professionals.

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

C. Annual Pension Cost (continued)

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2009	\$ 1,110,605	100.00%	\$ -
	6/30/2010	1,095,418	100.00%	-
	6/30/2011	1,052,290	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2009	\$ 214,230	100.00%	\$ -
	6/30/2010	210,824	100.00%	-
	6/30/2011	208,878	100.00%	-

¹ Employer portion only

Primary Government:

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% 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, 2009 for the Unfunded Actuarial Liability (UAAL) was 20 years.

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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, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% 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, 2009 for the Unfunded Actuarial Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2010, the most recent actuarial valuation date, the plan 82.11% funded. The actuarial accrued liability for benefits was \$52,167,289, and the actuarial value of assets was \$42,833,469, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,333,820. The covered payroll (annual payroll of active employees covered by the plan) was \$12,354,518, and ratio of the UAAL to the covered payroll was 75.55%.

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 84.55% funded. The actuarial accrued liability for benefits was \$13,176,579, and the actuarial value of assets was \$11,141,234, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,035,345. The covered payroll (annual payroll of active employees covered by the plan) was \$3,138,550, and ratio of the UAAL to the covered payroll was 64.85%.

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. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$3,499,380, \$4,716,692, and \$5,824,975, for the fiscal years ended 2011, 2010, and 2009 respectively. Employer contributions represented 8.93%, 13.81%, and 13.81% of covered payroll for the fiscal years ended 2011, 2010, and 2009 respectively.

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Note 11-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,914,148	\$ 75,000	\$ -	\$ 4,989,148
Construction in progress	60,308,879	3,077,417	-	63,386,296
Total capital assets not being depreciated	<u>\$ 65,223,027</u>	<u>\$ 3,152,417</u>	<u>\$ -</u>	<u>\$ 68,375,444</u>
Capital assets, being depreciated:				
Buildings	\$ 82,093,105	\$ 367,291	\$ -	\$ 82,460,396
Machinery and equipment	19,990,419	478,200	(2,358,530)	18,110,089
Total capital assets being depreciated	<u>\$ 102,083,524</u>	<u>\$ 845,491</u>	<u>\$ (2,358,530)</u>	<u>\$ 100,570,485</u>
Less: accumulated depreciation for:				
Buildings	\$ (23,962,480)	\$ (2,175,589)	\$ -	\$ (26,138,069)
Machinery and equipment	(15,688,629)	(1,234,920)	923,778	(15,999,771)
Total accumulated depreciation	<u>\$ (39,651,109)</u>	<u>\$ (3,410,509)</u>	<u>\$ 923,778</u>	<u>\$ (42,137,840)</u>
Total capital assets being depreciated, net	<u>\$ 62,432,415</u>	<u>\$ (2,565,018)</u>	<u>\$ (1,434,752)</u>	<u>\$ 58,432,645</u>
Governmental activities capital assets, net	<u>\$ 127,655,442</u>	<u>\$ 587,399</u>	<u>\$ (1,434,752)</u>	<u>\$ 126,808,089</u>

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

Governmental activities:	
General governmental administration	\$ 68,480
Judicial administration	31,134
Public safety	548,150
Public works	656,135
Health and welfare	92,735
Education	1,892,277
Parks, recreation, and cultural	55,685
Community development	65,913
Total depreciation expense-governmental activities	<u>\$ 3,410,509</u>

Note 11-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2011 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>\$ 2,912,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,912,750</u>
Capital assets, being depreciated:				
Buildings	\$ 20,161,444	\$ -	\$ -	\$ 20,161,444
Machinery and equipment	11,622,937	2,585,659	(157,735)	14,050,861
Total capital assets being depreciated	<u>\$ 31,784,381</u>	<u>\$ 2,585,659</u>	<u>\$ (157,735)</u>	<u>\$ 34,212,305</u>
Less: accumulated depreciation for:				
Buildings	\$ (11,817,223)	\$ (266,283)	\$ -	\$ (12,083,506)
Machinery and equipment	(9,254,268)	(1,586,755)	157,735	(10,683,288)
Total accumulated depreciation	<u>\$ (21,071,491)</u>	<u>\$ (1,853,038)</u>	<u>\$ 157,735</u>	<u>\$ (22,766,794)</u>
Total capital assets being depreciated, net	<u>\$ 10,712,890</u>	<u>\$ 732,621</u>	<u>\$ -</u>	<u>\$ 11,445,511</u>
Governmental activities capital assets, net	<u>\$ 13,625,640</u>	<u>\$ 732,621</u>	<u>\$ -</u>	<u>\$ 14,358,261</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 audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 14-Comprehensive Services Act-Amount Due to Commonwealth:

In an Order entered December 16, 2011, the State Executive Council ("SEC") found that Pittsylvania County is liable for \$7,699,933.00 in reimbursement for CSA funds used for ineligible students and services based on an audit conducted by the Auditor of Public Accounts. The SEC agreed to allow the CPMB to pay the Commonwealth of Virginia \$250,000 per year for a ten (10) year period, and if the CPMB abides by several probationary actions during the ten (10) year period, the SEC will forgo requiring the CPMB to repay the balance of the amount due and owing. At the December 20, 2011, Pittsylvania County Board of Supervisors' ("BOS") meeting, the BOS objected to the findings in the SEC's Order, but agreed to its disposition of the matter, i.e. repayment of \$2.5 million dollars over a ten (10) year period with probationary measures.

Note 15-Surety Bonds:

Primary Government:

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

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Note 16-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$6,188,632 is the total estimated closure and postclosure care liability at June 30, 2011. 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 2011. The liability on the statement of net assets of \$5,130,261 is based on the County's estimate that the landfill has reached 100% of Phase I and 83% 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 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 2011, a total of \$10,076,890 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, 2011, the County was exposed to risk totaling \$1,423,379 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 \$840,764 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2011 were as follows:

<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>
2010-11	\$ 808,840	\$ 10,108,814	\$ (10,076,890)	\$ 840,764

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 \$13,774,154.

Note 18-Deferred Revenue: (continued)

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$2,623,817 at June 30, 2011.

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, 2011:

	Original Contract	Amount Paid As of 6/30/2011	Remaining Contract Amount	Retainage Payable
Berry Hill Road Water & Sewer	\$ 1,777,621	\$ 1,607,457	\$ 82,798	\$ 87,366
Moses Building Basement	268,479	251,930	3,290	13,259
Solid Waste Monitoring	47,040	35,815	11,225	-
Site Diversification Program	121,100	51,360	69,740	-
Landfill Studies	31,000	15,000	16,000	-
Olde Dominion Agriculture Complex Water/Sewer	1,151,415	724,956	393,764	32,695
Dan River High School Renovations	13,453,500	13,378,500	-	75,000
Tunstall High School Renovations	14,668,500	14,593,500	-	75,000
Chatham Jail Annex	60,000	51,600	8,400	-
Berry Hill Industrial Park	965,500	516,750	448,750	-
Mega Park Sewer	900,800	603,755	297,045	-
Master Plan for Sports Complex	5,000	3,750	1,250	-
Ringgold East Park	3,700	2,220	1,480	-
Chatham Southern Railway Station Renovations	31,200	13,845	17,355	-
Total Contracts	\$ 33,484,855	\$ 31,850,438	\$ 1,351,097	\$ 283,320

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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, 2011.

Contractor	Service Provided	Project	Contract Total	Paid as of 6/30/2011	Contract Remaining	Retainage
McCallen Sweeney	Consulting	Berry Hill Industrial Park	\$ 115,000	\$ 92,130	\$ 22,870	\$ -
Haymes Brothers	Engineering	Cane Creek Park	1,225,050	232,399	992,651	-
Dewberry	Engineering	Cane Creek Park	111,600	10,710	100,890	-
Dewberry	Engineering	Berry Hill Industrial Park	990,850	948,386	42,464	-
Totals			\$ 2,442,500	\$ 1,283,625	\$ 1,158,875	\$ -
County's 50% obligation			\$ 1,221,250	\$ 641,813	\$ 579,438	\$ -

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, 2011 the commitment related to the Early Retirement Incentive Program was \$9,562,320.

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Note 20-Other Post-Employment Benefits-Health Insurance:

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 375 and 1,317 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	465.70	418.30	23.96	41.00
Employee & Spouse	1,028.64	924.26	47.04	81.84
Employee & Child	714.33	641.78	39.76	69.16
Family	1,394.53	1,253.20	78.76	118.70

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	418.81	376.11	23.96	41.00
Employee & Spouse	837.62	752.22	47.04	81.84
Employee & Child	NA	NA	39.76	69.16
Family	NA	NA	78.76	118.70

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 235,000
Interest on net OPEB obligation	11,000
Adjustment to annual required contribution	(11,000)
Annual OPEB cost (expense)	235,000
Contributions made	(49,000)
Increase in net OPEB obligation	186,000
Net OPEB obligation - beginning of year	278,000
Net OPEB obligation - end of year	\$ 464,000

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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
6/30/2011	235,000	21%	464,000

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

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

For 2011, the School Board's annual OPEB cost (expense) of \$730,000 was not equal to the ARC of \$731,000. The obligation calculation is as follows:

Annual required contribution	\$ 731,000
Interest on net OPEB obligation	23,000
Adjustment to annual required contribution	<u>(24,000)</u>
Annual OPEB cost (expense)	730,000
Contributions made	<u>(898,000)</u>
Increase in net OPEB obligation	(168,000)
Net OPEB obligation - beginning of year	<u>570,000</u>
Net OPEB obligation - end of year	\$ 402,000

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2009	\$ 594,000	54%	\$ 271,000
6/30/2010	714,000	58%	\$ 570,000
6/30/2011	730,000	123%	\$ 402,000

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2011, is as follows:

Actuarial accrued liability (AAL)	\$ 2,009,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 2,009,000
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 12,354,518
UAAL as a percentage of covered payroll	16.26%

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, 2011, is as follows:

Actuarial accrued liability (AAL)	\$	8,562,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	8,562,000
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	46,278,550
UAAL as a percentage of covered payroll		18.50%

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, 2010, 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, and investments rate of return at 4.00 percent, and a health care trend rate of 9.00 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, 2011 was 29 years.

Note 21—Restatement of Fund Balance/Net Assets:

Self Health Insurance Fund:

Fund balance as previously reported, June 30, 2010	\$ 2,032,312
Deposits in transit	<u>874,482</u>
Fund balance as restated, June 30, 2010	<u>\$ 2,906,794</u>

Governmental Activities:

Net Assets as previously reported, June 30, 2010	\$ 53,476,347
Deposits in transit	<u>874,482</u>
Net Assets as restated, June 30, 2010	<u>\$ 54,350,829</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 2011 was 0.16% 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 2011, the County’s contribution of \$20,173 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 2011:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
County	6/30/2010	\$ -	100.00%	\$ -
	6/30/2011	20,173	100.00%	-

D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 368,558
Actuarial value of plan assets	\$ 251,955
Unfunded actuarial accrued liability (UAAL)	\$ 116,603
Funded ratio (actuarial value of plan assets/AAL)	68.36%
Covered payroll (active plan members)	\$ 12,354,518
UAAL as a percentage of covered payroll	0.94%

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 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 26 years.

F. Professional Employees – Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.88% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2011 was \$345,107 and equaled the required contributions.

Note 23—Subsequent Events:

On August 10, 2011, the School Board entered into a capital lease for purchase of eight new school buses. The value and amount financed of the buses is \$662,926.

Required Supplementary Information

County of Pittsylvania, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 28,734,955	\$ 28,734,955	\$ 29,100,604	\$ 365,649
Other local taxes	6,237,184	6,277,184	6,696,327	419,143
Permits, privilege fees, and regulatory licenses	175,600	175,600	178,650	3,050
Fines and forfeitures	140,400	140,400	170,237	29,837
Revenue from the use of money and property	550,000	550,005	644,124	94,119
Charges for services	486,700	534,300	512,745	(21,555)
Miscellaneous	563,000	576,177	463,610	(112,567)
Recovered costs	3,025,937	3,215,095	1,469,213	(1,745,882)
Intergovernmental revenues:				
Commonwealth	20,139,916	20,292,525	16,466,342	(3,826,183)
Federal	4,842,767	4,891,817	3,028,147	(1,863,670)
Total revenues	64,896,459	65,388,058	58,729,999	(6,658,059)
EXPENDITURES				
Current:				
General government administration	2,586,568	2,820,658	2,784,289	36,369
Judicial administration	1,518,688	1,537,559	1,494,085	43,474
Public safety	15,049,048	16,048,794	13,632,422	2,416,372
Public works	6,282,441	6,404,502	3,244,763	3,159,739
Health and welfare	15,708,299	15,722,562	9,261,926	6,460,636
Education	13,132,100	13,132,100	12,884,074	248,026
Parks, recreation, and cultural	1,109,134	1,185,954	1,178,396	7,558
Community development	3,285,851	3,322,422	2,105,660	1,216,762
Capital projects	1,012,800	1,398,812	398,872	999,940
Debt service:				
Principal retirement	4,559,852	4,559,852	4,559,852	-
Interest and other fiscal charges	4,847,254	4,847,254	4,876,473	(29,219)
Total expenditures	69,092,035	70,980,469	56,420,812	14,559,657
Excess (deficiency) of revenues over (under) expenditures	(4,195,576)	(5,592,411)	2,309,187	7,901,598
OTHER FINANCING SOURCES (USES)				
Transfers in	2,390,034	2,533,486	1,201,917	(1,331,569)
Transfers out	(2,268,034)	(2,504,291)	(1,172,000)	1,332,291
Proceeds of general obligation bonds	3,000,000	3,000,000	-	(3,000,000)
Total other financing sources and uses	3,122,000	3,029,195	29,917	(2,999,278)
Net change in fund balances	(1,073,576)	(2,563,216)	2,339,104	4,902,320
Fund balances - beginning	1,073,576	2,563,216	31,078,490	28,515,274
Fund balances - ending	\$ -	\$ -	\$ 33,417,594	\$ 33,417,594

County of Pittsylvania, Virginia
Required Supplementary Information

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2011

Primary Government

County Retirement Plan:

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 42,833,469	\$ 52,167,289	\$ 9,333,820	82.11%	\$ 12,354,518	75.55%
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%

County VRS Health Insurance Credit Plan:

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 251,955	\$ 368,558	\$ 116,603	68.36%	\$ 12,354,518	0.94%
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%

County Healthcare Plan:

Valuation as of *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2010	\$ -	\$ 2,009,000	\$ 2,009,000	0.00%	\$ 12,354,518	16.26%
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	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 11,141,234	\$ 13,176,579	\$ 2,035,345	84.55%	\$ 3,138,550	64.85%
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%

School Board Healthcare Plan

Valuation as of *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2010	\$ -	\$ 8,562,000	\$ 8,562,000	0.00%	\$ 46,278,550	18.50%
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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,399	\$ 1,399
EXPENDITURES				
Capital projects	5,000,000	12,103,876	3,077,417	9,026,459
Total expenditures	<u>5,000,000</u>	<u>12,103,876</u>	<u>3,077,417</u>	<u>9,026,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000,000)</u>	<u>(12,103,876)</u>	<u>(3,076,018)</u>	<u>9,027,858</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Net change in fund balances	(6,200,000)	(13,303,876)	(4,276,018)	9,027,858
Fund balances - beginning	6,200,000	13,303,878	11,392,713	(1,911,165)
Fund balances - ending	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 7,116,695</u>	<u>\$ 7,116,693</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Recovered costs	\$ 5,500	\$ 125,960	\$ 125,993	\$ 33
Intergovernmental revenues:				
Commonwealth	4,822,608	8,106,949	3,390,121	(4,716,828)
Total revenues	<u>4,828,108</u>	<u>8,232,909</u>	<u>3,516,114</u>	<u>(4,716,795)</u>
EXPENDITURES				
Current:				
Community development	<u>6,534,746</u>	<u>11,713,426</u>	<u>4,396,920</u>	<u>7,316,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,706,638)</u>	<u>(3,480,517)</u>	<u>(880,806)</u>	<u>2,599,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,078,000	1,172,000	1,172,000	-
Transfers out	-	-	(1,917)	(1,917)
Total other financing sources and uses	<u>1,078,000</u>	<u>1,172,000</u>	<u>1,170,083</u>	<u>(1,917)</u>
Net change in fund balances	(628,638)	(2,308,517)	289,277	2,597,794
Fund balances - beginning	628,638	2,308,517	2,188,408	(120,109)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,477,685</u>	<u>\$ 2,477,685</u>

County of Pittsylvania, Virginia
 Special Revenue Fund - Workforce Investment Act
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 150,978	\$ 209,485	\$ 58,507
Intergovernmental revenues:				
Federal	5,012,258	6,099,465	3,369,169	(2,730,296)
Total revenues	5,012,258	6,250,443	3,578,654	(2,671,789)
EXPENDITURES				
Current:				
Health and welfare	5,012,258	6,250,443	3,428,416	2,822,027
Excess (deficiency) of revenues over (under) expenditures	-	-	150,238	150,238
Net change in fund balances	-	-	150,238	150,238
Fund balances - beginning	-	-	(129,764)	(129,764)
Fund balances - ending	\$ -	\$ -	\$ 20,474	\$ 20,474

Other Supplementary Information

FIDUCIARY FUNDS

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

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

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

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

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Cash Bond Fund</u>	<u>Sheriff's Inmate Trust and Canteen Account Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 12,208	\$ 261,844	\$ -	\$ 274,052
Cash in custody of others	-	-	30,358	30,358
Total assets	<u>12,208</u>	<u>261,844</u>	<u>30,358</u>	<u>304,410</u>
LIABILITIES				
Amounts held for social services clients	12,208	-	-	12,208
Amounts held for developers	-	261,844	-	261,844
Amounts held for inmates	-	-	30,358	30,358
Total liabilities	<u>\$ 12,208</u>	<u>\$ 261,844</u>	<u>\$ 30,358</u>	<u>\$ 304,410</u>

INTERNAL SERVICE FUNDS

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

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

County of Pittsylvania, Virginia
 Combining Statement of Net Assets
 Internal Service Funds
 June 30, 2011

	Central Stores Fund	Self- Insurance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 4,278,297	\$ 4,278,297
Accounts receivables, net of allowances for uncollectibles	67,586		67,586
Inventories	17,336	-	17,336
Total current assets	<u>84,922</u>	<u>4,278,297</u>	<u>4,363,219</u>
LIABILITIES			
Current liabilities:			
Accounts payable	30,419	-	30,419
Estimate of incurred but unreported health claims	-	840,764	840,764
Due to other funds	55,534	-	55,534
Total current liabilities	<u>85,953</u>	<u>840,764</u>	<u>926,717</u>
NET ASSETS			
Unrestricted	<u>\$ (1,031)</u>	<u>\$ 3,437,533</u>	<u>\$ 3,436,502</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, 2011

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Materials and supplies	\$ 684,654	\$ -	\$ 684,654
Insurance premiums	-	10,607,629	10,607,629
Total operating revenues	<u>684,654</u>	<u>10,607,629</u>	<u>11,292,283</u>
OPERATING EXPENSES			
Supplies, insurance and telephone	652,512	-	652,512
Insurance claims and expenses	-	10,076,890	10,076,890
Total operating expenses	<u>652,512</u>	<u>10,076,890</u>	<u>10,729,402</u>
Operating income (loss)	<u>32,142</u>	<u>530,739</u>	<u>562,881</u>
Total net assets - beginning, as restated	(33,173)	2,906,794	2,873,621
Total net assets - ending	<u>\$ (1,031)</u>	<u>\$ 3,437,533</u>	<u>\$ 3,436,502</u>

County of Pittsylvania, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Central Stores Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 638,507	\$ -	\$ 638,507
Receipts for insurance premiums	-	10,607,629	10,607,629
Payments to suppliers	(638,507)	-	(638,507)
Payments for premiums	-	(10,044,966)	(10,044,966)
Net cash provided (used) by operating activities	-	562,663	562,663
Net increase (decrease) in cash and cash equivalents	-	562,663	562,663
Cash and cash equivalents - beginning, as restated	-	3,715,634	3,715,634
Cash and cash equivalents - ending	\$ -	\$ 4,278,297	\$ 4,278,297
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 32,142	\$ 530,739	\$ 562,881
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	(46,147)	-	(46,147)
(Increase) decrease in inventories	(1,826)	-	(1,826)
Increase (decrease) in accounts payable	17,983	31,924	49,907
Increase (decrease) in due to other funds	(2,152)	-	(2,152)
Total adjustments	(32,142)	31,924	(218)
Net cash provided (used) by operating activities	\$ -	\$ 562,663	\$ 562,663

NON-MAJOR SPECIAL REVENUE FUND

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

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2011

	Forfeited Assets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,326	\$ 1,326
Intergovernmental revenues:				
Commonwealth	65,000	277,850	108,315	(169,535)
Total revenues	65,000	277,850	109,641	(168,209)
EXPENDITURES				
Current:				
Public safety	65,000	277,850	174,233	103,617
Excess (deficiency) of revenues over (under) expenditures	-	-	(64,592)	(64,592)
Net change in fund balances	-	-	(64,592)	(64,592)
Fund balances - beginning	-	-	435,884	435,884
Fund balances - ending	\$ -	\$ -	\$ 371,292	\$ 371,292

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, 2011

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 336,724
Receivables (net of allowance for uncollectibles):	
Accounts receivable	11,520
Due from primary government	1,703,516
Due from other governmental units	2,735,103
Total assets	<u><u>4,786,863</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	406,284
Salaries payable	4,100,813
Total liabilities	<u><u>4,507,097</u></u>
Fund balances:	
Restricted:	
School Cafeteria	279,766
Total fund balances	<u><u>279,766</u></u>
Total liabilities and fund balances	<u><u>\$ 4,786,863</u></u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 279,766
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,358,261
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net assets.	602,592
Long-term liabilities, including early retirement incentives, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,031,441)
Net assets of governmental activities	<u><u>\$ 13,209,178</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, 2011

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 41,258
Charges for services	2,364,386
Miscellaneous	500,603
Recovered costs	3,725,120
Intergovernmental revenues:	
Local government	12,875,094
Commonwealth	50,824,471
Federal	11,770,948
Total revenues	<u>82,101,880</u>
EXPENDITURES	
Current:	
Education	<u>82,087,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,010</u>
Net change in fund balances	14,010
Fund balances - beginning	265,756
Fund balances - ending	<u>\$ 279,766</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	\$ 14,010
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	732,621
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	248,942
Certain items reported as expenditures in the fund statements are deferred and shown as assets or the statement of net assets.	(89,684)
Change in net assets of governmental activities	<u>\$ 905,889</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, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 1,076	\$ 41,258	\$ 40,182
Charges for services	5,065,048	5,065,048	2,364,386	(2,700,662)
Miscellaneous	651,384	722,161	500,603	(221,558)
Recovered costs	769,457	5,246,144	3,725,120	(1,521,024)
Intergovernmental revenues:				
Local government	13,123,119	13,123,119	12,875,094	(248,025)
Commonwealth	52,564,146	52,345,259	50,824,471	(1,520,788)
Federal	9,507,448	9,603,959	11,770,948	2,166,989
Total revenues	<u>81,680,602</u>	<u>86,106,766</u>	<u>82,101,880</u>	<u>(4,004,886)</u>
EXPENDITURES				
Current:				
Education	81,680,602	86,106,766	82,087,870	4,018,896
Excess (deficiency) of revenues over (under) expenditures	-	-	14,010	14,010
Net change in fund balances	-	-	14,010	14,010
Fund balances - beginning	-	-	265,756	265,756
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,766</u>	<u>\$ 279,766</u>

SUPPORTING SCHEDULES

County of Pittsylvania, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 18,788,352	\$ 18,788,352	\$ 18,936,519	\$ 148,167
Real and Personal PSC Tax	1,552,746	1,552,746	1,921,026	368,280
Personal Property Tax	5,799,093	5,799,093	5,608,529	(190,564)
Mobile Home Tax	238,406	238,406	242,776	4,370
Machinery and Tools Tax	1,430,093	1,430,093	1,554,799	124,706
Merchants Capital	230,265	230,265	222,827	(7,438)
Penalties	312,000	312,000	336,168	24,168
Interest	384,000	384,000	277,960	(106,040)
Total general property taxes	<u>\$ 28,734,955</u>	<u>\$ 28,734,955</u>	<u>\$ 29,100,604</u>	<u>\$ 365,649</u>
Other local taxes:				
Local Sales and Use Tax	\$ 1,829,162	\$ 1,829,162	\$ 1,885,308	\$ 56,146
Consumers' Utility Tax	1,179,147	1,179,147	1,327,771	148,624
Consumption Taxes	125,000	125,000	170,238	45,238
Franchise License Tax	-	-	62,977	62,977
Business License Tax	2,600	2,600	2,725	125
Meals Tax	550,000	550,000	616,437	66,437
Motor Vehicle Licenses	2,217,613	2,257,613	2,274,687	17,074
Bank Stock Tax	35,200	35,200	53,179	17,979
Taxes on Recordation and Wills	298,462	298,462	303,005	4,543
Total other local taxes	<u>\$ 6,237,184</u>	<u>\$ 6,277,184</u>	<u>\$ 6,696,327</u>	<u>\$ 419,143</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 30,000	\$ 30,000	\$ 50,616	\$ 20,616
Land use application fees	5,000	5,000	2,340	(2,660)
Transfer fees	2,000	2,000	1,683	(317)
Cellular tower fees	30,000	30,000	30,156	156
Permits and other licenses	108,600	108,600	93,855	(14,745)
Total permits, privilege fees, and regulatory licenses	<u>\$ 175,600</u>	<u>\$ 175,600</u>	<u>\$ 178,650</u>	<u>\$ 3,050</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 140,400	\$ 140,400	\$ 170,237	\$ 29,837
Revenue from use of money and property:				
Revenue from use of money	\$ 300,000	\$ 300,005	\$ 375,617	\$ 75,612
Revenue from use of property	250,000	250,000	268,507	18,507
Total revenue from use of money and property	<u>\$ 550,000</u>	<u>\$ 550,005</u>	<u>\$ 644,124</u>	<u>\$ 94,119</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,500	\$ 5,500	\$ 3,348	\$ (2,152)
Charges for Commonwealth's Attorney	1,700	1,700	2,392	692
Miscellaneous jail and inmate fees	12,200	53,800	73,089	19,289
Charges for Animal Control	5,000	5,000	5,915	915
Charges for Copies	3,000	3,000	2,367	(633)
Charges for sanitation and waste removal	270,000	270,000	213,712	(56,288)
Charges for parks and recreation	200	200	-	(200)
Charges for recycling	20,000	20,000	13,103	(6,897)
Administrative charges	84,000	84,000	72,000	(12,000)
Charges for library	22,000	22,000	24,982	2,982
Law library fees	16,000	16,000	11,366	(4,634)
Delinquent attorneys fees	3,500	3,500	-	(3,500)
Courthouse maintenance fees	-	-	13,200	13,200
Courthouse security fees	40,000	40,000	65,172	25,172
Medical Co-pay	3,600	3,600	8,099	4,499
Other Charges for Services	-	6,000	4,000	(2,000)
Total charges for services	<u>\$ 486,700</u>	<u>\$ 534,300</u>	<u>\$ 512,745</u>	<u>\$ (21,555)</u>

County of Pittsylvania, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Sale of maps, ordinances	\$ 500	\$ 500	\$ 1,499	\$ 999
Miscellaneous other	64,000	68,736	13,643	(55,093)
Sale of property/surplus	-	-	46,324	46,324
Gifts and donations	108,000	116,441	22,480	(93,961)
Train Depot Restoration	390,500	390,500	379,664	(10,836)
Total miscellaneous revenue	<u>\$ 563,000</u>	<u>\$ 576,177</u>	<u>\$ 463,610</u>	<u>\$ (112,567)</u>
Recovered costs:				
Recovered costs - Danville City	\$ 1,055,000	\$ 1,055,000	\$ 289,523	\$ (765,477)
Recovered cost - Community College	9,000	9,000	9,324	324
Sheriffs extra duty	70,000	70,000	93,890	23,890
Recovered costs - Social Services	1,310,000	1,310,000	29,928	(1,280,072)
Recovered cost local jails	255,360	255,360	241,166	(14,194)
Recoverd cost health department	70,000	70,000	123,796	53,796
Expenditure refunds	-	112,679	243,607	130,928
Recovered cost CSA	25,000	25,000	-	(25,000)
Soil and water conservation district	127,832	131,332	132,237	905
School resource officer	44,245	87,737	86,482	(1,255)
Recovered cost - telephone	5,000	33,172	34,081	909
P.A. refunds	40,000	40,000	36,649	(3,351)
Other Recovered Costs	14,500	15,815	148,530	132,715
Total recovered costs	<u>\$ 3,025,937</u>	<u>\$ 3,215,095</u>	<u>\$ 1,469,213</u>	<u>\$ (1,745,882)</u>
Total revenue from local sources	<u>\$ 39,913,776</u>	<u>\$ 40,203,716</u>	<u>\$ 39,235,510</u>	<u>\$ (968,206)</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 70,000	\$ 70,000	\$ 82,879	\$ 12,879
Mobile home titling tax	120,000	120,000	79,138	(40,862)
Motor vehicle rental tax	500	500	2,902	2,402
State recordation tax	57,260	57,260	90,506	33,246
State Communications Tax	2,165,570	2,165,570	2,365,604	200,034
Personal property tax relief act funds	4,139,276	4,139,276	4,139,277	1
Total noncategorical aid	<u>\$ 6,552,606</u>	<u>\$ 6,552,606</u>	<u>\$ 6,760,306</u>	<u>\$ 207,700</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 479,704	\$ 479,704	\$ 499,867	\$ 20,163
Sheriff	3,649,535	3,652,387	3,740,020	87,633
Commissioner of revenue	139,094	139,094	140,048	954
Treasurer	141,703	141,703	156,779	15,076
Registrar/electoral board	48,000	48,000	45,459	(2,541)
Clerk of the Circuit Court	339,074	368,814	390,844	22,030
Circuit Court	51,000	51,000	57,841	6,841
Total Shared Expenses	<u>\$ 4,848,110</u>	<u>\$ 4,880,702</u>	<u>\$ 5,030,858</u>	<u>\$ 150,156</u>
Other categorical aid:				
Victim witness grant	\$ 17,329	\$ 17,329	\$ 12,997	\$ (4,332)
VJCCA grant	51,718	39,235	39,235	-
Records preservation grant	5,000	5,000	-	(5,000)
Safe and drug free schools	43,492	-	-	-
Law enforcement grants	80,500	163,266	3,000	(160,266)
E-911 grants	297,376	408,147	254,799	(153,348)
Criminal history grants	108,000	108,000	-	(108,000)

County of Pittsylvania, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

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>
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Technology grants	\$ 5,000	\$ 5,000	\$ 3,000	\$ (2,000)
EMS grants	120,000	120,000	65,057	(54,943)
Fire Program Funds	198,000	198,000	167,976	(30,024)
Library grants	163,737	146,192	146,192	-
Litter control grants	19,000	19,000	18,154	(846)
Public assistance	2,081,009	2,081,009	1,352,554	(728,455)
Comprehensive services act	5,500,000	5,500,000	2,587,790	(2,912,210)
Babycare grant	49,039	49,039	24,424	(24,615)
Total other categorical aid	<u>\$ 8,739,200</u>	<u>\$ 8,859,217</u>	<u>\$ 4,675,178</u>	<u>\$ (4,184,039)</u>
 Total categorical aid	 <u>\$ 13,587,310</u>	 <u>\$ 13,739,919</u>	 <u>\$ 9,706,036</u>	 <u>\$ (4,033,883)</u>
 Total revenue from the Commonwealth	 <u>\$ 20,139,916</u>	 <u>\$ 20,292,525</u>	 <u>\$ 16,466,342</u>	 <u>\$ (3,826,183)</u>
 Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 95,000	\$ 95,000	\$ -	\$ (95,000)
EPA grants	882,800	882,800	-	(882,800)
CDBG grants	404,446	404,446	174,092	(230,354)
Homeland security	25,000	25,000	14,676	(10,324)
Emergency management preparedness	69,605	69,605	87,205	17,600
Law enforcement block grants	93,000	143,000	146,327	3,327
Crime victim assistance	51,988	51,988	38,991	(12,997)
Bureau of justice assistance	54,150	53,200	26,902	(26,298)
Public assistance	3,166,778	3,166,778	2,539,954	(626,824)
Total categorical aid	<u>\$ 4,842,767</u>	<u>\$ 4,891,817</u>	<u>\$ 3,028,147</u>	<u>\$ (1,863,670)</u>
 Total revenue from the federal government	 <u>\$ 4,842,767</u>	 <u>\$ 4,891,817</u>	 <u>\$ 3,028,147</u>	 <u>\$ (1,863,670)</u>
 Total General Fund	 <u>\$ 64,896,459</u>	 <u>\$ 65,388,058</u>	 <u>\$ 58,729,999</u>	 <u>\$ (6,658,059)</u>
 Special Revenue Funds:				
Industrial Development Fund:				
Revenue from local sources:				
Recovered costs:				
Industrial Development Authority	\$ 5,500	\$ 125,960	\$ 125,993	\$ 33
 Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ -	\$ 8,106,949	\$ 3,390,121	\$ (4,716,828)
 Total Industrial Development Fund	 <u>\$ 4,828,108</u>	 <u>\$ 8,232,909</u>	 <u>\$ 3,516,114</u>	 <u>\$ (4,716,795)</u>
 Workforce Investment Act Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 150,978	\$ 209,485	\$ 58,507

County of Pittsylvania, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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>
Workforce Investment Act Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the federal government:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 5,012,258	\$ 6,099,465	\$ 3,369,169	\$ (2,730,296)
Total Workforce Investment Act Fund	<u>\$ 5,012,258</u>	<u>\$ 6,250,443</u>	<u>\$ 3,578,654</u>	<u>\$ (2,671,789)</u>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,326	\$ 1,326
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ 65,000	\$ 277,850	\$ 108,315	\$ (169,535)
Total Forfeited Assets Fund	<u>\$ 65,000</u>	<u>\$ 277,850</u>	<u>\$ 109,641</u>	<u>\$ (168,209)</u>
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,399	\$ 1,399
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,399</u>	<u>\$ 1,399</u>
Total Primary Government	<u>\$ 74,801,825</u>	<u>\$ 80,149,260</u>	<u>\$ 65,935,807</u>	<u>\$ (14,213,453)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 718	\$ 718
Revenue from the use of property	-	1,076	40,540	39,464
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 1,076</u>	<u>\$ 41,258</u>	<u>\$ 40,182</u>
Charges for services:				
School food	\$ 4,922,552	\$ 4,922,552	\$ 1,915,400	\$ (3,007,152)
Tuition and payments from other divisions	142,496	142,496	448,986	306,490
Total charges for services	<u>\$ 5,065,048</u>	<u>\$ 5,065,048</u>	<u>\$ 2,364,386</u>	<u>\$ (2,700,662)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 651,384	\$ 722,161	\$ 500,603	\$ (221,558)
Recovered costs:				
Other recovered costs	\$ 769,457	\$ 5,246,144	\$ 3,725,120	\$ (1,521,024)
Total revenue from local sources	<u>\$ 6,485,889</u>	<u>\$ 11,034,429</u>	<u>\$ 6,631,367</u>	<u>\$ (4,403,062)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 13,123,119	\$ 13,123,119	\$ 12,875,094	\$ (248,025)

County of Pittsylvania, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

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	\$ 8,054,664	\$ 8,054,664	\$ 8,383,932	\$ 329,268
Basic Aid	28,609,574	28,609,574	26,838,100	(1,771,474)
Remedial summer education	224,482	224,482	190,375	(34,107)
Regular foster care	44,983	44,983	22,166	(22,817)
Gifted and talented	307,469	307,469	305,223	(2,246)
Remedial education	854,080	854,080	847,841	(6,239)
Special education	4,412,574	4,412,574	4,372,330	(40,244)
Textbook payment	358,987	358,987	356,365	(2,622)
Alternative education	156,546	156,546	156,546	-
Algebra readiness	120,625	120,625	123,049	2,424
Mentor teacher program	10,504	10,504	10,320	(184)
Social security fringe benefits	1,878,976	1,878,976	1,865,251	(13,725)
Group life	68,326	68,326	67,827	(499)
Retirement fringe benefits	1,113,720	1,113,720	1,105,585	(8,135)
Governor's school	17,000	17,000	22,980	5,980
Early reading intervention	152,386	140,842	140,842	-
Homebound education	86,279	86,279	107,237	20,958
Vocation education	1,510,483	1,510,483	1,496,885	(13,598)
Special education - foster children	-	-	46,661	46,661
At risk payments	847,243	847,243	840,983	(6,260)
Primary class size	1,171,590	1,171,590	1,135,141	(36,449)
Technology	544,000	544,000	625,654	81,654
At risk four-year olds	888,273	679,338	665,672	(13,666)
School Food	93,837	93,837	-	(93,837)
English as a second language	113,622	113,622	98,855	(14,767)
Other state funds	3,452	5,044	103,748	98,704
GED prep program	23,576	23,576	23,576	-
Project Graduation	-	-	12,695	12,695
Lottery payments	896,895	896,895	858,632	(38,263)
Total categorical aid	<u>\$ 9,697,333</u>	<u>\$ 9,478,446</u>	<u>\$ 9,508,139</u>	<u>\$ 29,693</u>
Total revenue from the Commonwealth	<u>\$ 52,564,146</u>	<u>\$ 52,345,259</u>	<u>\$ 50,824,471</u>	<u>\$ (1,520,788)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,714,944	\$ 2,594,545	\$ 2,650,515	\$ 55,970
ARRA - Title I	663,453	819,815	852,249	32,434
Special Education	1,893,880	1,893,880	1,939,863	45,983
ARRA - Special Education	1,087,415	1,136,174	1,103,271	(32,903)
Title VI-B, preschool	-	-	27,705	27,705
ARRA - Title VI-B, preschool	-	-	37,145	37,145
Vocational education	164,527	164,527	192,805	28,278
Drug free schools	35,351	463	921	458
Title II Part D	19,866	15,324	15,324	-
School Food Program	2,485,009	2,536,228	2,974,192	437,964
Gear up	-	-	20,775	20,775
Migrant education	-	-	247	247
Title II	443,003	443,003	439,794	(3,209)
Title IV Part B-21	-	-	189,941	189,941

County of Pittsylvania, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

<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	\$ -	\$ -	\$ 19,538	\$ 19,538
ARRA - State fiscal stabilization funds	-	-	1,250,364	1,250,364
School improvement grant	-	-	56,299	56,299
Total categorical aid	<u>\$ 9,507,448</u>	<u>\$ 9,603,959</u>	<u>\$ 11,770,948</u>	<u>\$ 2,166,989</u>
Total revenue from the federal government	<u>\$ 9,507,448</u>	<u>\$ 9,603,959</u>	<u>\$ 11,770,948</u>	<u>\$ 2,166,989</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 81,680,602</u>	<u>\$ 86,106,766</u>	<u>\$ 82,101,880</u>	<u>\$ (4,004,886)</u>

County of Pittsylvania, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 114,856	\$ 130,635	\$ 127,912	\$ 2,723
General and financial administration:				
County administrator	\$ 263,165	\$ 264,853	\$ 264,411	\$ 442
Legal services	95,300	183,303	215,472	(32,169)
Independent auditor	74,000	74,000	67,228	6,772
Commissioner of revenue	526,214	555,620	514,361	41,259
Treasurer	580,812	620,811	612,797	8,014
Central accounting	254,732	263,491	261,304	2,187
Management information systems	301,461	324,313	320,335	3,978
Central purchasing	108,638	109,384	109,392	(8)
Grants administration	69,803	71,676	70,839	837
Total general and financial administration	<u>\$ 2,274,125</u>	<u>\$ 2,467,451</u>	<u>\$ 2,436,139</u>	<u>\$ 31,312</u>
Board of elections:				
Electoral board	\$ 78,765	\$ 90,460	\$ 87,552	\$ 2,908
Registrar	118,822	132,112	132,686	(574)
Total board of elections	<u>\$ 197,587</u>	<u>\$ 222,572</u>	<u>\$ 220,238</u>	<u>\$ 2,334</u>
Total general government administration	<u>\$ 2,586,568</u>	<u>\$ 2,820,658</u>	<u>\$ 2,784,289</u>	<u>\$ 36,369</u>
Judicial administration:				
Courts:				
Circuit court	\$ 128,202	\$ 128,575	\$ 120,702	\$ 7,873
General district court	14,161	14,161	14,076	85
Special magistrates	4,827	4,827	3,554	1,273
Juvenile & Domestic relations Court	13,671	13,671	9,603	4,068
Clerk of the circuit court	566,461	606,268	591,626	14,642
Law Library	16,000	25,800	23,143	2,657
Victim and witness assistance	69,317	75,742	68,792	6,950
Safe/Drug free program	43,492	-	-	-
Commissioner of Accounts	960	960	566	394
Total courts	<u>\$ 857,091</u>	<u>\$ 870,004</u>	<u>\$ 832,062</u>	<u>\$ 37,942</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 661,597	\$ 667,555	\$ 662,023	\$ 5,532
Total judicial administration	<u>\$ 1,518,688</u>	<u>\$ 1,537,559</u>	<u>\$ 1,494,085</u>	<u>\$ 43,474</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 5,440,388	\$ 5,636,545	\$ 5,494,642	\$ 141,903
Sheriff - grants	481,650	594,354	222,705	371,649
Sheriff - 911 System	1,297,376	1,362,964	94,497	1,268,467
Total law enforcement and traffic control	<u>\$ 7,219,414</u>	<u>\$ 7,593,863</u>	<u>\$ 5,811,844</u>	<u>\$ 1,782,019</u>
Fire and rescue services:				
Fire Marshall	\$ 89,514	\$ 199,728	\$ 113,125	\$ 86,603
Volunteer fire department	1,600,435	1,946,910	1,874,176	72,734
Ambulance and rescue services	163,605	190,005	92,029	97,976
Total fire and rescue services	<u>\$ 1,853,554</u>	<u>\$ 2,336,643</u>	<u>\$ 2,079,330</u>	<u>\$ 257,313</u>

County of Pittsylvania, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Sheriff - correction and detention	\$ 3,767,242	\$ 3,851,216	\$ 3,780,737	\$ 70,479
Court services unit	480,476	470,152	357,266	112,886
Other correction and detention	13,600	61,876	57,390	4,486
Total correction and detention	<u>\$ 4,261,318</u>	<u>\$ 4,383,244</u>	<u>\$ 4,195,393</u>	<u>\$ 187,851</u>
Inspections:				
Building inspections	\$ 281,027	\$ 293,301	\$ 271,911	\$ 21,390
Other protection:				
Animal control	\$ 250,329	\$ 257,656	\$ 251,355	\$ 6,301
Medical examiner	2,940	2,940	700	2,240
E911 System	1,180,466	1,181,147	1,021,889	159,258
Total other protection	<u>\$ 1,433,735</u>	<u>\$ 1,441,743</u>	<u>\$ 1,273,944</u>	<u>\$ 167,799</u>
Total public safety	<u>\$ 15,049,048</u>	<u>\$ 16,048,794</u>	<u>\$ 13,632,422</u>	<u>\$ 2,416,372</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 154,579	\$ 154,952	\$ 152,699	\$ 2,253
Sanitation and waste removal:				
Refuse collection	\$ 1,041,967	\$ 1,102,290	\$ 1,053,943	\$ 48,347
Refuse disposal	3,950,298	3,918,540	878,514	3,040,026
Total sanitation and waste removal	<u>\$ 4,992,265</u>	<u>\$ 5,020,830</u>	<u>\$ 1,932,457</u>	<u>\$ 3,088,373</u>
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,023,935	\$ 1,042,517	\$ 1,010,073	\$ 32,444
Fleet management	111,662	186,203	149,534	36,669
Total maintenance of general buildings and grounds	<u>\$ 1,135,597</u>	<u>\$ 1,228,720</u>	<u>\$ 1,159,607</u>	<u>\$ 69,113</u>
Total public works	<u>\$ 6,282,441</u>	<u>\$ 6,404,502</u>	<u>\$ 3,244,763</u>	<u>\$ 3,159,739</u>
Health and welfare:				
Health:				
Local health department	\$ 490,000	\$ 490,000	\$ 490,000	\$ -
Mental health and mental retardation:				
Mental health and mental retardation	\$ 147,882	\$ 147,882	\$ 147,882	\$ -
Welfare:				
Welfare administration	\$ 5,070,098	\$ 5,083,202	\$ 3,428,996	\$ 1,654,206
Public assistance	2,276,474	2,276,474	1,172,193	1,104,281
Comprehensive Services Act	7,629,806	7,630,925	3,932,742	3,698,183
Family preservation grant	45,000	45,000	41,034	3,966
Baby care grant	49,039	49,079	49,079	-
Total welfare	<u>\$ 15,070,417</u>	<u>\$ 15,084,680</u>	<u>\$ 8,624,044</u>	<u>\$ 6,460,636</u>
Total health and welfare	<u>\$ 15,708,299</u>	<u>\$ 15,722,562</u>	<u>\$ 9,261,926</u>	<u>\$ 6,460,636</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 13,123,119	\$ 13,123,119	\$ 12,875,094	\$ 248,025
Contributions to community college	8,981	8,981	8,980	1
Total education	<u>\$ 13,132,100</u>	<u>\$ 13,132,100</u>	<u>\$ 12,884,074</u>	<u>\$ 248,026</u>

County of Pittsylvania, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
State Forestry	\$ 34,000	\$ 34,000	\$ 33,984	\$ 16
Library:				
Library administration	\$ 1,075,134	\$ 1,071,952	\$ 1,069,811	\$ 2,141
Total parks, recreation, and cultural	\$ 1,109,134	\$ 1,185,954	\$ 1,178,396	\$ 7,558
Community development:				
Planning and community development:				
Planning commission	\$ 140,900	\$ 143,336	\$ 142,985	\$ 351
Community development	1,965,897	2,072,982	1,011,327	1,061,655
Zoning board	216,924	220,516	219,571	945
Economic development	753,105	654,495	529,096	125,399
Total planning and community development	\$ 3,076,826	\$ 3,091,329	\$ 1,902,979	\$ 1,188,350
Environmental management:				
Soil and water conservation district	\$ 127,832	\$ 132,451	\$ 132,192	\$ 259
Other environmental management	19,000	23,054	10,779	12,275
Total environmental management	\$ 146,832	\$ 155,505	\$ 142,971	\$ 12,534
Cooperative extension program:				
Cooperative extension program	\$ 62,193	\$ 75,588	\$ 59,710	\$ 15,878
Total community development	\$ 3,285,851	\$ 3,322,422	\$ 2,105,660	\$ 1,216,762
Capital projects:				
Other capital projects	\$ 1,012,800	\$ 1,398,812	\$ 398,872	\$ 999,940
Debt service:				
Principal retirement	\$ 4,559,852	\$ 4,559,852	\$ 4,559,852	\$ -
Interest and other fiscal charges	4,847,254	4,847,254	4,876,473	(29,219)
Total debt service	\$ 9,407,106	\$ 9,407,106	\$ 9,436,325	\$ (29,219)
Total General Fund	\$ 69,092,035	\$ 70,980,469	\$ 56,420,812	\$ 14,559,657
Special Revenue Fund:				
Industrial Development Fund:				
Community development:				
Planning and community development:				
Industrial development	\$ 1,510,500	\$ 2,966,119	\$ 517,039	\$ 2,449,080
Cane Creek water systems improvement	6,638	6,638	6,638	-
Olde Dominion Ag Complex	970,388	1,097,737	771,636	326,101
Vanderhyde Anaerobic Dig Project	383,333	38,297	38,297	-
Ringgold East Industrial Park	-	654,794	88,710	566,084
Berry Hill Projects	3,663,887	5,964,841	2,953,888	3,010,953
Hurt Klopman Mills water and sewer improvements	-	985,000	20,712	964,288
Total planning and community development	\$ 6,534,746	\$ 11,713,426	\$ 4,396,920	\$ 7,316,506
Total Industrial Development Fund	\$ 6,534,746	\$ 11,713,426	\$ 4,396,920	\$ 7,316,506

County of Pittsylvania, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Workforce Investment Act Fund:				
Health and welfare:				
Welfare:				
Workforce investment act	\$ 5,012,258	\$ 6,250,443	\$ 3,428,416	\$ 2,822,027
Total Workforce Investment Act Fund	<u>\$ 5,012,258</u>	<u>\$ 6,250,443</u>	<u>\$ 3,428,416</u>	<u>\$ 2,822,027</u>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 65,000	\$ 277,850	\$ 174,233	\$ 103,617
Total Forfeited Asset Fund	<u>\$ 65,000</u>	<u>\$ 277,850</u>	<u>\$ 174,233</u>	<u>\$ 103,617</u>
Capital Projects Fund:				
School Capital Improvements Fund:				
Education:				
Capital projects expenditures:				
Capital projects	\$ 5,000,000	\$ 12,103,876	\$ 3,077,417	\$ 9,026,459
Total School Capital Improvements Fund	<u>\$ 5,000,000</u>	<u>\$ 12,103,876</u>	<u>\$ 3,077,417</u>	<u>\$ 9,026,459</u>
Total Primary Government	<u>\$ 85,704,039</u>	<u>\$ 101,326,064</u>	<u>\$ 67,497,798</u>	<u>\$ 33,828,266</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 3,153,519	\$ 3,076,013	\$ 3,079,723	\$ (3,710)
Instruction costs:				
Instructional costs	\$ 56,333,777	\$ 60,068,904	\$ 58,706,055	\$ 1,362,849
Technology	2,412,175	2,531,602	2,544,487	(12,885)
Total instruction costs	<u>\$ 58,745,952</u>	<u>\$ 62,600,506</u>	<u>\$ 61,250,542</u>	<u>\$ 1,349,964</u>
Operating costs:				
Pupil transportation	\$ 5,720,768	\$ 5,662,066	\$ 5,667,912	\$ (5,846)
Operation and maintenance of school plant	9,137,811	9,845,629	6,908,765	2,936,864
Food service and non-instructional	4,922,552	4,922,552	5,180,928	(258,376)
Total operating costs	<u>\$ 19,781,131</u>	<u>\$ 20,430,247</u>	<u>\$ 17,757,605</u>	<u>\$ 2,672,642</u>
Total education	<u>\$ 81,680,602</u>	<u>\$ 86,106,766</u>	<u>\$ 82,087,870</u>	<u>\$ 4,018,896</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 81,680,602</u>	<u>\$ 86,106,766</u>	<u>\$ 82,087,870</u>	<u>\$ 4,018,896</u>

OTHER STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-Term Debt	Total
2010-11	\$ 2,317,903	\$ 1,521,622	\$ 13,492,424	\$ 5,199,400	\$ 15,013,208	\$ 16,068,919	\$ 1,212,790	\$ 6,009,715	\$ -	\$ 5,052,047	\$ 65,888,028
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 9 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)		
2010-11	\$ 861,632	\$ 16,037,575	\$ 3,564,213	\$ 28,781,337	\$ 6,696,327	\$ -	\$ 646,849	\$ 673,095	\$ 6,760,306	\$ 64,021,334	
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	53,880,278	
2003-04	527,386	15,899,410	-	23,295,522	6,492,864	-	738,614	85,777	7,402,488	54,442,061	
2002-03	494,579	10,696,949	-	21,146,965	6,534,585	100,605	1,433,632	371,831	5,625,312	46,404,458	

(1) Information has only been available for 9 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.

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	Capital Projects	Non-departmental	Debt Service	Total
2010-11	\$ 2,784,289	\$ 1,494,085	\$ 13,806,655	\$ 3,244,763	\$ 12,690,342	\$ 82,087,870	\$ 1,178,396	\$ 6,502,580	\$ 398,872	\$ -	\$ 9,436,325	\$ 133,624,177
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

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

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

Table 4

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
2010-11	\$ 29,100,604	\$ 6,696,327	\$ 178,650	\$ 170,237	\$ 688,107	\$ 2,877,131	\$ 1,173,698	\$ 5,320,326	\$ 88,957,513	\$ 135,162,593
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	928,174	2,930,935	91,314,513	142,981,202
2005-06	23,973,358	7,670,729	194,032	35,858	1,212,422	2,527,252	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 Unit-School Board. Excludes Capital Projects funds.

(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 tax.

(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
2010-11	\$ 32,592,883	\$ 31,183,881	95.68%	\$ 1,432,717	\$ 32,616,598	100.07%	\$ 4,024,379	12.35%
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%

(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
2010-11	\$ 3,703,464,286	\$ 112,839,901	\$ 34,298,350	\$ 8,580,130	\$ 47,038,600	\$ 326,907,505	\$ 4,233,128,772
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

(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)
2010-11	\$ 0.52	\$ 8.50	\$ 4.50	\$ 2.75	\$ 0.52	0.52
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	-

(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
2010-11	63,506	\$ 4,233,129	\$ 110,332,166	110,332,166	2.61%	\$ 1,737
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

(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
2010-11	\$ 9,436,325	\$ 133,624,177	7.06%
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%

- (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*

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 13, 2011. 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 2011-1).

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 November 13, 2011.

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

Robinson, Faure, Co. Associates

Christiansburg, Virginia
November 13, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Members of the Board of Supervisors
County of 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, 2011. 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, 2011.

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, Fauser, Cox Associates

Christiansburg, Virginia

November 13, 2011

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110, 0950111	\$ 33,300
Temporary Assistance for Needy Families (TANF)	93.558	0400110, 0400111	471,925
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110, 0500111	990
Low-Income Home Energy Assistance	93.568	0600410, 0600411	40,163
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	0770110	288,756
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110, 0760111	142,741
ARRA-Child Care and Development Block Grant	93.713	0740109, 0780109	27,685
Chafee Education & Training Vouchers	93.599	9160110, 9160111	3,521
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110, 0900111	1,966
Foster Care - Title IV-E	93.658	1100110, 1100111	190,200
ARRA-Foster Care - Title IV-E	93.658	1100110, 1100111	4,918
Foster Care - Title IV-E Subtotal	93.658		<u>195,118</u>
Adoption Assistance	93.659	1120110, 1120111	66,468
ARRA-Adoption Assistance	93.659	1120110, 1120111	4,054
Adoption Assistance Subtotal	93.659		<u>70,522</u>
Social Services Block Grant	93.667	1000110, 1000111	386,614
Chafee Foster Care Independence Program	93.674	9150110, 9150111	10,511
Children's Health Insurance Program	93.767	0540110, 0540111	15,904
Medical Assistance Program	93.778	1200110, 1200111	306,353
Total Department Health and Human Services			<u>\$ 1,996,069</u>
Department of Agriculture:			
Pass Through Payments:			
Rural Development:			
Community Facilities Loans and Grants	10.766	Not applicable	\$ 50,000
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution-Schools (Note D)	10.555	Not applicable	\$ 310,228
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	40623	\$ 1,963,230
National School Lunch Program Subtotal	10.555		<u>\$ 2,273,458</u>
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution-Summer Food Service Program for Children	10.559	Not applicable	\$ 1,438
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	40591	\$ 647,192
Fresh Fruit and Vegetable Program	10.582	40599	52,104
Department of Education pass through payments			<u>\$ 699,296</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (continued)			
Pass Through Payments: (continued)			
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010110, 0010111, 0030110, 0030111 0040110, 0040111 0050110, 0050111	\$ 526,025
ARRA-State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010110, 0010111, 0030110, 0030111 0040110, 0040111 0050110, 0050111	17,860
State Administrative Matching Grants for Supplemental Nutrition Assistance Program Subtotal	10.561		<u>\$ 543,885</u>
Total Department of Agriculture			<u>\$ 3,568,077</u>
Department of Justice:			
Direct payments:			
Public Safety Partnership and Community Policing Grants	16.710	Not applicable	\$ 70,360
Justice Assistance Grant Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not applicable	11,348
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	Not applicable	<u>15,554</u>
Total Department of Justice - direct payments			<u>\$ 97,262</u>
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	10VAGX0095	<u>\$ 38,991</u>
Total Department of Justice			<u>\$ 136,253</u>
Department of Transportation:			
Pass Through Payments:			
Department of Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	77501, 77502, 79901	\$ 17,600
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2010 50259 3879 K8-2011 51200 4142	<u>\$ 25,967</u>
Total Department of Transportation			<u>\$ 43,567</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Labor:			
Pass Through Payments:			
Virginia Employment Commission:			
Workforce Investment Act Cluster:			
Workforce Investment Act Adult Program	17.258	53427	\$ 1,002,380
Workforce Investment Act Youth Activities	17.259	53427	1,139,440
ARRA-Workforce Investment Act Youth Activities	17.259	53427	118,935
Workforce Investment Act Youth Activities Subtotal	17.259		<u>\$ 1,258,375</u>
Workforce Investment Act Dislocated Workers	17.260	53427	1,021,923
ARRA-Workforce Investment Act Dislocated Workers	17.260	53427	86,491
Workforce Investment Act Dislocated Workers Subtotal	17.260		<u>\$ 1,108,414</u>
Total Department of Labor			<u>\$ 3,369,169</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Migrant Education Grant	84.011	42910	\$ 247
Title I Cluster:			
Title I: Grants to local educational agencies	84.010	42901, 42999	2,650,515
ARRA-Title I: Grants to local educational agencies	84.389	42913	852,249
Special Education Cluster:			
Special Education: Grants to States	84.027	43071	1,939,863
ARRA-Special Education: Grants to States	84.391	61245	1,103,271
Special Education: Preschool Grants	84.173	62521	27,705
ARRA-Special Education: Preschool Grants	84.392	61247	37,145
Career and Technical Education: Basic Grants to States	84.048	61095, 86647	192,805
Safe and Drug-Free Schools and Communities-State Grants	84.186	60511	921
Educational Technology State Grants	84.318	61600	15,324
Twenty-First Century Community Learning Centers	84.287	60565	189,941
ARRA-State Fiscal Stabilization Fund - Education State Grants	84.394	62532	1,250,364
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		20,775
School Improvement Grant	84.377	43040	56,299
English Language Acquisition Grant	84.365	60512	19,538
Improving Teacher Quality - State Grants	84.367	61480	<u>439,794</u>
Total Department of Education			<u>\$ 8,796,756</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant	14.228	50796, 50797	<u>\$ 174,092</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Interoperable Communications Equipment	97.055	77501, 77502	\$ 51,000
Homeland Security Grant Program	97.053	77501, 77502, 77505	1,314
Emergency Management Performance Grant	97.042	77501, 77502	18,605
State Homeland Security Program	97.073	77501, 77502, 77601	<u>13,362</u>
Total U.S. Department of Homeland Security			<u>\$ 84,281</u>
Total Expenditures of Federal Awards			<u><u>\$ 18,168,264</u></u>

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, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Pittsylvania, Virginia, it is not intended to and does not present the financial position, changes in nets assets, or cash flows of the County of Pittsylvania,

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
CFDA Numbers: 17.258, 17.259 and 17.260
Program Name: Workforce Development Act Cluster
Amount Provided to Subrecipients: \$3,369,169

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, 2011, The Pittsylvania County School Board had food commodities totaling \$0 in inventory.

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 3,028,147
Workforce Investment Act Fund	<u>3,369,169</u>
Total primary government:	<u>\$ 6,397,316</u>
Component Unit Schools:	
School Operating Fund	<u>\$ 11,770,948</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 18,168,264</u></u>

County of Pittsylvania, Virginia

Schedule of Findings, Responses and Questioned Costs
 Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies 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
84.010/84.389	Title I - Part A Cluster
10.561	SNAP Cluster
84.027/84.173/84.391/84.392	Special Education (IDEA)- Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$545,047
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Auditee qualified as low-risk auditee?	No
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County of Pittsylvania, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2011

Section II - Financial Statement Findings

2011-1

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 does not have proper controls in place to notice and correct errors in closing their year end financial statements.

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: The County should review the auditors' proposed audit adjustments for 2011 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

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.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings and Questioned Costs

Financial Statement Finding 2010-1 was recurring in the current year.
Financial Statement Findings 2010-2 and 2010-3 were corrected.