

COUNTY OF PRINCE EDWARD, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

William G. Fore, Jr., Chairman
Howard F. Simpson, Vice—Chairman

Mattie P. Wiley
Sally W. Gilfillan
Lacy B. Ward

Robert M. Jones
James C. Moore
Charles W. McKay

Board of Social Services

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Karen M. Schinabeck, Vice-Chairman
Alice Rucker
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Zachary Jackson

County School Board

Russell L. Dove, Chairman

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Thomas M. Tillerson
Patsy G. Pelland

Harriett E. Fentress
Linda Leatherwood
Susan S. Lawman
Dr. Lawrence C. Varner

Other Officials

Judge of Circuit Court
Clerk of Circuit Court
Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Richard S. Blanton
Machelle J. Eppes
Robert G. Woodson, Jr.
Marvin H. Dunkum, Jr.
James R. Ennis
Beverly M. Booth
Mable H. Shanaberger
Travis D. Harris, Jr.
Stanley O. Jones
Roma R. Morris
Wade Bartlett

COUNTY OF PRINCE EDWARD, VIRGINIA

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Year Ended June 30, 2009

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

**The Honorable Members of
The Board of Supervisors
County of Prince Edward, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Prince Edward, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009 on our consideration of the County of Prince Edward, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 1, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$3,856,716 (total net assets). Of this amount \$1,428,999 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net assets were \$3,887,377 of the County's total, a decrease of \$2,240,727 or 36.6% in comparison with net assets of \$6,128,104 at June 30, 2008. This decrease was primarily due to three events. First, land valued at \$490,000 was transferred to the Prince Edward County Industrial Development Authority (IDA). Second, the transfer of assets to the Schools valued at \$638,896. Third, long-term liabilities increased by \$1,934,702. This increase reflected the \$2,800,000 debt responsibility associated with the new Library building. Together these three actions decreased Net Assets by \$3,063,598 and were the main cause for the decrease in Net Assets. None of the three items affected the cash balance in Fiscal Year 2009. In fact, cash and cash equivalents actually increased by \$277,116 from \$8,529,790 in Fiscal Year 2008 to \$8,806,906 on June 30, 2009.
- The School Board's assets exceeded its liabilities by \$11,363,322 a decrease of \$207,800 when compared to the amount on June 30, 2008. However, \$10,785,924 of this amount reflects the School Board's net investment in capital assets leaving \$577,398 in unrestricted assets available to meet ongoing obligations. This is a decrease of \$124,535 or 17.7% in the School Board's unrestricted net assets for the fiscal year.
- In 2009 the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. These activities appear in this report for the first time and are identified as Business-Type Activities in Exhibit 1. Business-Type Activities Net Assets were (\$30,661). This negative result reflects the cost of starting up operations.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures by \$834,478 (Exhibit 5) after making direct contributions totaling \$7,433,982 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$9,886,035 which is an increase of \$209,285 or 9.2% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unreserved fund balance for the general fund was \$9,207,233 or 37.8% of total general fund expenditures excluding capital projects.
- The combined long-term Governmental obligations increased \$1,764,919 or 10% during the current fiscal year. Details of this increase can be found in Note 7 of the report.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other information to supplement the basic financial statements. Local governmental 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 the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net Assets and (2) The Statement of Activities.

The Statement of Net Assets (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net assets. Net assets are presented in three categories: invested in capital assets net of related debt, restricted and unrestricted. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

The Statement of Net Assets and The Statement of Activities are both divided into two types of activities:

1. **Governmental Activities** - Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported by primarily by taxes, state and federal grants.
2. **Business-Type Activities** - The County has two business-type activities: Water and Sewer. The County recovers all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.

Overview of the Financial Statements: (Continued)

3. Component Unit - The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority (IDA). While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund*, *Landfill Construction Fund*, and *School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

Proprietary funds - *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise Funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (exhibits 7-9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

Fiduciary funds - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits fourteen and fifteen.

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

Overview of the Financial Statements: (Continued)

Other information - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As stated earlier in this discussion, net assets may serve as a useful indicator of a County's financial position over time. For the County in FY2009, assets exceeded liabilities by \$3,856,716 at the close of the fiscal year as presented in the Table below. This was a decrease of \$2,271,388 or 37.1% over the FY2008 ending amount of \$6,128,104.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Assets
For the Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-type Activities	Total	
	2009	2008	2009	2009	2008
Current and other assets	\$ 11,439,183	\$ 10,755,799	\$ 5,024	\$ 11,444,207	\$ 10,755,799
Capital assets	<u>12,773,048</u>	<u>14,272,260</u>	<u>1,250,000</u>	<u>14,023,048</u>	<u>14,272,260</u>
Total assets	\$ <u>24,212,231</u>	\$ <u>25,028,059</u>	\$ <u>1,255,024</u>	\$ <u>25,467,255</u>	\$ <u>25,028,059</u>
Long-term liabilities outstanding	\$ 19,406,543	\$ 17,641,624	\$ 1,281,482	\$ 20,688,025	\$ 17,641,624
Current liabilities	<u>918,311</u>	<u>1,258,331</u>	<u>4,203</u>	<u>922,514</u>	<u>1,258,331</u>
Total liabilities	\$ <u>20,324,854</u>	\$ <u>18,899,955</u>	\$ <u>1,285,685</u>	\$ <u>21,610,539</u>	\$ <u>18,899,955</u>
Net assets:					
Invested in capital assets, net of related debt	\$ 2,459,199	\$ 2,912,203	\$ (31,482)	\$ 2,427,717	\$ 2,912,203
Unrestricted	<u>1,428,178</u>	<u>3,215,901</u>	<u>821</u>	<u>1,428,999</u>	<u>3,215,901</u>
Total net assets	\$ <u><u>3,887,377</u></u>	\$ <u><u>6,128,104</u></u>	\$ <u><u>(30,661)</u></u>	\$ <u><u>3,856,716</u></u>	\$ <u><u>6,128,104</u></u>

At the end of FY2009, the County's investment in capital assets, net of related debt is \$2,459,199. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources subject to external restrictions on how they may be used. The County had no restricted net assets at the end of the fiscal year. The remaining balance of net assets in the amount of \$1,428,999 may be used to meet the government's ongoing obligations.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities decreased Prince Edward County's net assets by \$2,240,727. The key elements of this decrease are found in exhibits 2 and 6 and the table below. There were three primary causes for this decrease: (1) The transfer of capital assets of \$490,000 to the IDA, (2) Transfer of assets to the Schools valued at \$638,896 and (3) The issuance of debt of \$2,800,000 for the construction of the new Library.

County of Prince Edward, Virginia

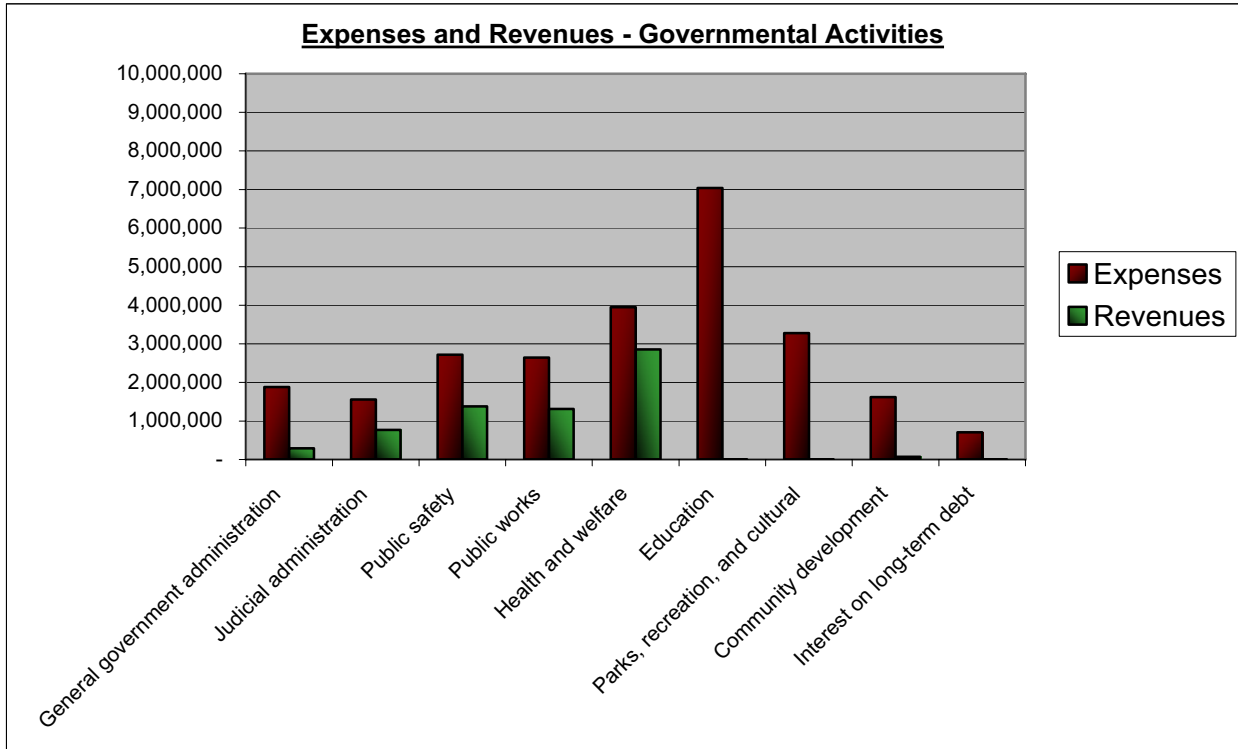
Changes in Net Assets
For the Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2009	2008	
Revenues:						
Program revenues:						
Charges for services	\$ 1,019,637	\$ 1,169,570	\$ -	\$ 1,019,637	\$ 1,169,570	
Operating grants and contributions	5,662,902	5,567,251	-	5,662,902	5,567,251	
Capital grants and contributions	-	180,000	6,000	6,000	180,000	
General revenues:						
General property taxes	10,338,674	9,898,122	-	10,338,674	9,898,122	
Other local taxes	3,815,476	3,994,668	-	3,815,476	3,994,668	
Commonwealth non-categorical aid	1,325,103	1,467,887	-	1,325,103	1,467,887	
Other general revenues	1,001,453	769,765	-	1,001,453	769,765	
Total revenues	\$ 23,163,245	\$ 23,047,263	\$ 6,000	\$ 23,169,245	\$ 23,047,263	
Expenses:						
General government administration	\$ 1,878,951	\$ 1,888,328	\$ -	\$ 1,878,951	\$ 1,888,328	
Judicial administration	1,557,012	1,247,739	-	1,557,012	1,247,739	
Public safety	2,718,405	2,920,779	-	2,718,405	2,920,779	
Public works	2,641,623	4,498,020	-	2,641,623	4,498,020	
Health and welfare	3,948,690	4,009,487	-	3,948,690	4,009,487	
Education	7,039,437	7,558,263	-	7,039,437	7,558,263	
Parks, recreation, and cultural	3,274,724	1,842,051	-	3,274,724	1,842,051	
Community development	1,618,525	1,201,635	-	1,618,525	1,201,635	
Interest on long-term debt	701,954	521,152	-	701,954	521,152	
Water fund	-	-	31,512	31,512	-	
Sewer fund	-	-	29,800	29,800	-	
Total expenses	\$ 25,379,321	\$ 25,687,454	\$ 61,312	\$ 25,440,633	\$ 25,687,454	
Transfers	\$ (24,651)	\$ -	\$ 24,651	\$ -	\$ -	
Increase (decrease) in net assets	\$ (2,240,727)	\$ (2,640,191)	\$ (30,661)	\$ (2,271,388)	\$ (2,640,191)	
Net assets-beginning	6,128,104	8,768,295	-	6,128,104	14,896,399	
Net assets - ending	\$ 3,887,377	\$ 6,128,104	\$ (30,661)	\$ 3,856,716	\$ 12,256,208	

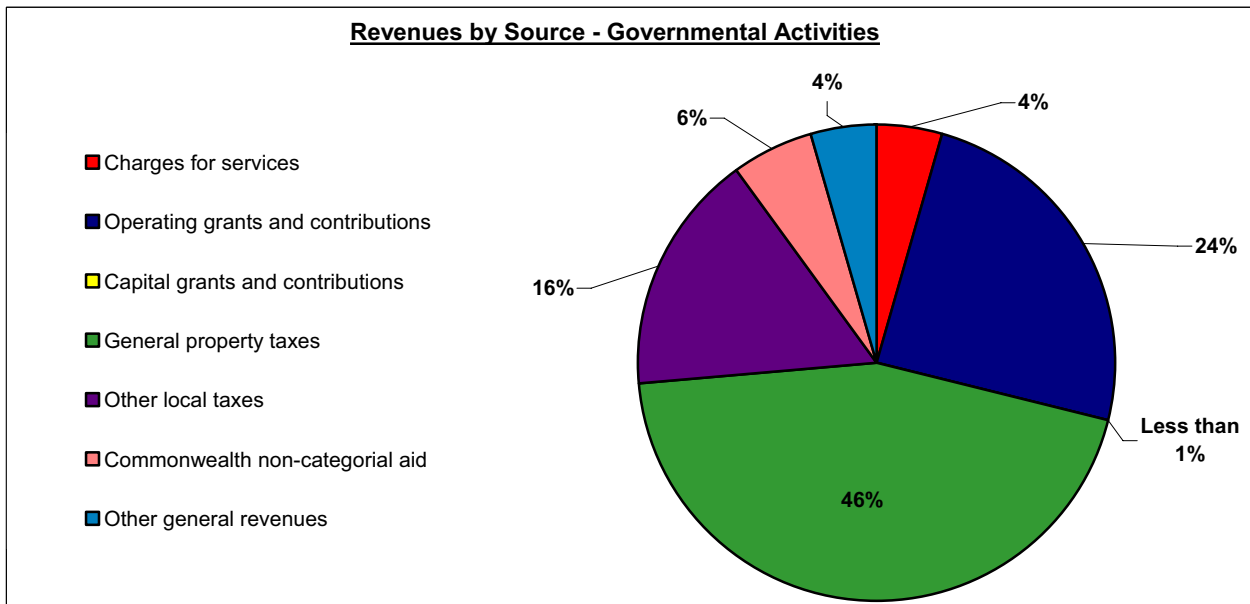
Revenues from governmental activities totaled \$23,163,245 with general property taxes (44.6%), operating grants and contributions (24.4%), and other local taxes (16.5%) comprising 85.8% of the County's revenues. Expenses for education (27.7%), health and welfare (15.6%), parks, recreation, and cultural (12.9%), public safety (10.7%) and, public works (10.4%) account for 77.3% of total governmental expenses of \$25,379,321.

Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.



Business-Type Activities decreased the County’s net assets by \$30,661.

Financial Analysis of the County's Funds

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

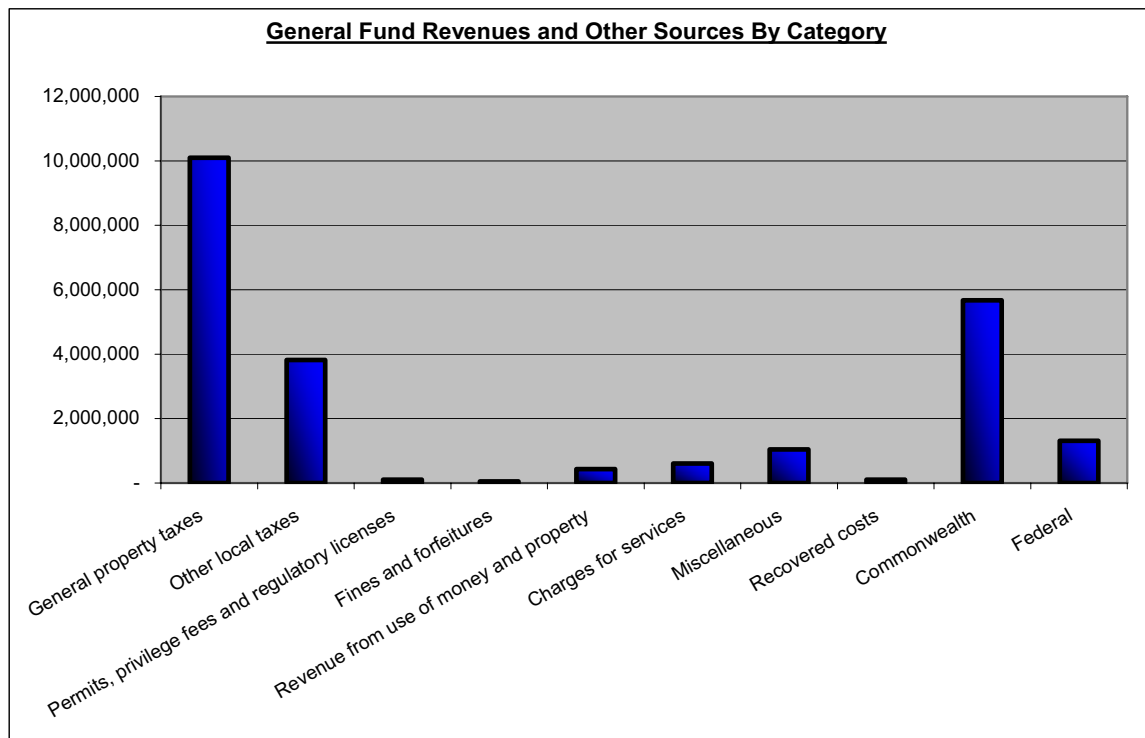
Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements.

In particular, unreserved fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$9,886,035 an increase of \$834,478 when compared to the prior year. Approximately 96.9 percent (\$9,584,245) of the combined governmental fund balance is unreserved. The remaining 3.1% (\$301,790) of the combined fund balance is reserved to show it is not available for spending because it has been committed for future retiree services and debt payments.

The General Fund is the operating fund of the County. The General Fund reports a fund balance at June 30, 2009 of \$9,219,311. This is an increase from the prior year of \$418,898. Total revenues increased \$494,049. Property tax revenue which represents 43.5% of total governmental revenues increased \$227,872 over the prior year due to an increase in assessed values. Two revenue categories experienced sizeable increases year to year. Property tax revenue which represents 43.5% of total governmental revenues increased 227,872 over the prior year due to new construction. While a large monetary amount it is only a 2.3% increase. Miscellaneous Revenue increased \$839,840 or 417%. This large increase was the result of the sale of land for delinquent taxes (\$509,113) and the reimbursement of \$208,681 by Hampden-Sydney College for costs associated with the VDOT Revenue Sharing Project. As a measure of the General Fund liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39.4% of General Fund expenditures excluding capital projects, while total fund balance represents 40.6% of that same amount.

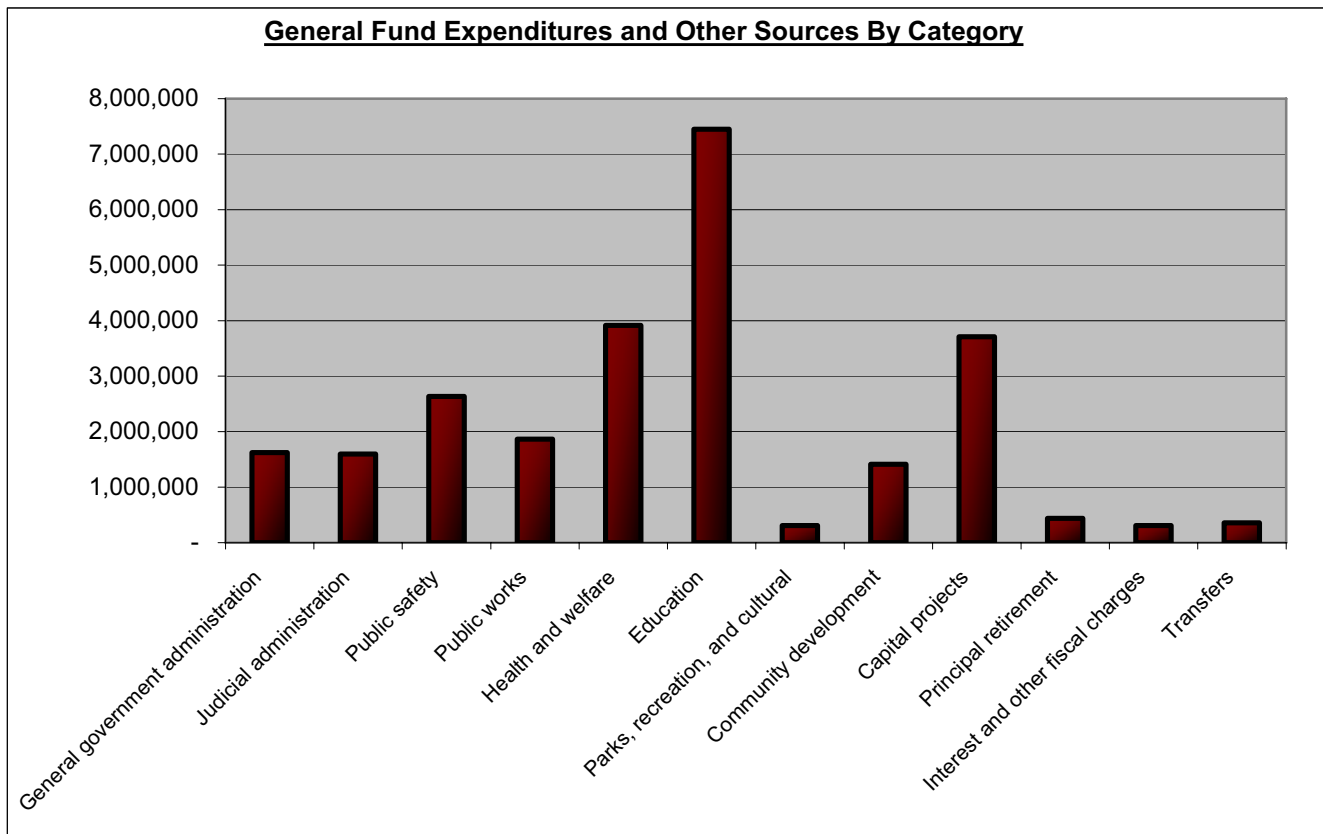
General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$23,222,465.



General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$25,603,567 including transfers out of the fund of \$356,804.



General Fund Budgetary Highlights

The final amended General Fund budgeted revenues increased by \$968,854 compared to the original budget. The final expenditure budget reflected an increase of \$2,272,030 as compared to the original budget. The revenue increases (decreases) were as follows:

- \$451 in other property taxes.
- \$433,851 in miscellaneous.
- \$502,100 in intergovernmental revenues from the Commonwealth.
- \$32,452 in intergovernmental revenues from the Federal Government.

The increase in miscellaneous revenues represented the receipt of funds from the sale of land for delinquent taxes. The increase in budgeted revenues from the Commonwealth is attributed to reimbursement from VDOT for the revenue sharing project concerning Via Sacra.

The Expenditure amendments were as follows:

- \$21,647 increase in General government administration
- \$172,403 increase in Judicial administration
- \$205,953 increase Public Safety
- (\$58,432) decrease in Public Works

General Fund Budgetary Highlights: (Continued)

- 430 increase in Health and Welfare
- 28,500 increase in Park, Recreation, and Cultural
- \$655,250 increase in Community Development
- \$1,213,279 increase in Capital Projects

As can be seen increases in Capital Projects accounted for approximately one-half of the increase in the budgeted expenditures. The Sandy River Reservoir project, VDOT - Revenue Sharing project and Storm Water Pond Partnership accounted for \$309,521, \$714,459, and \$102,776 respectively and represent the majority of the increase in capital projects. The increase in Community Development was primarily due to increasing the transfer from the Economic Development Fund by \$590,000 (of which \$193,510 was a grant from the Tobacco Commission) to the IDA to fund the site development at the Business Park.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2009, is \$14,023,048 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

**County of Prince Edward, Virginia
Capital Assets
June 30, 2009 and 2008**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>	
Land	\$ 499,949	\$ 989,949	\$ -	\$ 499,949	\$ 989,949	
Buildings and system	10,805,561	11,586,774	-	10,805,561	11,586,774	
Improvements other than buildings	1,214,001	519,819	-	1,214,001	519,819	
Machinery and equipment	253,537	266,229	-	253,537	266,229	
Construction in progress	-	909,489	1,250,000	1,250,000	909,489	
Net capital assets	<u>\$ 12,773,048</u>	<u>\$ 14,272,260</u>	<u>\$ 1,250,000</u>	<u>\$ 14,023,048</u>	<u>\$ 14,272,260</u>	

Net capital assets decreased by \$249,212. This decrease is mainly the result of two events. First, land valued at \$490,000 was transferred to the IDA. Second, building assets valued at \$638,896 were transferred to the schools. Thus, two-thirds of the decrease was merely the transfer of assets to other County entities. The remainder of the decrease was caused by normal depreciation.

Additional information on Prince Edward County's capital assets can be found in Note 4 of this report.

Long-term debt - At the close of FY2009, Prince Edward County had total outstanding obligations of \$20,688,025. Of this amount \$14,631,160 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences and other post employment benefits.

During the fiscal year the County's long-term obligations increased by \$3,046,401 or 17.3%. This increase was primarily due to the new debt of \$2,800,000 associated with the Library building.

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

Economic Factors Influencing FY2010 Budgets and Tax Rates

The unemployment rate of the County on June 30, 2009 was 10.3%. This was an increase of 4.1% year to year. The County's unemployment rate compares unfavorably to the state's average rate of 7.3% and the national average of 9.7% for the same time.

The County's employment demographics continue to show a shift from a workforce dominated by agriculture/forestry and manufacturing to one where the sectors of healthcare, retail, accommodation/food service and state government (primarily Longwood University) are the dominate employers. Less than 1% of employment is in the agriculture/forestry segment and only 1.8% are employed in manufacturing. The healthcare sector is the largest employment sector in the County with 19.2% of the workforce followed by retail at 16.5%, accommodation/food service at 13.2% and state government at 11.3%. These four sectors employ over 60% of the workforce.

The continuing expansion of Longwood University will continue to fuel an increase in state government employment. The expansion of the local hospital coupled with an increasing number of retirees locating in the County will continue the increase in the healthcare sector. Prince Edward County has historically been the regional retail center for a seven county region. With the expansion of the local university, certain demographic parameters have been met that have attracted larger national retail businesses to include the food service industry. The continued expansion of the university will only accelerate this trend. This expansion of the workforce is driving increases in property assessments from new construction.

While much of the country has seen falling real estate assessments Prince Edward County assessments are actually increasing. Real Estate will be reassessed in FY2010 and indications are the new values will be approximately 45% higher than the last assessment. The Real Estate tax rate was decreased to an equalized value. This means the rate will be lowered from \$.57 to \$.40. But with the continuing construction, revenues from Real Estate taxes are projected to increase \$157,949 or 2.6% in Fiscal Year 2010

But the County is not immune to the current recession. The economic slowdown has affected retail sales. As a result revenues from the local sales tax are projected to decline \$200,000 or 7.1% in Fiscal Year 2010. But the greatest decline in revenues is associated with the falling value of used cars. The personal property tax associated with automobiles are projected to decline by \$447,532 or 15.4% in the new fiscal year.

These factors were considered in preparing the County's budget for the 2008 fiscal year.

In order to balance the budget the following actions were approved:

- No pay increases for any local government employees
- Closing one conveyance center site and reducing the hours of the others saving approximately \$80,000
- Decreasing the Comprehensive Services budget by \$100,000
- Reduce local contributions to the schools to reflect lower debt payments saving \$109,000
- Reduce capital expenditures saving \$141,000

The actions mentioned above were not adequate to balance the budget. Approximately \$610,000 was required to be drawn from the fund balance to balance the County's budget.

Requests for Information

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 8,801,882	\$ 5,024	\$ 8,806,906	\$ 602,595	\$ 668,392
Receivables (net of allowance for uncollectibles):					
Taxes receivable	897,057	-	897,057	-	-
Accounts receivable	215,647	-	215,647	-	-
Interest receivable	22,209	-	22,209	-	-
Note receivable	-	-	-	-	420,000
Due from primary government	-	-	-	577,943	-
Due from other governmental units	1,123,326	-	1,123,326	714,868	-
Prepaid expenses	77,272	-	77,272	123,007	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	301,790	-	301,790	-	-
Capital assets (net of accumulated depreciation):					
Land	499,949	-	499,949	99,952	535,194
Buildings and system	10,805,561	-	10,805,561	8,769,609	-
Improvements other than buildings	1,214,001	-	1,214,001	368,356	-
Machinery and equipment	253,537	-	253,537	1,548,007	-
Construction in progress	-	1,250,000	1,250,000	-	-
Total assets	\$ 24,212,231	\$ 1,255,024	\$ 25,467,255	\$ 12,804,337	\$ 1,623,586
LIABILITIES					
Reconciled overdraft	\$ -	\$ 180	\$ 180	\$ -	\$ -
Accounts payable	165,562	915	166,477	10,508	-
Accrued liabilities	-	-	-	1,406,207	-
Accrued interest payable	153,189	3,108	156,297	-	-
Due to component unit	577,943	-	577,943	-	-
Deferred revenue	21,617	-	21,617	-	-
Long-term liabilities:					
Due within one year	1,192,649	-	1,192,649	-	-
Due in more than one year	18,200,094	1,281,482	19,481,576	-	-
Other post-employment benefits	13,800	-	13,800	24,300	-
Total liabilities	\$ 20,324,854	\$ 1,285,685	\$ 21,610,539	\$ 1,441,015	\$ -
NET ASSETS					
Invested in capital assets, net of related debt	\$ 2,459,199	\$ (31,482)	\$ 2,427,717	\$ 10,785,924	\$ 535,194
Unrestricted (deficit)	1,428,178	821	1,428,999	577,398	1,088,392
Total net assets	\$ 3,887,377	\$ (30,661)	\$ 3,856,716	\$ 11,363,322	\$ 1,623,586

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Statement of Activities
 For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,878,951	\$ 100	\$ 291,013	\$ -
Judicial administration	1,557,012	79,865	691,066	-
Public safety	2,718,405	161,311	1,219,337	-
Public works	2,641,623	758,965	555,562	-
Health and welfare	3,948,690	-	2,853,264	-
Education	7,039,437	-	-	-
Parks, recreation, and cultural	3,274,724	-	-	-
Community development	1,618,525	19,396	52,660	-
Interest on longterm debt	701,954	-	-	-
Total governmental activities	\$ 25,379,321	\$ 1,019,637	\$ 5,662,902	\$ -
Business-type activities:				
Water	\$ 31,512	\$ -	\$ -	\$ 6,000
Sewer	29,800	-	-	-
Total business-type activities	\$ 61,312	\$ -	\$ -	\$ 6,000
Total primary government	\$ 25,440,633	\$ 1,019,637	\$ 5,662,902	\$ 6,000
COMPONENT UNITS:				
School Board	\$ 28,431,244	\$ 448,874	\$ 20,505,665	\$ 137,725
Industrial Development Authority	183,952	-	-	-
Total component units	\$ 28,615,196	\$ 448,874	\$ 20,505,665	\$ 137,725

General revenues:
 General property taxes
 Other local taxes:
 Local sales and use taxes
 Consumers' utility taxes
 Motor vehicle licenses
 Taxes on recordation and wills
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Contributions from the County of Prince Edward, Virginia
 Grants and contributions not restricted to specific programs
 Gain on disposal of capital assets
 Transfers

Total general revenues and transfers

Change in net assets
 Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	
\$ (1,587,838)	\$ -	\$ (1,587,838)	\$ -	\$ -	
(786,081)	-	(786,081)	-	-	
(1,337,757)	-	(1,337,757)	-	-	
(1,327,096)	-	(1,327,096)	-	-	
(1,095,426)	-	(1,095,426)	-	-	
(7,039,437)	-	(7,039,437)	-	-	
(3,274,724)	-	(3,274,724)	-	-	
(1,546,469)	-	(1,546,469)	-	-	
(701,954)	-	(701,954)	-	-	
<u>\$ (18,696,782)</u>	<u>\$ -</u>	<u>\$ (18,696,782)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (25,512)	\$ (25,512)	\$ -	\$ -	
-	(29,800)	(29,800)	-	-	
<u>\$ -</u>	<u>\$ (55,312)</u>	<u>\$ (55,312)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (18,696,782)</u>	<u>\$ (55,312)</u>	<u>\$ (18,752,094)</u>	<u>\$ -</u>	<u>\$ -</u>	
-	-	-	\$ (7,338,980)	\$ -	
-	-	-	-	(183,952)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,338,980)</u>	<u>\$ (183,952)</u>	
\$ 10,338,674	\$ -	\$ 10,338,674	\$ -	\$ -	
2,683,336	-	2,683,336	-	-	
371,824	-	371,824	-	-	
276,176	-	276,176	-	-	
159,537	-	159,537	-	-	
324,603	-	324,603	-	-	
450,348	-	450,348	13,497	681	
451,992	-	451,992	6,753	2,194	
-	-	-	7,110,930	1,200,150	
1,325,103	-	1,325,103	-	-	
99,113	-	99,113	-	-	
(24,651)	24,651	-	-	-	
<u>\$ 16,456,055</u>	<u>\$ 24,651</u>	<u>\$ 16,480,706</u>	<u>\$ 7,131,180</u>	<u>\$ 1,203,025</u>	
\$ (2,240,727)	\$ (30,661)	\$ (2,271,388)	\$ (207,800)	\$ 1,019,073	
6,128,104	-	6,128,104	11,571,122	604,513	
<u>\$ 3,887,377</u>	<u>\$ (30,661)</u>	<u>\$ 3,856,716</u>	<u>\$ 11,363,322</u>	<u>\$ 1,623,586</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2009

	<u>General</u>	<u>School Debt Service</u>	<u>Landfill Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,466,511	\$ -	\$ 308,453	\$ 26,918	\$ 8,801,882
Receivables (net of allowance for uncollectibles):					
Taxes receivable	897,057	-	-	-	897,057
Accounts receivable	174,006	-	41,641	-	215,647
Interest receivable	22,209	-	-	-	22,209
Due from other governmental units	1,123,326	-	-	-	1,123,326
Prepaid items	77,272	-	-	-	77,272
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	12,078	289,712	-	-	301,790
Total assets	\$ 10,772,459	\$ 289,712	\$ 350,094	\$ 26,918	\$ 11,439,183
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 165,562	\$ -	\$ -	\$ -	\$ 165,562
Due to component unit	577,943	-	-	-	577,943
Deferred revenue	809,643	-	-	-	809,643
Total liabilities	\$ 1,553,148	\$ -	\$ -	\$ -	\$ 1,553,148
Fund balances:					
Reserved for:					
Debt service	\$ -	\$ 289,712	\$ -	\$ -	\$ 289,712
Retiree benefits	12,078	-	-	-	12,078
Unreserved, reported in:					
General fund	9,207,233	-	-	-	9,207,233
Capital projects funds	-	-	350,094	26,918	377,012
Total fund balances	\$ 9,219,311	\$ 289,712	\$ 350,094	\$ 26,918	\$ 9,886,035
Total liabilities and fund balances	\$ 10,772,459	\$ 289,712	\$ 350,094	\$ 26,918	\$ 11,439,183

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 9,886,035

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 20,183,437	
Less: accumulated depreciation	(7,410,389)	12,773,048

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred revenue	788,026
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable, including premium on bonds	\$ (14,978,895)	
Interest payable	(153,189)	
Compensated absences	(551,348)	
Other post-employment benefits	(13,800)	
Landfill closure, postclosure and corrective action cost liability	(3,862,500)	(19,559,732)

Net assets of governmental activities	\$ <u><u>3,887,377</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 10,097,051	\$ -	\$ -	\$ -	\$ 10,097,051
Other local taxes	3,815,476	-	-	-	3,815,476
Permits, privilege fees, and regulatory licenses	106,200	-	-	-	106,200
Fines and forfeitures	44,006	-	-	-	44,006
Revenue from the use of money and property	429,431	5,462	14,135	1,320	450,348
Charges for services	602,172	-	267,259	-	869,431
Miscellaneous	1,041,105	-	-	-	1,041,105
Recovered costs	99,018	-	-	-	99,018
Intergovernmental revenues:					
Commonwealth	5,674,148	-	-	-	5,674,148
Federal	1,313,858	-	-	-	1,313,858
Total revenues	\$ 23,222,465	\$ 5,462	\$ 281,394	\$ 1,320	\$ 23,510,641
EXPENDITURES					
Current:					
General government administration	\$ 1,620,699	\$ -	\$ -	\$ -	\$ 1,620,699
Judicial administration	1,595,354	-	-	-	1,595,354
Public safety	2,633,578	-	-	-	2,633,578
Public works	1,864,186	-	-	-	1,864,186
Health and welfare	3,915,282	-	-	-	3,915,282
Education	7,446,574	-	-	-	7,446,574
Parks, recreation, and cultural	307,159	-	-	-	307,159
Community development	1,409,598	-	-	-	1,409,598
Capital projects	3,706,409	-	204,749	-	3,911,158
Debt service:					
Principal retirement	438,613	-	-	-	438,613
Interest and other fiscal charges	309,311	-	-	-	309,311
Total expenditures	\$ 25,246,763	\$ -	\$ 204,749	\$ -	\$ 25,451,512
Excess (deficiency) of revenues over (under) expenditures	\$ (2,024,298)	\$ 5,462	\$ 76,645	\$ 1,320	\$ (1,940,871)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 110,153	\$ 222,000	\$ -	\$ 332,153
Transfers out	(356,804)	-	-	-	(356,804)
Issuance of general obligation bonds	2,800,000	-	-	-	2,800,000
Total other financing sources (uses)	\$ 2,443,196	\$ 110,153	\$ 222,000	\$ -	\$ 2,775,349
Net change in fund balances	\$ 418,898	\$ 115,615	\$ 298,645	\$ 1,320	\$ 834,478
Fund balances - beginning	8,800,413	174,097	51,449	25,598	9,051,557
Fund balances - ending	<u>\$ 9,219,311</u>	<u>\$ 289,712</u>	<u>\$ 350,094</u>	<u>\$ 26,918</u>	<u>\$ 9,886,035</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$	834,478
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	314,937	
Capital asset deletions		(490,000)	
Net transfer of joint tenancy assets		(638,896)	
Depreciation expense		(685,253)	(1,499,212)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	241,623
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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.

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$	91,264	
Issuance of long-term debt		(2,800,000)	
Principal payments and premium amortization		1,060,615	(1,648,121)

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.

(Increase) decrease accrued interest payable	\$	(52,697)	
(Increase) decrease in compensated absences		(102,998)	
(Increase) decrease in other post-employment benefits		(13,800)	(169,495)

Change in net assets of governmental activities	\$	<u>(2,240,727)</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Assets
 Proprietary Funds
 June 30, 2009

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,024	\$ -	\$ 5,024
Total current assets	\$ 5,024	\$ -	\$ 5,024
Noncurrent assets:			
Capital assets:			
Construction in progress	\$ 625,000	\$ 625,000	\$ 1,250,000
Total capital assets	\$ 625,000	\$ 625,000	\$ 1,250,000
Total noncurrent assets	\$ 625,000	\$ 625,000	\$ 1,250,000
Total assets	\$ 630,024	\$ 625,000	\$ 1,255,024
LIABILITIES			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 180	\$ 180
Accounts payable	915	-	915
Accrued interest payable	1,554	1,554	3,108
Total current liabilities	\$ 2,469	\$ 1,734	\$ 4,203
Noncurrent liabilities:			
Line of credit	\$ 640,741	\$ 640,741	\$ 1,281,482
Total noncurrent liabilities	\$ 640,741	\$ 640,741	\$ 1,281,482
Total liabilities	\$ 643,210	\$ 642,475	\$ 1,285,685
NET ASSETS			
Invested in capital assets, net of related debt	\$ (15,741)	\$ (15,741)	\$ (31,482)
Unrestricted	2,555	(1,734)	821
Total net assets	\$ (13,186)	\$ (17,475)	\$ (30,661)

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

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

	Enterprise Funds		
	Water	Sewer	Total
OPERATING EXPENSES			
Contractual services	\$ 10,524	\$ 8,894	\$ 19,418
Other supplies and expenses	543	461	1,004
Total operating expenses	\$ 11,067	\$ 9,355	\$ 20,422
Operating income (loss)	\$ (11,067)	\$ (9,355)	\$ (20,422)
NONOPERATING REVENUES (EXPENSES)			
Debt issue costs	\$ (10,708)	\$ (10,708)	\$ (21,416)
Interest expense	(9,737)	(9,737)	(19,474)
Total nonoperating revenues (expenses)	\$ (20,445)	\$ (20,445)	\$ (40,890)
Income before contributions and transfers	\$ (31,512)	\$ (29,800)	\$ (61,312)
Capital contributions and construction grants	\$ 6,000	\$ -	\$ 6,000
Transfers in	12,326	12,325	24,651
Change in net assets	\$ (13,186)	\$ (17,475)	\$ (30,661)
Total net assets - beginning	-	-	-
Total net assets - ending	\$ (13,186)	\$ (17,475)	\$ (30,661)

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2009

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	\$ (10,152)	\$ (9,355)	\$ (19,507)
Net cash provided (used) by operating activities	\$ (10,152)	\$ (9,355)	\$ (19,507)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 12,326	\$ 12,325	\$ 24,651
Connection fees	6,000	-	6,000
Net cash provided (used) by noncapital financing activities	\$ 18,326	\$ 12,325	\$ 30,651
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (625,000)	\$ (625,000)	\$ (1,250,000)
Debt issuance costs	(10,708)	(10,708)	(21,416)
Proceeds from indebtedness	640,741	640,741	1,281,482
Interest payments	(8,183)	(8,183)	(16,366)
Net cash provided (used) by capital and related financing activities	\$ (3,150)	\$ (3,150)	\$ (6,300)
Net increase (decrease) in cash and cash equivalents	\$ 5,024	\$ (180)	\$ 4,844
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	\$ 5,024	\$ (180)	\$ 4,844
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (11,067)	\$ (9,355)	\$ (20,422)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	915	-	915
Total adjustments	\$ 915	\$ -	\$ 915
Net cash provided (used) by operating activities	\$ (10,152)	\$ (9,355)	\$ (19,507)

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>524,152</u>
Total assets	\$ <u><u>524,152</u></u>
LIABILITIES	
Accrued liabilities	\$ 268,777
Amounts held for social services clients	3,367
Amounts held for Piedmont Alcohol Safety Action Program	<u>252,008</u>
Total liabilities	\$ <u><u>524,152</u></u>

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements As of June 30, 2009

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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 components unit. For the most part, 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.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets, in the government-wide Statement of Net Assets and will report depreciation expense-the cost of "using up" capital assets-in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 are reported as separate columns in the fund financial statements.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB34 reporting model; governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

Discretely Presented Component Units - The component unit columns in the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. 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 Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail and Crossroads 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 \$2,952,059 to the regional library and \$62,643 to the Crossroads Community Services Board.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. 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. All other revenue items are considered to be measurable and available only when cash is received by the government. 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.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

b. Landfill Construction Fund

The Landfill Construction Fund accounts for financial resources received from outside the County used for the acquisition or construction of landfill construction. This fund is considered a major fund for reporting purposes.

c. Recreation Fund

The recreation fund accounts for financial resources received for use in capital projects related to recreation.

d. Debt Service Fund

The Debt Service Fund accounts for the sinking fund required to be maintained by Qualified Zone Academy Bonds. This fund is considered a major fund for reporting purposes..

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

3. Proprietary Funds: (Continued)

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer Funds are accounted for as enterprise funds.

Proprietary funds distinguish operating revenues and expenses from *nonoperating 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 enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees and facility fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

E. Budgets and Budgetary Accounting:

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.
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 department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); 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 and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Capital Projects Fund, and the Water and Sewer Funds of the primary government and the School Fund and School Cafeteria Fund and School Capital Projects Fund of the School Board.
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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Budgets and Budgetary Accounting: (continued)

8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.

F. 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).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$286,597 at June 30, 2009 and is comprised solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The County bills and collects its own property taxes.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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 costs 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2009 was immaterial.

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

<u>Assets</u>	<u>Years</u>
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Compensated Absences

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

I. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

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 and premiums 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.

J. Fund Equity

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

K. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

L. Use of Estimates

The preparation of financial statement 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.

M. Restricted Assets

The County reports restricted assets of \$301,790 of which \$289,712 is to be used for debt service on QZAB bonds and \$12,078 is for retiree insurance.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 2—Deposits and Investments:

Deposits:

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

Investments:

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

Custodial Credit Risk (Investments):

The County has no policy regarding investment custodial credit risk.

The County’s investments at June 30, 2009 were held by the County or in the County’s name by the County’s custodial banks.

Credit Risk of Debt Securities:

The County’s investment policy allows for any investments which are in accordance with the Code of Virginia. The County’s rated debt investments as of June 30, 2009 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>County's Rated Debt Investments</u>	
<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
US Government Money Market U.S. Agencies Securities	\$ <u>162,294</u>
Total	\$ <u><u>162,294</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 2—Deposits and Investments:

Concentration of Credit Risk:

The County's investment policy states the importance of diversification within its portfolio. Excessive concentration of any type of investment or excessive transactions with a financial institution is prohibited.

The County had no concentration of credit risk at June 30, 2009.

Interest Rate Risk:

The County's investment policy prohibits investments that have a maturity date of greater than five years. Investments with a maturity date of between six months and five years are authorized on an individual basis determined by the time required to make a withdrawal without incurring penalties.

The County had no interest rate risk at June 30, 2009.

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia		
School funds	\$ -	\$ 17,561
State sales taxes	-	421,806
Local sales tax	452,309	-
Communication tax	47,112	-
Shared expenses	171,995	-
Social services funds	78,490	-
Comprehensive services	178,945	-
Shared revenues	82,578	-
Federal Government:		
School funds	-	275,501
Social services funds	111,897	-
	<u>\$ 1,123,326</u>	<u>\$ 714,868</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 989,949	\$ -	\$ 490,000	\$ 499,949
Construction in progress	909,489	204,749	1,114,238	-
Totals	<u>\$ 1,899,438</u>	<u>\$ 204,749</u>	<u>\$ 1,604,238</u>	<u>\$ 499,949</u>
Capital assets, being depreciated:				
Buildings	\$ 15,141,770	\$ 17,854	\$ 638,896	\$ 14,520,728
Improvements other than buildings	2,634,211	1,114,238	-	3,748,449
Equipment	1,321,977	92,334	-	1,414,311
Total capital assets being depreciated	<u>\$ 19,097,958</u>	<u>\$ 1,224,426</u>	<u>\$ 638,896</u>	<u>\$ 19,683,488</u>
Less accumulated depreciation for:				
Buildings	\$ 3,554,996	\$ 376,059	\$ 215,888	\$ 3,715,167
Improvements other than buildings	2,114,392	420,056	-	2,534,448
Equipment	1,055,748	105,026	-	1,160,774
Total accumulated depreciation	<u>\$ 6,725,136</u>	<u>\$ 901,141</u>	<u>\$ 215,888</u>	<u>\$ 7,410,389</u>
Total capital assets being depreciated, net	<u>\$ 12,372,822</u>	<u>\$ 323,285</u>	<u>\$ 423,008</u>	<u>\$ 12,273,099</u>
Governmental activities capital assets, net	<u><u>\$ 14,272,260</u></u>	<u><u>\$ 528,034</u></u>	<u><u>\$ 2,027,246</u></u>	<u><u>\$ 12,773,048</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in School Board capital assets during the year:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Totals	<u>\$ 99,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,952</u>
Capital assets, being depreciated:				
Buildings	\$ 17,261,091	\$ 638,896	\$ -	\$ 17,899,987
Improvements other than buildings	720,057	-	-	720,057
Equipment	4,465,016	332,614	-	4,797,630
Total capital assets being depreciated	<u>\$ 22,446,164</u>	<u>\$ 971,510</u>	<u>\$ -</u>	<u>\$ 23,417,674</u>
Less accumulated depreciation for:				
Buildings	\$ 8,503,469	\$ 626,909	\$ -	\$ 9,130,378
Improvements other than buildings	333,986	17,715	-	351,701
Equipment	2,839,472	410,151	-	3,249,623
Total accumulated depreciation	<u>\$ 11,676,927</u>	<u>\$ 1,054,775</u>	<u>\$ -</u>	<u>\$ 12,731,702</u>
Total capital assets being depreciated, net	<u>\$ 10,769,237</u>	<u>\$ (83,265)</u>	<u>\$ -</u>	<u>\$ 10,685,972</u>
Governmental activities capital assets, net	<u>\$ 10,869,189</u>	<u>\$ (83,265)</u>	<u>\$ -</u>	<u>\$ 10,785,924</u>

Enterprise Funds (Business-type) Activities

The following is a summary of changes in Business-type capital assets during the year:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,250,000	\$ -	\$ 1,250,000
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 4—Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:

General government administration	\$	274,381
Judicial administration		4,821
Public safety		71,652
Public works		405,446
Education		131,803
Health & Welfare		7,858
Community development		<u>5,180</u>
Total	\$	<u>901,141</u>
Component Unit-School Board	\$	<u>1,054,775</u>

Note 5—Defined Benefit Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County’s contribution rate for the fiscal year ended June 30, 2009 was 9.26% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-professional)

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board’s contribution rate for the fiscal year ended June 30, 2009 was 6.24% of annual covered payroll.

C. Annual Pension Cost

Primary Government

For fiscal year 2009, County’s annual pension cost of \$427,618 (does not include employee share of \$230,895 which was assumed by the County) was equal to the County’s required and actual contributions.

Three-Year Trend for County - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ 206,481	100%	\$ -
June 30, 2008	303,273	100%	-
June 30, 2009	427,618	100%	-

(1) Employer portion only

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

Discretely Presented Component Unit - School Board (Non-professional)

For fiscal year 2009, School Board’s annual pension cost of \$52,167 (does not include employee share of \$41,801 which was assumed by the School Board) was equal to the School Board’s required and actual contributions.

Three-Year Trend for County - Component Unit School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ 37,699	100%	\$ -
June 30, 2008	35,376	100%	-
June 30, 2009	52,167	100%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included 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 payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2008, the most recent actuarial valuation date, the plan was 83.19% funded. The actuarial accrued liability for benefits was \$15,722,548, and the actuarial value of assets was \$13,079,253, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,643,295. The covered payroll (annual payroll of active employees covered by the plan) was \$4,435,146, and ratio of the UAAL to the covered payroll was 59.60%.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress: (Continued)

Discretely Presented Component Unit - School Board (Non-professional)

As of June 30, 2008, the most recent actuarial valuation date, the plan was 94.80% funded. The actuarial accrued liability for benefits was \$2,789,504, and the actuarial value of assets was \$2,644,518, resulting in an unfunded actuarial accrued liability (UAAL) of \$144,936. The covered payroll (annual payroll of active employees covered by the plan) was \$823,715, and ratio of the UAAL to the covered payroll was 17.60%.

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

E. Professional Employees - Discretely Presented Component Unit School Board:

Plan Description

The Prince Edward 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 that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2008AnnuRept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Prince Edward County School Board is required to contribute at an actuarially determined rate. The current rate is 10.30% of annual covered payroll. The contribution requirements of plan members and Prince Edward County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2009, 2008, and 2007 were \$1,232,572, \$1,386,390, and \$1,189,431 respectively, equal to the required contributions for each year.

Note 6—Compensated Absences:

In accordance with GASB statement 16 "Accounting and Financial Reporting Principal for claims and Judgments and Compensated Absences," the County has accrued the liability arising from outstanding claims and judgments and compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government	\$ <u>551,348</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Debt:

Primary Government:

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

Primary Government				
Year	VRS Early Retirement		Bonds & Notes	
	Principal	Interest	Principal	Interest
2010	\$ 43,589	\$ 20,456	\$ 1,090,900	\$ 567,854
2011	47,076	16,969	1,036,875	513,503
2012	50,842	13,203	973,633	461,887
2013	54,909	9,136	813,156	419,808
2014	66,840	4,743	826,064	382,049
2015-2019	-	-	3,594,377	1,348,251
2020-2024	-	-	2,095,534	742,921
2025-2029	-	-	717,036	424,254
2030-2034	-	-	737,719	259,841
2035-2038	-	-	686,465	68,184
	<u>\$ 263,256</u>	<u>\$ 64,507</u>	<u>12,571,759</u>	<u>\$ 5,188,552</u>

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

	Amounts Payable at July 1, 2008	Additions	Deletions	Amounts Payable at June 30, 2009	Payable Due Within One Year
Primary Government:					
Revenue bonds	\$ 1,474,464	\$ -	\$ 108,503	\$ 1,365,961	\$ 115,014
General obligation bonds (VPSA)	4,123,250	-	524,210	3,599,040	501,646
General obligation bonds	-	2,800,000	-	2,800,000	142,669
Premium on bond issuance	30,216	-	3,193	27,023	3,025
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
Courthouse construction bonds	3,736,867	-	230,109	3,506,758	231,571
Literary fund loans payable	52,500	-	52,500	-	-
Early retirement obligation	305,356	-	42,100	263,256	43,589
Other long-term obligation	1,400,000	-	100,000	1,300,000	100,000
Landfill closure and post-closure monitoring	3,692,764	-	157,848	3,534,916	-
Landfill corrective action plan	261,000	66,584	-	327,584	-
Other post-employment benefits	-	13,800	-	13,800	-
Compensated absences	448,350	102,998	-	551,348	55,135
Total Primary Government	<u>\$ 17,641,624</u>	<u>\$ 2,983,382</u>	<u>\$ 1,218,463</u>	<u>\$ 19,406,543</u>	<u>\$ 1,192,649</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long—Term Debt: (Continued)

Primary Government: (Continued)

General obligation bonds:

\$1,893,607 Virginia Public School Authority Bonds 1991A, issued July 31, 1991, maturing annually through July 15, 2011 with interest payable semi-annually at rates from 4.85% to 6.60%.	\$ 355,811
\$450,000 Virginia Public School Authority Bonds, issued November 20, 1991, maturing annually through December 15, 2011 with interest payable semi-annually at rates from 5.5% to 7.5%.	55,000
\$3,800,000 Virginia Public School Authority Bonds, issued November 18, 1993, maturing annually through December 15, 2013 with interest payable semi-annually at rates from 4.475% to 7.5%.	265,000
\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%.	2,058,229
\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%.	865,000
\$2,800,000 general obligation bond issued January 27, 2009, maturing annually through June 30, 2024 with interest payable semi-annually at a rate of 3.68%.	2,800,000
Plus: Premium on issuance	27,023
Total general obligation bonds	<u>\$ 6,426,063</u>
Revenue bonds (payable from General Fund property rentals):	
\$1,370,000 dated July 15, 1998 issued through Rural Development, interest only on July 15, 1999 and 2000, then combined monthly payments of \$6,508 of principal and interest through May 15, 2038, includes interest at 4.75%.	\$ 1,206,812
\$1,000,000 Taxable Revenue Note dated December 17, 1998 due in combined annual installments of \$104,651 including principal and interest through December 17, 2010, includes interest at 6.25%.	159,149
Total revenue bonds (payable from General Fund property rentals)	<u>\$ 1,365,961</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long—Term Debt: (Continued)

Primary Government: (Continued)

Courthouse construction bonds:

\$3,500,000 issued July 1, 1998, due in annual installments of principal through July 1, 2017, interest payable semi-annually at 3.85% to 4.85%. \$ 1,600,000

\$2,130,000 dated July 15, 1998 issued through Rural Development interest only due July 15, 1999 and 2000, then combined monthly payments of \$10,118 of principal and interest through May 15, 2038, includes interest at 4.75%. 1,906,758

Total Courthouse Construction Bonds \$ 3,506,758

State Literary Fund Loan:

\$576,882 General Obligation Refunding Note (Retirement Obligation) dated July 30, 1998 due in combined annual installments of principal and interest of \$61,985 through July 30, 2013, includes interest at 6.66%. \$ 263,256

Qualified zone academy bonds:

\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 1,116,857

\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022. 1,000,000

Total qualified zone academy bonds \$ 2,116,857

Other long-term obligation:

\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021 \$ 1,300,000

Landfill closure and post-closure care liability \$ 3,534,916

Landfill corrective action plan liability \$ 327,584

Compensated absences payable \$ 551,348

Other post-employment benefits \$ 13,800

Total general long-term obligation debt \$ 19,406,543

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long—Term Debt: (Continued)

Enterprise Activities:

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

<u>Primary Government</u>		
<u>Year</u>	<u>Line of Credit</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ -	\$ 74,582
2011	-	74,582
2012	<u>1,281,482</u>	<u>37,292</u>
	<u>\$ 1,281,482</u>	<u>\$ 186,456</u>

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

	<u>Amounts Payable at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Payable Due Within One Year</u>
Primary Government:					
Line of credit	\$ -	\$ 1,281,482	\$ -	\$ 1,281,482	\$ -
Total Primary Government	<u>\$ -</u>	<u>\$ 1,281,482</u>	<u>\$ -</u>	<u>\$ 1,281,482</u>	<u>\$ -</u>

Line of Credit:

Line of credit not to exceed \$2,500,000, issued December 23, 2008, interest payable semi-annually beginning May 30, 2009 at a variable rate of 64% of 3-Year LIBOR plus 176 basis points. Final maturity, November 30, 2011.

\$ 1,281,482

Total enterprise long-term debt

\$ 1,281,482

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long—Term Debt: (Continued)

Component Unit - School Board:

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

	<u>Amounts Payable at July 1, 2008</u>	<u>Addition</u>	<u>Deletions</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Payable Due Within One Year</u>
Other post-employment benefits	\$ -	\$ 24,300	\$ -	\$ 24,300	\$ -

Note 8—Litigation:

At June 30, 2009, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9—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 State and 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, 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 10—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	\$
Machelle J. Eppes, Clerk of the Circuit Court	360,000
Mable H. Shanaberger, Treasurer	400,000
Beverly M. Booth, Commissioner of the Revenue	3,000
Travis D. Harris, Jr., Sheriff	30,000
United State Fidelity and Guaranty Company - Surety	
Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety	
Roma Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety	
County Administrator	2,000

Note 11—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 for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2009 were \$1,786,388 and \$1,748,528, respectively. Furthermore, the County reports \$327,584 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program:

County:

Background

Beginning in fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

A. Plan Description:

In addition to the pension benefits described in Note 5, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service at age 60 or older and have 30 years of service with the County, may elect one of two health insurance options through the County's plan. On one plan the County pays 100% of the premium, up to age 65, at which time coverage ceases. The other plan requires the retiree to pay 100% of the premium; however, the retiree may remain on the plan indefinitely. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 100% of the health insurance premium for retirees up to Medicare eligibility. Retirees may opt to choose an Advantage 65 plan, which they are required to cover 100% of the premium for. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65, with the exception of the Advantage 65 plan which can continue indefinitely.

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 annual OPEB cost for the year, the County's amount actually contributed to the plan, and changes in the County's net OPEB obligation:

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

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

Annual required contribution	\$ 30,100
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<u> </u>
Annual OPEB cost (expense)	\$ 30,100
Estimated contributions made	<u>(16,300)</u>
Increase in net OPEB obligation	\$ <u>13,800</u>
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 13,800</u></u>

For 2009, the County's expected cash payment of \$16,300 was \$13,800 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 30,100	54%	\$ 13,800

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

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

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2008 is as follows:

Actuarial accrued liability (AAL)	\$	329,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		329,000
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		4,435,146
UAAL as a percentage of covered payroll		7.42%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions 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 liabilities for benefits.

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 the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2008 was 30 years.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

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

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.5%
Health cost trend assumption	10.0%
Payroll growth	2.5%

School Board:

A. Plan Description:

In addition to the pension benefits described in Note 5, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 60 with 30 years of service or age 65 with 5 years of service receive a \$1.50 credit per year of service (capped at \$45 per month) toward the retiree's health insurance premium. The retiree is responsible for the remaining premium. Coverage ceases at age 65 unless a Medicare Complementary plan is chosen. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees receive a credit for each year of service (capped at \$45 per month) which offsets the cost of their premium. Retirees are responsible for the remaining premium and the premium of their spouse. Coverage ceases when retirees reach the age of 65 unless Medicare Complementary coverage is selected.

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 58,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost (expense)	\$ 58,000
Estimated contributions made	<u>(33,700)</u>
	<hr/>
Increase in net OPEB obligation	\$ 24,300
Net OPEB obligation - beginning of year	<u>-</u>
	<hr/>
Net OPEB obligation - end of year	<u>\$ 24,300</u>

For 2009, the School Board’s expected cash payment of \$33,700 was \$24,300 less than the OPEB cost. The School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 58,000	58% \$	24,300

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

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

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2008 is as follows:

Actuarial accrued liability (AAL)	\$	834,700
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		834,700
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		823715
UAAL as a percentage of covered payroll		101.33%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions 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 liabilities for benefits.

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

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2008 was 30 years.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

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

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.5%
Health cost trend assumption	10.0%
Payroll growth	2.5%

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 9,859,842	\$ 9,860,293	\$ 10,097,051	\$ 236,758
Other local taxes	3,972,500	3,972,500	3,815,476	(157,024)
Permits, privilege fees, and regulatory licenses	76,800	76,800	106,200	29,400
Fines and forfeitures	25,700	25,700	44,006	18,306
Revenue from the use of money and property	476,052	476,052	429,431	(46,621)
Charges for services	610,250	610,250	602,172	(8,078)
Miscellaneous	169,536	603,387	1,041,105	437,718
Recovered costs	115,000	115,000	99,018	(15,982)
Intergovernmental revenues:				
Commonwealth	5,428,182	6,143,769	5,674,148	(469,621)
Federal	1,400,515	1,432,967	1,313,858	(119,109)
Total revenues	\$ 22,134,377	\$ 23,316,718	\$ 23,222,465	\$ (94,253)
EXPENDITURES				
Current:				
General government administration	\$ 1,629,109	\$ 1,683,756	\$ 1,620,699	\$ 63,057
Judicial administration	1,559,437	1,731,840	1,595,354	136,486
Public safety	2,624,300	2,830,253	2,633,578	196,675
Public works	2,057,069	1,998,637	1,864,186	134,451
Health and welfare	4,204,045	4,204,475	3,915,282	289,193
Education	8,090,049	8,090,049	7,446,574	643,475
Parks, recreation, and cultural	282,659	311,159	307,159	4,000
Community development	640,085	1,459,335	1,409,598	49,737
Nondepartmental	161,870	161,870	-	161,870
Capital projects	253,920	1,467,199	3,706,409	(2,239,210)
Debt service:				
Principal retirement	438,613	438,613	438,613	-
Interest and other fiscal charges	309,311	309,311	309,311	-
Total expenditures	\$ 22,250,467	\$ 24,686,497	\$ 25,246,763	\$ (560,266)
Excess (deficiency) of revenues over (under) expenditures	\$ (116,090)	\$ (1,369,779)	\$ (2,024,298)	\$ (654,519)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (222,000)	\$ (1,521,883)	\$ (356,804)	\$ 1,165,079
Issuance of general obligation bonds	-	1,281,483	2,800,000	1,518,517
Total other financing sources and uses	\$ (222,000)	\$ (240,400)	\$ 2,443,196	\$ 2,683,596
Net change in fund balances	\$ (338,090)	\$ (1,610,179)	\$ 418,898	\$ 2,029,077
Fund balances - beginning	338,090	1,758,838	8,800,413	7,041,575
Fund balances - ending	\$ -	\$ 148,659	\$ 9,219,311	\$ 9,070,652

Schedule of Pension Funding Progress for the Virginia Retirement System
Last Three Fiscal Years

County:

Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2006	\$ 10,447,772	\$ 12,239,492	\$ 1,791,720	85.36%	\$ 3,899,665	45.95%
6/30/2007	11,757,714	13,512,619	1,754,905	87.01%	4,259,711	41.20%
6/30/2008	13,079,253	15,722,548	2,643,295	83.19%	4,435,146	59.60%

School Board Non-Professionals:

Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2006	\$ 2,066,368	\$ 2,056,992	\$ (9,376)	100.46%	\$ 679,353	(1.38%)
6/30/2007	2,367,416	2,509,979	142,563	94.32%	779,962	18.28%
6/30/2008	2,644,568	2,789,504	144,936	94.80%	823,715	17.60%

Schedule of Funding Progress for Other Post-Employment Benefits
Last Three Fiscal Years

County:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
7/1/2008	\$ -	\$ 329,000	\$ 329,000	0.00%	\$ 4,435,146	7.42%

School Board:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
7/1/2008	\$ -	\$ 834,700	\$ 834,700	0.00%	\$ 823,715	101.33%

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 6,000	\$ 6,000	\$ 14,135	\$ 8,135
Charges for services	275,000	275,000	267,259	(7,741)
Total revenues	<u>\$ 281,000</u>	<u>\$ 281,000</u>	<u>\$ 281,394</u>	<u>\$ 394</u>
EXPENDITURES				
Current:				
Capital projects	\$ 1,000,000	\$ 1,000,000	\$ 204,749	\$ 795,251
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 204,749</u>	<u>\$ 795,251</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (719,000)</u>	<u>\$ (719,000)</u>	<u>\$ 76,645</u>	<u>\$ 795,645</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 222,000	\$ 222,000	\$ 222,000	\$ -
Total other financing sources and uses	<u>\$ 222,000</u>	<u>\$ 222,000</u>	<u>\$ 222,000</u>	<u>\$ -</u>
Net change in fund balances	\$ (497,000)	\$ (497,000)	\$ 298,645	\$ 795,645
Fund balances - beginning	(78,000)	431,255	51,449	(379,806)
Fund balances - ending	<u><u>\$ (575,000)</u></u>	<u><u>\$ (65,745)</u></u>	<u><u>\$ 350,094</u></u>	<u><u>\$ 415,839</u></u>

Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	<u>Capital Projects Recreation Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>26,918</u>
Total assets	\$ <u><u>26,918</u></u>
LIABILITIES AND FUND BALANCES	
Fund balances:	
Unreserved:	
Designated for subsequent expenditure	\$ <u>26,918</u>
Total fund balances	\$ <u>26,918</u>
Total liabilities and fund balances	\$ <u><u>26,918</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Capital Projects - Recreation Fund
 For the Year Ended June 30, 2009

	<u>Capital Projects Recreation Fund</u>
REVENUES	
Revenue from the use of money and property	\$ <u>1,320</u>
Total revenues	\$ <u>1,320</u>
EXPENDITURES	
Total expenditures	\$ <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>1,320</u>
Net change in fund balances	\$ 1,320
Fund balances - beginning	<u>25,598</u>
Fund balances - ending	<u><u>26,918</u></u>

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

	<u>Recreation Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,320	\$ 1,320
Total revenues	\$ -	\$ -	\$ 1,320	\$ 1,320
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,320	\$ 1,320
Net change in fund balances	\$ -	\$ -	\$ 1,320	\$ 1,320
Fund balances - beginning	-	-	25,598	25,598
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,918</u>	<u>\$ 26,918</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Piedmont Court Services</u>	<u>Piedmont Alcohol Safety Action Program</u>	
ASSETS				
Cash and cash equivalents	3,367	\$ 268,777	\$ 252,008	\$ 524,152
Total assets	<u>3,367</u>	<u>\$ 268,777</u>	<u>\$ 252,008</u>	<u>\$ 524,152</u>
LIABILITIES				
Amounts held for others	-	\$ 268,777	-	\$ 268,777
Amounts held for social services clients	3,367	-	-	3,367
Amounts held for Piedmont Alcohol Safety Action Program	-	-	252,008	252,008
Total liabilities	<u>3,367</u>	<u>\$ 268,777</u>	<u>\$ 252,008</u>	<u>\$ 524,152</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 1,829	\$ 7,691	\$ 6,153	\$ 3,367
Liabilities:				
Amounts held for social service clients	\$ 1,829	\$ 7,691	\$ 6,153	\$ 3,367
Piedmont Court Services:				
Assets:				
Cash and cash equivalents	\$ 218,159	\$ 506,396	\$ 455,778	\$ 268,777
Liabilities:				
Amounts held for others	\$ 218,159	\$ 506,396	\$ 455,778	\$ 268,777
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ 58,998	\$ 288,704	\$ 347,702	\$ -
Liabilities:				
Sales tax payable to towns	\$ 58,998	\$ 288,704	\$ 347,702	\$ -
Fiscal Agent Holdings - Piedmont ASAP:				
Assets:				
Cash and cash equivalents	\$ 201,732	\$ 490,219	\$ 439,943	\$ 252,008
Liabilities:				
Amounts held for others:				
Piedmont ASAP	\$ 201,732	\$ 490,219	\$ 439,943	\$ 252,008
Total Liabilities	\$ 201,732	\$ 490,219	\$ 439,943	\$ 252,008
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 480,718	\$ 1,293,010	\$ 1,249,576	\$ 524,152
Total assets	\$ 480,718	\$ 1,293,010	\$ 1,249,576	\$ 524,152
Liabilities:				
Amounts held for social service clients	\$ 1,829	\$ 7,691	\$ 6,153	\$ 3,367
Amounts held for others	218,159	506,396	455,778	268,777
Sales tax payable to towns	58,998	288,704	347,702	-
Amounts held for Piedmont ASAP	201,732	490,219	439,943	252,008
Total liabilities	\$ 480,718	\$ 1,293,010	\$ 1,249,576	\$ 524,152

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

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 174,894	\$ 407,701	\$ 20,000	\$ 602,595
Due from primary government	577,943	-	-	-	577,943
Due from other governmental units	714,868	-	-	-	714,868
Prepaid items	123,007	-	-	-	123,007
Total assets	\$ 1,415,818	\$ 174,894	\$ 407,701	\$ 20,000	\$ 2,018,413
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,611	\$ 897	\$ -	\$ -	\$ 10,508
Accrued liabilities	1,406,207	-	-	-	1,406,207
Total liabilities	\$ 1,415,818	\$ 897	\$ -	\$ -	\$ 1,416,715
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ -	\$ 173,997	\$ 407,701	\$ 20,000	\$ 601,698
Total fund balances	\$ -	\$ 173,997	\$ 407,701	\$ 20,000	\$ 601,698
Total liabilities and fund balances	\$ 1,415,818	\$ 174,894	\$ 407,701	\$ 20,000	\$ 2,018,413

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above \$ 601,698

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 23,517,627	
Less: accumulated depreciation	(12,731,703)	<u>10,785,924</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Other post-employment benefits	\$ (24,300)	<u>(24,300)</u>
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Net assets of governmental activities \$ 11,363,322

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 7,349	\$ -	\$ 6,148	\$ -	\$ 13,497
Charges for services	205,638	243,236	-	-	448,874
Miscellaneous	6,753	-	-	-	6,753
Recovered costs	215,377	-	-	-	215,377
Intergovernmental revenues:					
Local government	7,433,982	-	-	-	7,433,982
Commonwealth	17,866,695	14,471	-	-	17,881,166
Federal	1,974,406	787,818	-	-	2,762,224
Total revenues	<u>\$ 27,710,200</u>	<u>\$ 1,045,525</u>	<u>\$ 6,148</u>	<u>\$ -</u>	<u>\$ 28,761,873</u>
EXPENDITURES					
Current:					
Education	\$ 26,861,598	\$ 1,055,006	\$ -	\$ 1,010	\$ 27,917,614
Capital projects	-	-	95,892	-	95,892
Debt service:					
Principal retirement	587,038	-	-	-	587,038
Interest and other fiscal charges	261,564	-	-	-	261,564
Total expenditures	<u>\$ 27,710,200</u>	<u>\$ 1,055,006</u>	<u>\$ 95,892</u>	<u>\$ 1,010</u>	<u>\$ 28,862,108</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (9,481)	\$ (89,744)	\$ (1,010)	\$ (100,235)
Net change in fund balances	\$ -	\$ (9,481)	\$ (89,744)	\$ (1,010)	\$ (100,235)
Fund balances - beginning	-	183,478	497,445	21,010	701,933
Fund balances - ending	<u>\$ -</u>	<u>\$ 173,997</u>	<u>\$ 407,701</u>	<u>\$ 20,000</u>	<u>\$ 601,698</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	\$ (100,235)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 332,614
Net transfer of joint tenancy assets	638,896
Depreciation expense	<u>(1,054,775)</u>
	<u>(83,265)</u>

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.

(Increase) decrease in other post employment benefits	<u>(24,300)</u>	<u>(24,300)</u>
Change in net assets of governmental activities	<u>\$ (207,800)</u>	

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 7,349	\$ (651)	\$ -	\$ -	\$ -	\$ -
Charges for services	85,100	85,100	205,638	120,538	285,000	285,000	243,236	(41,764)
Miscellaneous	55,000	55,000	6,753	(48,247)	-	-	-	-
Recovered costs	19,500	19,500	215,377	195,877	-	-	-	-
Intergovernmental revenues:								
Local government	8,077,457	8,077,457	7,433,982	(643,475)	-	-	-	-
Commonwealth	18,254,859	18,254,859	17,866,695	(388,164)	13,408	13,408	14,471	-
Federal	2,425,000	2,425,000	1,974,406	(450,594)	787,392	787,392	787,818	426
Total revenues	\$ 28,924,916	\$ 28,924,916	\$ 27,710,200	\$ (1,214,716)	\$ 1,085,800	\$ 1,085,800	\$ 1,045,525	\$ (41,338)
EXPENDITURES								
Current:								
Education	\$ 27,965,984	\$ 27,965,984	\$ 26,861,598	\$ 1,104,386	\$ 1,085,800	\$ 1,085,800	\$ 1,055,006	\$ 30,794
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	697,368	697,368	587,038	110,330	-	-	-	-
Interest and other fiscal charges	261,564	261,564	261,564	-	-	-	-	-
Total expenditures	\$ 28,924,916	\$ 28,924,916	\$ 27,710,200	\$ 1,214,716	\$ 1,085,800	\$ 1,085,800	\$ 1,055,006	\$ 30,794
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,481)	\$ (10,544)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,481)	\$ (10,544)
Fund balances - beginning	-	-	-	-	-	-	183,478	183,478
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,997	\$ 172,934

School Capital Projects Fund				Underground Storage Tank Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 6,148	\$ 6,148	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 6,148	\$ 6,148	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010	-
630,537	630,537	95,892	534,645	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 630,537	\$ 630,537	\$ 95,892	\$ 534,645	\$ -	\$ -	\$ 1,010	-
\$ (630,537)	\$ (630,537)	\$ (89,744)	\$ 540,793	\$ -	\$ -	\$ (1,010)	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ (630,537)	\$ (630,537)	\$ (89,744)	\$ 540,793	\$ -	\$ -	\$ (1,010)	-
630,537	630,537	497,445	(133,092)	-	-	21,010	21,010
\$ -	\$ -	\$ 407,701	\$ 407,701	\$ -	\$ -	\$ 20,000	\$ 21,010

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,014,593	\$ 6,015,044	\$ 5,899,091	\$ (115,953)
Real and personal public service corporation taxes	240,000	240,000	253,261	13,261
Personal property taxes	2,900,000	2,900,000	3,209,185	309,185
Mobile home taxes	60,000	60,000	62,900	2,900
Machinery and tools taxes	32,489	32,489	36,958	4,469
Merchants' capital taxes	452,760	452,760	407,874	(44,886)
Penalties	110,000	110,000	152,491	42,491
Interest	50,000	50,000	75,291	25,291
Total general property taxes	\$ 9,859,842	\$ 9,860,293	\$ 10,097,051	\$ 236,758
Other local taxes:				
Local sales and use taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,683,336	\$ (116,664)
Communications tax	350,000	350,000	324,603	(25,397)
Consumers' utility taxes	315,000	315,000	306,766	(8,234)
Gross receipts tax	50,000	50,000	65,058	15,058
Motor vehicle licenses	264,500	264,500	276,176	11,676
Taxes on recordation and wills	193,000	193,000	159,537	(33,463)
Total other local taxes	\$ 3,972,500	\$ 3,972,500	\$ 3,815,476	\$ (157,024)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 15,586	\$ 5,586
Permits and other licenses	66,800	66,800	90,614	23,814
Total permits, privilege fees, and regulatory licenses	\$ 76,800	\$ 76,800	\$ 106,200	\$ 29,400
Fines and forfeitures:				
Court fines and forfeitures	\$ 25,700	\$ 25,700	\$ 44,006	\$ 18,306
Revenue from use of money and property:				
Revenue from use of money	\$ 222,798	\$ 222,798	\$ 168,447	\$ (54,351)
Revenue from use of property	253,254	253,254	260,984	7,730
Total revenue from use of money and property	\$ 476,052	\$ 476,052	\$ 429,431	\$ (46,621)
Charges for services:				
Court costs	\$ 2,250	\$ 2,250	\$ 2,205	\$ (45)
Charges for law library	8,500	8,500	14,809	6,309
Charges for courthouse maintenance	10,000	10,000	10,374	374
Charges for Commonwealth's Attorney	1,000	1,000	818	(182)
Miscellaneous fees	6,000	6,000	8,576	2,576
Charges for cannery	4,000	4,000	8,196	4,196
Charges for other protection	63,500	63,500	65,488	1,988
Charges for sanitation and waste removal	515,000	515,000	491,706	(23,294)
Total charges for services	\$ 610,250	\$ 610,250	\$ 602,172	\$ (8,078)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous revenue:				
Expenditure refunds	\$ 72,000	\$ 72,000	\$ 91,727	\$ 19,727
Insurance recoveries	-	1,858	13,387	11,529
Sale of property	-	-	589,113	589,113
Miscellaneous	97,536	529,529	346,878	(182,651)
Total miscellaneous revenue	<u>\$ 169,536</u>	<u>\$ 603,387</u>	<u>\$ 1,041,105</u>	<u>\$ 437,718</u>
Recovered costs:				
Other recovered costs	\$ 80,000	\$ 80,000	\$ 64,018	\$ (15,982)
Circuit court judge	35,000	35,000	35,000	-
Total recovered costs	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 99,018</u>	<u>\$ (15,982)</u>
Total revenue from local sources	<u>\$ 15,305,680</u>	<u>\$ 15,739,982</u>	<u>\$ 16,234,459</u>	<u>\$ 494,477</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ 63,714	\$ 13,714
Mobile home titling tax	30,000	30,000	52,641	22,641
Motor vehicle rental tax	-	-	665	665
State recordation tax	35,000	35,000	50,592	15,592
Personal property tax relief funds	1,305,350	1,305,350	1,305,351	1
State budget reduction - Aid to the Commonwealth	-	-	(147,859)	(147,859)
Total noncategorical aid	<u>\$ 1,420,350</u>	<u>\$ 1,420,350</u>	<u>\$ 1,325,104</u>	<u>\$ (95,246)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 428,339	\$ 428,339	\$ 393,590	\$ (34,749)
Sheriff	1,112,514	1,112,514	1,074,894	(37,620)
Commissioner of revenue	108,548	108,548	106,175	(2,373)
Treasurer	122,028	122,028	118,814	(3,214)
Registrar/electoral board	49,000	49,000	48,021	(979)
Clerk of the Circuit Court	261,627	282,168	277,499	(4,669)
Total shared expenses	<u>\$ 2,082,056</u>	<u>\$ 2,102,597</u>	<u>\$ 2,018,993</u>	<u>\$ (83,604)</u>
Other categorical aid:				
Emergency medical services	\$ 14,000	\$ 14,000	\$ 16,771	\$ 2,771
Welfare administration and assistance	803,826	803,826	858,519	54,693
Environmental grant	2,300	2,300	-	(2,300)
Litter control grant	5,000	5,000	7,248	2,248

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Sheriff - jails	\$ -	\$ -	\$ 585	\$ 585
Record preservation grant	-	19,977	19,977	-
Comprehensive services act	890,000	890,000	740,563	(149,437)
Victim-witness grant	42,130	42,130	42,130	-
Fire program funds	35,000	35,000	36,316	1,316
Other categorical	133,520	615,079	607,942	(7,137)
Total other categorical aid	<u>\$ 1,925,776</u>	<u>\$ 2,620,822</u>	<u>\$ 2,330,051</u>	<u>\$ (290,771)</u>
Total categorical aid	<u>\$ 4,007,832</u>	<u>\$ 4,723,419</u>	<u>\$ 4,349,044</u>	<u>\$ (374,375)</u>
Total revenue from the Commonwealth	<u>\$ 5,428,182</u>	<u>\$ 6,143,769</u>	<u>\$ 5,674,148</u>	<u>\$ (469,621)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 18,003</u>	<u>\$ (11,997)</u>
Revenue from the Federal Government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,370,515	\$ 1,370,515	\$ 1,254,182	\$ (116,333)
State homeland security program	-	12,500	12,500	-
Forfeited assets	-	-	200	200
Emergency management performance grant	-	-	9,436	9,436
Bulletproof vest partnership program	-	1,952	1,600	(352)
Alcohol open container requirement grant	-	18,000	17,937	(63)
Total categorical aid	<u>\$ 1,370,515</u>	<u>\$ 1,402,967</u>	<u>\$ 1,295,855</u>	<u>\$ (107,112)</u>
Total revenue from the federal government	<u>\$ 1,400,515</u>	<u>\$ 1,432,967</u>	<u>\$ 1,313,858</u>	<u>\$ (119,109)</u>
Total General Fund	<u><u>\$ 22,134,377</u></u>	<u><u>\$ 23,316,718</u></u>	<u><u>\$ 23,222,465</u></u>	<u><u>\$ (94,253)</u></u>
Capital Projects Funds:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 14,135</u>	<u>\$ 8,135</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 267,259</u>	<u>\$ (7,741)</u>
Total revenue from local sources	<u>\$ 281,000</u>	<u>\$ 281,000</u>	<u>\$ 281,394</u>	<u>\$ 394</u>
Total Landfill Construction Fund	<u><u>\$ 281,000</u></u>	<u><u>\$ 281,000</u></u>	<u><u>\$ 281,394</u></u>	<u><u>\$ 394</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,320	\$ 1,320
Total revenue from local sources	\$ -	\$ -	\$ 1,320	\$ 1,320
Total Recreation Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,320</u>	<u>\$ 1,320</u>
Debt Service Fund:				
School Debt Service				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,462	\$ 5,462
Total revenue from local sources	\$ -	\$ -	\$ 5,462	\$ 5,462
Total School Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,462</u>	<u>\$ 5,462</u>
Total Primary Government	<u>\$ 22,415,377</u>	<u>\$ 23,597,718</u>	<u>\$ 23,510,641</u>	<u>\$ (87,077)</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 property	\$ 8,000	\$ 8,000	\$ 7,349	\$ (651)
Charges for services:				
Charges for education	\$ 85,100	\$ 85,100	\$ 205,638	\$ 120,538
Miscellaneous revenue:				
Other miscellaneous	\$ 55,000	\$ 55,000	\$ 6,753	\$ (48,247)
Recovered costs:				
Other recovered costs	\$ 19,500	\$ 19,500	\$ 215,377	\$ 195,877
Total revenue from local sources	<u>\$ 167,600</u>	<u>\$ 167,600</u>	<u>\$ 435,117</u>	<u>\$ 267,517</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,077,457	\$ 8,077,457	\$ 7,433,982	\$ (643,475)
Total revenues from local governments	<u>\$ 8,077,457</u>	<u>\$ 8,077,457</u>	<u>\$ 7,433,982</u>	<u>\$ (643,475)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,083,012	\$ 3,083,012	\$ 2,767,381	\$ (315,631)
Basic school aid	8,858,101	8,858,101	8,834,879	(23,222)
Other state funds	6,313,746	6,313,746	6,264,435	(49,311)
Total categorical aid	\$ 18,254,859	\$ 18,254,859	\$ 17,866,695	\$ (388,164)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 978,224	\$ 978,224	\$ 637,494	\$ (340,730)
Title I, neglected and delinquent children	-	-	16,867	16,867
Title II	-	-	119,231	119,231
Title VI-B, special education flow-through	761,555	761,555	674,896	(86,659)
Reading first	332,028	332,028	367,529	35,501
Safe and drug free schools	15,839	15,839	16,107	268
Title II - part D	195,147	195,147	15,939	(179,208)
Title VI-B, pre-school	20,394	20,394	19,986	(408)
Title V-A	6,813	6,813	151	(6,662)
JROTC	50,000	50,000	58,909	8,909
AP Grants	-	-	47,297	47,297
Vocational education	65,000	65,000	-	(65,000)
Total categorical aid	\$ 2,425,000	\$ 2,425,000	\$ 1,974,406	\$ (450,594)
Total School Operating Fund	\$ 28,924,916	\$ 28,924,916	\$ 27,710,200	\$ (1,214,716)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 285,000	\$ 285,000	\$ 243,236	\$ (41,764)
Total revenue from local sources	\$ 285,000	\$ 285,000	\$ 243,236	\$ (41,764)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,408	\$ 13,408	\$ 14,471	\$ 1,063
Total categorical aid	\$ 13,408	\$ 13,408	\$ 14,471	\$ 1,063
Total revenue from the Commonwealth	\$ 13,408	\$ 13,408	\$ 14,471	\$ 1,063

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 787,392	\$ 787,392	\$ 787,818	\$ 426
Total federal categorical aid	\$ 787,392	\$ 787,392	\$ 787,818	\$ 426
Total School Cafeteria Fund	<u>\$ 1,085,800</u>	<u>\$ 1,085,800</u>	<u>\$ 1,045,525</u>	<u>\$ (40,275)</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	\$ -	\$ -	\$ 6,148	\$ 6,148
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,148</u>	<u>\$ 6,148</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,148</u>	<u>\$ 6,148</u>
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,148</u>	<u>\$ 6,148</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 30,010,716</u>	<u>\$ 30,010,716</u>	<u>\$ 28,761,873</u>	<u>\$ (1,248,843)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 127,818	\$ 160,818	\$ 160,806	\$ 12
General and financial administration:				
County administrator	498,183	498,183	494,538	3,645
Legal services	73,480	63,480	46,345	17,135
Commissioner of revenue	292,434	292,434	264,963	27,471
Treasurer	365,354	369,092	365,417	3,675
Independent Auditor	38,000	48,375	48,374	1
Assessor	36,500	59,034	59,033	1
Other general and financial administration	78,619	73,619	60,657	12,962
Total general and financial administration	\$ 1,382,570	\$ 1,404,217	\$ 1,339,327	\$ 64,890
Board of elections:				
Electoral board and officials	\$ 24,700	\$ 24,700	\$ 25,681	\$ (981)
Registrar	94,021	94,021	94,885	(864)
Total board of elections	\$ 118,721	\$ 118,721	\$ 120,566	\$ (1,845)
Total general government administration	\$ 1,629,109	\$ 1,683,756	\$ 1,620,699	\$ 63,057
Judicial administration:				
Courts:				
Circuit court	\$ 52,651	\$ 52,651	\$ 49,535	\$ 3,116
General district court	18,700	18,700	17,354	1,346
Office of the magistrates	4,500	4,500	4,367	133
Clerk of the circuit court	454,371	582,782	551,294	31,488
Law library	4,750	5,146	5,146	-
Sheriff - courts	350,877	350,877	324,766	26,111
Victim and witness assistance	56,354	57,056	57,056	-
Total courts	\$ 942,203	\$ 1,071,712	\$ 1,009,518	\$ 62,194
Commonwealth's attorney:				
Commonwealth's attorney	\$ 617,234	\$ 660,128	\$ 585,836	\$ 74,292
Total judicial administration	\$ 1,559,437	\$ 1,731,840	\$ 1,595,354	\$ 136,486
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,605,673	\$ 1,736,236	\$ 1,669,154	\$ 67,082
Emergency operations center	29,000	29,000	19,805	9,195
Terrorism prevention	-	12,500	14,685	(2,185)
Total law enforcement and traffic control	\$ 1,634,673	\$ 1,777,736	\$ 1,703,644	\$ 74,092

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 488,200	\$ 547,903	\$ 468,185	\$ 79,718
Ambulance and rescue services	82,500	82,500	82,500	-
Forestry service	11,717	11,717	9,978	1,739
Total fire and rescue services	<u>\$ 582,417</u>	<u>\$ 642,120</u>	<u>\$ 560,663</u>	<u>\$ 81,457</u>
Correction and detention:				
County operated institutions	\$ 195,000	\$ 195,000	\$ 155,862	\$ 39,138
Inspections:				
Building	\$ 94,934	\$ 94,934	\$ 93,746	\$ 1,188
Other protection:				
Animal control	\$ 116,276	\$ 119,463	\$ 119,463	-
Medical examiner (coroner)	1,000	1,000	200	800
Total other protection	<u>\$ 117,276</u>	<u>\$ 120,463</u>	<u>\$ 119,663</u>	<u>\$ 800</u>
Total public safety	<u>\$ 2,624,300</u>	<u>\$ 2,830,253</u>	<u>\$ 2,633,578</u>	<u>\$ 196,675</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,289,394	\$ 1,242,962	\$ 1,183,007	\$ 59,955
Litter control	5,000	5,000	-	5,000
Biosolids	63,768	63,768	59,970	3,798
Total sanitation and waste removal	<u>\$ 1,358,162</u>	<u>\$ 1,311,730</u>	<u>\$ 1,242,977</u>	<u>\$ 68,753</u>
Maintenance of general buildings and grounds:				
General properties	\$ 698,907	\$ 686,907	\$ 621,209	\$ 65,698
Total public works	<u>\$ 2,057,069</u>	<u>\$ 1,998,637</u>	<u>\$ 1,864,186</u>	<u>\$ 134,451</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 165,218	\$ 165,218	\$ 142,300	\$ 22,918
Mental health and mental retardation:				
Chapter X board	\$ 62,643	\$ 62,643	\$ 62,643	-
Welfare:				
Welfare administration and assistance	\$ 2,687,818	\$ 2,687,818	\$ 2,586,826	\$ 100,992
Comprehensive services act	1,201,000	1,201,000	1,035,718	165,282
Other welfare programs	87,366	87,796	87,795	1
Total welfare	<u>\$ 3,976,184</u>	<u>\$ 3,976,614</u>	<u>\$ 3,710,339</u>	<u>\$ 266,275</u>
Total health and welfare	<u>\$ 4,204,045</u>	<u>\$ 4,204,475</u>	<u>\$ 3,915,282</u>	<u>\$ 289,193</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to community college	\$ 12,592	\$ 12,592	\$ 12,592	\$ -
Contribution to County School Board	8,077,457	8,077,457	7,433,982	643,475
Total education	<u>\$ 8,090,049</u>	<u>\$ 8,090,049</u>	<u>\$ 7,446,574</u>	<u>\$ 643,475</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 98,100	\$ 98,100	\$ 98,100	\$ -
Cultural enrichment:				
Museums	\$ 32,500	\$ 61,000	\$ 57,000	\$ 4,000
Contribution to regional library	\$ 152,059	\$ 152,059	\$ 152,059	\$ -
Total parks, recreation, and cultural	<u>\$ 282,659</u>	<u>\$ 311,159</u>	<u>\$ 307,159</u>	<u>\$ 4,000</u>
Community development:				
Planning and community development:				
Planning	\$ 190,217	\$ 190,217	\$ 177,142	\$ 13,075
Community development	44,250	59,250	44,250	15,000
Contribution to Industrial Development Auth.	70,650	874,150	874,150	-
Economic development	176,398	176,697	166,187	10,510
Other economic development	39,817	40,268	40,268	-
Total planning and community development	<u>\$ 521,332</u>	<u>\$ 1,340,582</u>	<u>\$ 1,301,997</u>	<u>\$ 38,585</u>
Environmental management:				
Soil and water conservation	\$ 11,465	\$ 11,465	\$ 11,465	\$ -
Cooperative extension program:				
Cooperative extension program	\$ 62,612	\$ 62,612	\$ 60,447	\$ 2,165
Cannery	44,676	44,676	35,689	8,987
Total cooperative extension program	<u>\$ 107,288</u>	<u>\$ 107,288</u>	<u>\$ 96,136</u>	<u>\$ 11,152</u>
Total community development	<u>\$ 640,085</u>	<u>\$ 1,459,335</u>	<u>\$ 1,409,598</u>	<u>\$ 49,737</u>
Nondepartmental:				
Other nondepartmental	\$ 161,870	\$ 161,870	-	161,870
Total nondepartmental	<u>\$ 161,870</u>	<u>\$ 161,870</u>	<u>\$ -</u>	<u>\$ 161,870</u>
Capital projects:				
Landfill construction	\$ 25,000	\$ 25,000	-	25,000
Sandy River reservoir project	75,000	384,521	95,852	288,669
Farmville - Prince Edward library	-	-	165,081	(165,081)
Morton Museum	91,920	91,920	72,528	19,392
Contribution to Library for Construction	-	-	2,800,000	(2,800,000)
Other capital projects	62,000	965,758	572,948	392,810
Total capital projects	<u>\$ 253,920</u>	<u>\$ 1,467,199</u>	<u>\$ 3,706,409</u>	<u>\$ (2,239,210)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 438,613	\$ 438,613	\$ 438,613	\$ -
Interest and other fiscal charges	309,311	309,311	309,311	-
Total debt service	<u>\$ 747,924</u>	<u>\$ 747,924</u>	<u>\$ 747,924</u>	<u>\$ -</u>
Total General Fund	<u>\$ 22,250,467</u>	<u>\$ 24,686,497</u>	<u>\$ 25,246,763</u>	<u>\$ (560,266)</u>
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 1,000,000	\$ 1,000,000	\$ 204,749	\$ 795,251
Total Landfill Construction Fund	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 204,749</u>	<u>\$ 795,251</u>
Total Capital Projects Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>204,749</u>	<u>795,251</u>
Total Primary Government	<u>\$ 23,250,467</u>	<u>\$ 25,686,497</u>	<u>\$ 25,451,512</u>	<u>\$ 234,985</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 22,106,881	\$ 22,106,881	\$ 21,326,476	\$ 780,405
Administration, attendance, and health	1,590,575	1,590,575	1,518,466	72,109
Pupil transportation services	2,026,900	2,026,900	1,829,422	197,478
Operation and maintenance services	2,045,650	2,045,650	1,993,415	52,235
School food program	10,158	10,158	7,999	2,159
Facilities	185,820	185,820	185,820	-
Total education	<u>\$ 27,965,984</u>	<u>\$ 27,965,984</u>	<u>\$ 26,861,598</u>	<u>\$ 1,104,386</u>
Debt service:				
Principal retirement	\$ 697,368	\$ 697,368	\$ 587,038	\$ 110,330
Interest and other fiscal charges	261,564	261,564	261,564	-
Total debt service	<u>\$ 958,932</u>	<u>\$ 958,932</u>	<u>\$ 848,602</u>	<u>\$ 110,330</u>
Total School Operating Fund	<u>\$ 28,924,916</u>	<u>\$ 28,924,916</u>	<u>\$ 27,710,200</u>	<u>\$ 1,214,716</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,085,800	1,085,800	\$ 1,055,006	\$ 30,794
Total Cafeteria Fund	<u>\$ 1,085,800</u>	<u>\$ 1,085,800</u>	<u>\$ 1,055,006</u>	<u>\$ 30,794</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 630,537	\$ 630,537	\$ 95,892	\$ 534,645
Total School Capital Projects Fund	<u>\$ 630,537</u>	<u>\$ 630,537</u>	<u>\$ 95,892</u>	<u>\$ 534,645</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 30,641,253</u>	<u>\$ 30,641,253</u>	<u>\$ 28,861,098</u>	<u>\$ 1,780,155</u>

Statistical Section

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Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	14-15

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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Net Assets by Component
 Last Seven Fiscal Years
 (accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 1,065,286	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166	\$ 2,339,985	\$ 2,912,203	\$ 2,459,199
Restricted	328,102	383,489	78,102	-	-	-	-
Unrestricted	<u>8,133,619</u>	<u>6,463,558</u>	<u>5,262,386</u>	<u>3,658,083</u>	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,244,595</u>
Total governmental activities net assets	<u>\$ 9,527,007</u>	<u>\$ 8,152,042</u>	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>	<u>\$ 3,703,794</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,482)
Unrestricted	-	-	-	-	-	-	821
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,661)</u>
Primary government							
Invested in capital assets, net of related debt	\$ 1,065,286	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166	\$ 2,339,985	\$ 2,912,203	\$ 2,912,203
Restricted	328,102	383,489	78,102	-	-	-	-
Unrestricted	<u>8,133,619</u>	<u>6,463,558</u>	<u>5,262,386</u>	<u>3,658,083</u>	<u>6,428,310</u>	<u>3,215,901</u>	<u>3,215,901</u>
Total primary government net assets	<u>\$ 9,527,007</u>	<u>\$ 8,152,042</u>	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>	<u>\$ 6,128,104</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government administration	\$ 1,479,482	\$ 1,359,503	\$ 1,542,517	\$ 1,553,538	\$ 1,613,434	\$ 1,888,328	\$ 1,878,951
Judicial administration	1,087,424	1,083,127	1,239,534	1,337,676	1,060,878	1,247,739	1,557,012
Public safety	2,011,592	2,242,895	2,449,038	2,714,749	2,886,070	2,920,779	2,718,405
Public works	1,998,378	2,858,160	2,203,917	2,555,224	2,745,353	4,498,020	2,825,206
Health and welfare	2,408,468	2,889,853	3,343,298	3,331,152	3,699,915	4,009,487	3,948,690
Education	5,729,449	6,076,565	5,920,107	7,571,463	5,517,861	7,558,263	7,039,437
Parks, recreation and cultural	166,063	252,780	189,991	237,633	253,326	1,842,051	3,274,724
Community development	337,413	603,178	458,214	1,237,317	556,620	1,201,635	1,618,525
Interest on long-term debt	702,790	710,252	575,931	556,628	559,142	521,152	701,954
Total governmental activities expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380	\$ 18,892,599	\$ 25,687,454	\$ 25,562,904
Business-type activities:							
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,512
Sewer	-	-	-	-	-	-	29,800
Total business-type activities expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,312
Total primary government expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380	\$ 18,892,599	\$ 25,687,454	\$ 25,624,216
Program Revenues							
Governmental activities:							
Charges for services:							
General government administration	\$ 50,306	\$ 56,590	\$ 51,368	\$ 93,202	\$ 92,490	\$ 100	\$ 100
Judicial administration	102,336	131,772	117,534	92,089	80,026	62,306	79,865
Public safety	4,864	8,515	6,165	2,472	99,282	207,114	161,311
Public works	782,863	774,880	583,083	722,738	740,406	888,006	758,965
Community development	3,015	5,340	6,624	4,680	5,319	12,044	19,396
Operating grants and contributions	3,787,838	4,055,742	4,808,345	4,683,367	4,885,349	5,567,251	5,662,902
Capital grants and contributions	283,683	-	-	-	-	180,000	-
Total governmental activities program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548	\$ 5,902,872	\$ 6,916,821	\$ 6,682,539
Business-type activities:							
Capital grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Total primary government program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548	\$ 5,902,872	\$ 6,916,821	\$ 6,688,539
Net (expense) / revenue							
Governmental activities	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)	\$ (12,989,727)	\$ (18,770,633)	\$ (18,880,365)
Total primary government net expense	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)	\$ (12,989,727)	\$ (18,770,633)	\$ (18,935,677)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 6,180,542	\$ 6,427,034	\$ 6,335,709	\$ 8,197,655	\$ 8,988,258	\$ 9,898,122	\$ 10,338,674
Local sales and use taxes	2,019,229	2,217,895	2,258,289	2,402,247	2,555,696	2,890,586	2,683,336
Taxes on recordation and wills	92,022	106,792	162,805	207,670	276,472	201,608	159,537
Motor vehicle licenses taxes	211,787	224,999	231,477	232,757	223,727	201,203	276,176
Consumer utility taxes	463,849	477,800	474,912	476,527	438,853	344,009	371,824
Other local taxes	130,972	99,681	80,675	86,162	190,653	357,262	324,603
Unrestricted grants and contributions	1,600,560	1,607,274	1,391,668	1,655,009	3,086,888	1,467,887	1,325,103
Unrestricted revenues from use of money and property	454,866	422,119	427,756	493,043	593,476	639,211	450,348
Miscellaneous	176,139	84,915	167,979	45,126	116,470	130,554	451,992
Gain (loss) on disposal of capital assets	129,547	-	-	-	-	-	99,113
Transfers	-	-	-	-	-	-	(24,651)
Total governmental activities	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196	\$ 16,470,493	\$ 16,130,442	\$ 16,456,055
Business-type activities:							
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,651
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,651
Total primary government	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196	\$ 16,470,493	\$ 16,130,442	\$ 16,480,706
Change in Net Assets							
Governmental activities	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)	\$ 3,480,766	\$ (2,640,191)	\$ (2,424,310)
Business-type activities	-	-	-	-	-	-	(30,661)
Total primary government	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)	\$ 3,480,766	\$ (2,640,191)	\$ (2,454,971)

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

Governmental Activities Tax Revenues by Source
 Last Seven Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2009	\$ 10,338,674	\$ 2,683,336	\$ 371,824	\$ 276,176	\$ 159,537	\$ 13,829,547
2008	9,898,122	2,890,586	344,009	201,203	201,608	13,535,528
2007	8,988,258	2,555,696	438,853	223,727	276,472	12,483,006
2006	8,197,655	2,402,247	476,527	232,757	207,670	11,516,856
2005	6,335,709	2,258,289	474,912	231,477	162,805	9,463,192
2004	6,427,034	2,217,895	477,800	224,999	106,792	9,454,520
2003	6,180,542	2,019,229	463,849	211,787	92,022	8,967,429

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund					
Reserved	\$ 100,000	\$ -	\$ 78,096	\$ 328,102	\$ 383,489
Unreserved	<u>7,124,015</u>	<u>7,308,688</u>	<u>7,317,871</u>	<u>7,293,997</u>	<u>5,509,187</u>
Total general fund	<u>\$ 7,224,015</u>	<u>\$ 7,308,688</u>	<u>\$ 7,395,967</u>	<u>\$ 7,622,099</u>	<u>\$ 5,892,676</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Capital projects funds	<u>230,124</u>	<u>755,996</u>	<u>1,190,891</u>	<u>1,622,573</u>	<u>1,649,621</u>
Total all other governmental funds	<u>\$ 230,124</u>	<u>\$ 755,996</u>	<u>\$ 1,190,891</u>	<u>\$ 1,622,573</u>	<u>\$ 1,649,621</u>

Table 4

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 78,102	\$ -	\$ 8,074	\$ 11,486	\$ 12,078
<u>5,119,772</u>	<u>6,009,170</u>	<u>8,765,971</u>	<u>8,788,927</u>	<u>9,207,233</u>
<u>\$ 5,197,874</u>	<u>\$ 6,009,170</u>	<u>\$ 8,774,045</u>	<u>\$ 8,800,413</u>	<u>\$ 9,219,311</u>
\$ -	\$ -	\$ 61,153	\$ 174,097	\$ 289,712
<u>806,100</u>	<u>129,375</u>	<u>425,644</u>	<u>77,047</u>	<u>377,012</u>
<u>\$ 806,100</u>	<u>\$ 129,375</u>	<u>\$ 486,797</u>	<u>\$ 251,144</u>	<u>\$ 666,724</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2000	2001	2002	2003
Revenues				
General property taxes	\$ 6,181,484	\$ 6,225,800	\$ 6,079,463	\$ 6,054,082
Other local taxes	2,725,219	2,808,137	2,808,410	2,917,859
Permits, privilege fees and regulatory licenses	36,715	48,966	63,239	50,306
Fines and forfeitures	2,839	2,107	15,312	79,411
Revenue from use of money and property	728,023	764,259	598,207	454,866
Charges for services	742,648	810,167	807,846	813,667
Miscellaneous	36,433	67,092	34,931	176,139
Recovered costs	26,325	28,225	28,050	900
Intergovernmental:				
Commonwealth	3,318,253	4,218,447	4,344,252	4,720,867
Federal	1,712,830	1,612,154	1,019,173	951,214
Total revenues	\$ 15,510,769	\$ 16,585,354	\$ 15,798,883	\$ 16,219,311
Expenditures				
General government administration	\$ 868,925	\$ 920,519	\$ 1,078,789	\$ 1,110,602
Judicial administration	912,225	1,049,819	1,046,627	1,084,838
Public safety	1,564,451	1,863,432	2,271,557	2,056,274
Public works	1,102,156	1,235,853	1,230,497	1,318,370
Health and welfare	2,156,344	2,371,188	2,250,466	2,386,741
Education	4,682	4,961	5,215	6,157,120
Parks, recreation and cultural	110,714	122,040	157,526	166,063
Community development	304,915	356,377	321,141	339,302
Capital projects	3,170,906	1,616,236	368,481	296,641
Nondepartmental	-	-	-	-
Debt service				
Principal	188,218	316,773	527,039	531,491
Interest and other fiscal charges	224,328	504,319	351,881	339,055
Total expenditures	\$ 10,607,864	\$ 10,361,517	\$ 9,609,219	\$ 15,786,497
Excess of revenues over (under) expenditures	\$ 4,902,905	\$ 6,223,837	\$ 6,189,664	\$ 432,814
Other financing sources (uses)				
Transfers in	\$ 1,022,629	\$ 590,148	\$ 14,000	\$ 13,625
Transfers out	(6,294,007)	(6,284,859)	(5,985,525)	(13,625)
Issuance of debt	-	-	304,035	225,000
Total other financing sources (uses)	\$ (5,271,378)	\$ (5,613,292)	\$ (5,667,490)	\$ 225,000
Net change in fund balances	\$ (368,473)	\$ 610,545	\$ 522,174	\$ 657,814
Debt service as a percentage of noncapital expenditures	5.55%	9.39%	9.51%	5.62%

Note: Does not include discretely presented component unit.

Table 5

	2004	2005	2006	2007	2008	2009
\$	6,330,673	\$ 6,386,661	\$ 8,201,124	\$ 8,781,315	\$ 9,869,179	\$ 10,097,051
	3,127,167	3,208,158	3,405,363	3,672,974	3,994,668	3,815,476
	56,590	51,368	93,202	107,344	100,805	106,200
	107,077	85,142	59,473	46,112	29,824	44,006
	422,119	427,756	493,044	593,477	639,211	450,348
	813,430	628,264	762,506	818,345	985,037	869,431
	84,915	167,979	45,126	1,674,879	201,265	1,041,105
	46,437	44,837	60,363	51,218	236,973	99,018
	4,403,526	5,043,573	5,171,085	5,079,154	5,744,492	5,674,148
	1,259,490	1,156,441	1,190,522	1,392,823	1,290,645	1,313,858
\$	<u>16,651,424</u>	<u>\$ 17,200,179</u>	<u>\$ 19,481,808</u>	<u>\$ 22,217,641</u>	<u>\$ 23,092,099</u>	<u>\$ 23,510,641</u>
\$	1,136,088	\$ 1,243,224	\$ 1,238,135	\$ 1,416,441	\$ 1,626,034	\$ 1,620,699
	1,091,812	1,266,333	1,404,563	1,084,329	1,178,889	1,382,779
	2,252,676	2,343,621	2,651,956	2,815,986	3,020,666	2,846,153
	1,958,893	1,582,784	1,688,418	1,723,931	2,033,140	1,864,186
	2,872,126	3,356,131	3,377,252	3,714,420	4,061,932	3,915,282
	6,433,828	6,270,528	6,600,608	6,669,651	7,749,894	7,446,574
	252,780	189,991	237,633	243,368	230,159	307,159
	600,203	455,360	449,727	501,123	1,018,825	1,409,598
	893,222	1,381,092	1,062,351	324,432	1,675,064	3,911,158
	-	-	-	-	1,517	-
	540,477	339,822	330,766	323,958	431,078	438,613
	321,694	309,616	305,828	277,705	274,186	309,311
\$	<u>18,353,799</u>	<u>\$ 18,738,502</u>	<u>\$ 19,347,237</u>	<u>\$ 19,095,344</u>	<u>\$ 23,301,384</u>	<u>\$ 25,451,512</u>
\$	<u>(1,702,375)</u>	<u>\$ (1,538,323)</u>	<u>\$ 134,571</u>	<u>\$ 3,122,297</u>	<u>\$ (209,285)</u>	<u>\$ (1,940,871)</u>
\$	13,250	\$ 11,163	\$ -	\$ 60,425	\$ 310,153	\$ 332,153
	(13,250)	(11,163)	-	(60,425)	(310,153)	(356,804)
	-	-	-	-	-	2,800,000
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,775,349</u>
\$	<u>(1,702,375)</u>	<u>\$ (1,538,323)</u>	<u>\$ 134,571</u>	<u>\$ 3,122,297</u>	<u>\$ (209,285)</u>	<u>\$ 834,478</u>
	4.94%	3.74%	3.48%	3.21%	3.17%	3.06%

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General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Communication Taxes (1)	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Gross Receipts Tax	Total
2009	\$ 10,097,051	\$ 2,683,336	\$ 324,603	\$ 306,766	\$ 276,176	\$ 159,537	\$ -	\$ 65,058	\$ 13,912,527
2008	9,869,179	2,890,586	357,262	281,464	201,203	201,608	-	-	13,801,302
2007	8,781,315	2,555,696	153,199	382,290	223,727	276,472	19,542	-	12,392,241
2006	8,201,124	2,402,247	-	476,527	232,757	207,670	33,792	-	11,554,117
2005	6,386,661	2,258,289	-	474,912	231,477	162,805	31,204	-	9,545,348
2004	6,330,673	2,217,895	-	477,800	224,999	106,792	47,294	-	9,405,453
2003	6,054,082	2,019,229	-	463,849	211,787	92,022	66,620	-	8,907,589
2002	6,079,463	1,958,214	-	442,177	211,526	73,902	66,361	-	8,831,643
2001	6,225,800	1,964,305	-	459,177	203,715	51,470	59,556	-	8,964,023
2000	6,181,484	1,921,675	-	399,263	200,028	69,115	67,964	-	8,839,529

(1) Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commnowealth representing the respective share of the communication taxes.

COUNTY OF PRINCE EDWARD, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2009	\$ 1,042,385,745	\$ 104,258,239	\$ 12,209,314	\$ 879,950
2008	1,068,933,045	94,814,825	12,224,444	1,058,750
2007	1,024,107,050	93,758,150	11,698,180	1,714,300
2006	997,370,300	89,093,880	11,629,405	1,653,500
2005	959,147,690	78,767,055	12,733,114	4,208,100
2004	946,718,690	81,415,295	12,963,864	4,890,600
2003	670,116,679	78,911,086	11,803,479	4,580,050
2002	645,903,795	78,059,631	11,688,459	6,770,400
2001	624,380,855	73,982,080	11,349,709	4,098,050
2000	609,563,039	70,405,410	10,286,359	4,130,000

(1) Real estate and personal property are assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Source: Commissioner of Revenue

Table 7

	Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	50,551,200	\$ 43,708,760	\$ 1,253,993,208	\$ 1,253,993,208	100.00%
	64,869,815	46,056,568	1,287,957,447	1,287,957,447	100.00%
	62,842,849	47,870,560	1,241,991,089	1,241,991,089	100.00%
	52,094,300	58,424,956	1,204,266,341	1,204,266,341	100.00%
	49,215,525	59,024,452	1,163,095,936	1,163,095,936	100.00%
	49,462,150	64,434,722	1,159,885,321	1,159,885,321	100.00%
	42,548,400	48,985,337	856,945,031	856,945,031	100.00%
	50,320,367	49,153,652	841,896,304	841,896,304	100.00%
	45,769,680	50,063,311	809,643,685	809,643,685	100.00%
	41,799,024	48,340,775	784,524,607	784,524,607	100.00%

Property Tax Rates (1)
 Direct Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2009	\$ 0.57	\$ 4.50	\$ 0.57	\$ 4.20	\$ 0.70
2008	0.57	4.50	0.57	4.20	0.70
2007	0.50	4.20	0.50	4.20	0.70
2006	0.50	4.20	0.50	4.20	0.70
2005	0.43	3.20	0.43	3.20	0.70
2004	0.43	3.20	0.43	3.20	0.70
2003	0.59	3.20	0.59	3.20	0.70
2002	0.59	3.20	0.59	3.20	0.70
2001	0.59	3.20	0.59	3.20	0.70
2000	0.59	3.20	0.59	3.20	0.70

(1) Per \$100 of assessed value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2009	\$ 11,332,401	\$ 10,896,001	96.15%	\$ 279,186	\$ 11,175,187	98.61%	\$ 1,208,244	10.66%
2008	11,278,872	10,651,203	94.44%	277,008	10,928,211	96.89%	730,041	6.47%
2007	9,946,229	9,704,342	97.57%	215,446	9,919,788	99.73%	669,701	6.73%
2006	9,565,060	9,100,303	95.14%	316,083	9,416,386	98.45%	572,612	5.99%
2005	7,479,811	7,186,612	96.08%	271,698	7,458,310	99.71%	317,312	4.24%
2004	7,543,391	7,205,591	95.52%	238,777	7,444,368	98.69%	388,357	5.15%
2003	7,329,472	6,954,555	94.88%	355,504	7,310,059	99.74%	370,848	5.06%
2002	7,174,125	6,774,216	94.43%	303,613	7,077,829	98.66%	449,036	6.26%
2001	6,883,157	6,444,453	93.63%	342,510	6,786,963	98.60%	514,308	7.47%
2000	6,601,752	6,217,665	94.18%	244,690	6,462,355	97.89%	545,294	8.26%

(1) Exclusive of penalties and interest.

(2) Includes twenty years real estate and four years personal property taxes.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2009		Fiscal Year 2000	
	2008 Assessed Valuation	% of Total Assessed Valuation	1999 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$ 3,118,900	0.25%	\$ 962,500	N/A
Southside Community Nursing	1,283,700	0.10%	5,562,700	N/A
Statewide Realty Co.	955,900	0.08%	1,821,300	N/A
Southgate Associates II	4,733,200	0.39%	4,130,600	N/A
Wright, Shelton	2,001,200	0.17%	1,045,300	N/A
Davis, Clyde J.	4,152,200	0.36%	3,360,400	N/A
Garnett, James	1,493,400	0.17%	1,222,500	N/A
Landon G. Atkins Revocable Trust	793,700	0.09%	442,500	N/A
Longwood Village Shopping Center	6,832,300	0.84%	7,076,700	N/A
Farmville Partners, LLC	4,778,400	0.61%	3,567,900	N/A
	<u>\$ 30,142,900</u>	<u>3.07%</u>	<u>\$ 29,192,400</u>	<u>N/A</u>

Note: Information regarding total assessment for 1999 is unavailable.

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases	Other Notes/Bonds			
2009	\$ 6,426,063	\$ -	\$ 8,552,832	\$ -	\$ 1,281,482	\$ 16,260,377	4.01%	745
2008	7,890,333	52,500	5,296,677	-	-	13,239,510	3.49%	623
2007	8,654,633	105,000	4,036,409	-	-	12,796,042	3.37%	614
2006	9,380,224	157,500	2,444,551	-	-	11,982,275	4.44%	587
2005	9,105,504	210,000	1,764,512	13,536	-	11,093,552	3.01%	581
2004	9,852,024	262,500	1,850,708	30,819	-	11,996,051	3.48%	615
2003	10,614,315	315,000	1,933,824	47,265	-	12,910,404	3.82%	659
2002	11,390,182	458,300	2,010,352	62,916	-	13,921,750	4.14%	706
2001	12,171,702	601,600	2,093,547	77,810	-	14,944,659	4.66%	747
2000	12,975,808	744,900	2,166,349	-	-	15,887,057	5.19%	786

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2009	\$ 12,049,678	\$ 301,790	\$ 11,747,888	0.94%	538
2008	10,059,690	174,097	9,885,593	0.77%	453
2007	10,876,490	69,227	10,807,263	0.87%	508
2006	11,982,275	-	11,982,275	0.96%	575
2005	11,080,017	-	11,080,017	0.95%	580
2004	11,965,235	-	11,965,235	1.03%	614
2003	13,540,048	-	13,540,048	1.58%	691
2002	14,768,495	-	14,768,495	1.75%	749
2001	15,394,882	-	15,394,882	1.90%	770
2000	16,440,224	-	16,440,224	2.10%	814

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, and Literary Fund Loans; excludes revenue bonds, capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment	Unemployment Rate
2009	21,823	\$ 405,000,000	\$ 19,228	31.9	2,482	10.30%
2008	21,254	379,316,000	18,557	31.9	2,548	6.20%
2007	20,846	379,316,000	18,557	31.9	2,577	5.20%
2006	19,100	368,157,000	17,971	31.5	2,621	5.20%
2005	19,500	344,234,000	17,653	31.5	2,617	3.90%
2004	19,600	338,059,000	17,248	31.5	2,624	3.40%
2003	19,720	336,641,000	17,071	31.9	2,616	4.00%
2002	20,000	320,610,000	16,031	31.9	2,649	5.80%
2001	20,200	306,255,000	15,161	31.9	2,669	5.90%
2000	19,900	293,412,000	14,744	31.9	2,720	5.40%

Source: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

(1) Information is not updated annually

COUNTY OF PRINCE EDWARD, VIRGINIA

Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004
General government	17.0	18.0	18.0	18.0	18.0
Judicial administration	18.0	19.0	19.0	18.0	19.0
Public safety					
Sheriffs department	22.0	24.0	22.0	25.0	25.0
Animal control	1.0	1.0	1.0	1.0	2.0
Building official	-	-	-	-	-
Public works					
General maintenance	6.0	7.0	7.0	7.0	7.0
Refuse Collection & Disposal	1.0	2.0	2.0	2.0	2.0
Biosolids	-	-	-	-	-
Health and welfare					
Department of social services	31.0	29.0	30.0	32.0	31.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development	1.0	1.0	1.0	-	1.0
Planning	1.0	1.0	1.0	1.0	1.0
Economic Development	-	-	-	-	1.0
Cannery	-	-	-	-	1.5
Extension	1.0	1.0	1.0	1.0	-
Totals	99.0	103.0	102.0	105.0	108.5

Source: Individual County departments

Table 14

2005	2006	2007	2008	2009
18.0	19.0	17.0	17.0	17.0
21.0	23.0	25.0	25.0	25.0
25.0	26.0	30.5	30.5	30.5
2.0	2.0	2.0	2.0	2.0
-	-	2.0	2.0	2.0
7.0	7.0	7.5	7.5	7.5
2.0	2.0	15.5	15.5	15.5
-	-	1.0	1.0	1.0
30.0	31.0	31.0	31.0	31.0
-	-	-	-	-
1.0	1.0	-	-	-
1.0	1.0	2.0	2.0	2.0
1.0	1.0	1.5	2.0	2.0
1.5	1.5	1.5	1.5	1.5
-	-	1.0	1.0	1.0
<u>109.5</u>	<u>114.5</u>	<u>137.5</u>	<u>138.0</u>	<u>138.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2000	2001	2002	2003	2004
Public safety					
Sheriffs department:					
Physical arrests	-	-	-	-	628.0
Civil papers	-	-	-	-	13,894.0
Building inspections:					
Permits issued (2)	416.0	352.0	386.0	301.0	360.0
Public works					
Landfill:					
Refuse collected (tons/day)	74.2	80.1	78.3	80.6	90.0
Recycling (tons/day)	5.6	5.4	5.1	4.3	9.3
Health and welfare					
Department of Social Services:					
Caseload	-	-	-	3,835.0	4,735.0
Community development					
Planning:					
Zoning permits issued	-	-	-	-	-
Component Unit - School Board					
Education:					
Number of teachers	206.0	213.0	216.0	212.0	211.0
Local expenditures per pupil	-	-	-	-	-

Source: Individual County departments

(1) Information has been reported where available.

(2) The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2005	2006	2007	2008	2009
825.0	1,167.0	1,127.0	1,629.0	2,164.0
9,982.0	9,660.0	9,700.0	7,718.0	9,890.0
322.0	430.0	416.0	558.0	784.0
70.5	76.9	91.0	89.0	80.0
10.3	12.0	11.0	9.0	13.0
5,194.0	5,114.0	5,298.0	7,065.0	8,100.0
266.0	246.0	242.0	194.0	119.0
232.0	238.0	229.5	235.7	228.0
-	2,506.2	2,623.0	2,840.0	2,718.0

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Compliance

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the Board of Supervisors
County of Prince Edward, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Prince Edward, Virginia's basic financial statements and have issued our report thereon, dated December 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Prince Edward, 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 Prince Edward, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Prince Edward, Virginia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Prince Edward, 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*.

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

Charlottesville, Virginia
December 1, 2009

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Honorable Members of the Board of Supervisors
County of Prince Edward, Virginia

Compliance

We have audited the compliance of the County of Prince Edward, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. County of Prince Edward'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 County of Prince Edward's management. Our responsibility is to express an opinion on County of Prince Edward'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 County of Prince Edward'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 County of Prince Edward's compliance with those requirements.

In our opinion, County of Prince Edward, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of County of Prince Edward, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Prince Edward's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Charlottesville, Virginia
December 1, 2009

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting safe and stable families	93.556	\$ 15,350
Temporary assistance to needy families (TANF)	93.558	239,430
Refugee and entrant assistance - state administered programs	93.566	431
Low-income home energy assistance	93.568	12,962
Child care and development block grant	93.575	116,594
Child care mandatory and matching funds of the child care and development fund	93.596	92,994
Chafee education and training vouchers program	93.599	1,680
Adoption incentive payments program	93.603	1,698
Child welfare services - state grants	93.645	1,037
Foster care - Title IV-E	93.658	150,231
Foster care - Title IV-E - ARRA	93.658	9,172
Adoption assistance	93.659	35,522
Adoption assistance - ARRA	93.659	2,940
Social services block grant	93.667	85,588
Chafee foster care independence program	93.674	4,177
Child care and development block grant - ARRA	93.713	1,867
Children's health insurance program	93.767	20,107
Medical assistance program (Title XIX)	93.778	<u>179,155</u>
Total Department of Health and Human Services		<u>\$ 970,935</u>
Department of Homeland Security		
Pass Through Payments:		
Department of Homeland Security:		
State homeland security program	97.004	-
Emergency management performance grant	97.073	\$ 12,500
	97.042	<u>9,436</u>
Total Department of Homeland Security		<u>\$ 21,936</u>
Pass Through Payments:		
Department of Agriculture:		
Food distribution	10.555	\$ 6,005
Summer food service program for children	10.559	62,436
Department of Education:		
National school breakfast program	10.553	149,626
National school lunch program	10.555	569,751
Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	<u>283,247</u>
Total Department of Agriculture		<u>\$ 1,071,065</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of the Defense:		
Direct payments:		
JROTC	12.000	\$ 58,909
Total Department of Housing and Urban Development		\$ 58,909
Department of the Interior:		
Direct payments:		
Bureau of Land Management: Payments inLieu of Taxes	15.226	\$ 18,003
Total Department of the Interior		\$ 18,003
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services: Bulletproof vest partnership	16.607	\$ 1,600
Forfeited assets	16.000	200
Total Department of Justice		\$ 1,800
Department of Transportation:		
Pass through payments:		
National Highway Traffic Safety Administration (NHTSA): Alcohol open container requirements	20.607	\$ 17,937
Total Department of Transportation - pass-through		\$ 17,937
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Grants to local educational agencies	84.010	\$ 637,494
Special education grants to states	84.027	674,896
Special education - preschool grants	84.173	19,986
Safe and Drug-free schools and communities	84.186	16,107
Educational technology state grants	84.318	15,939
Title I program for neglected and delinquent children	84.013	16,867
State garnts for innovative programs	84.298	151
Reading first state grants	84.357	367,529
Rural education	84.358	47,297
Improving teacher quality state grant	84.367	119,231
Total Department of Education		\$ 1,915,497
Total Federal Assistance		\$ 4,076,082

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Prince Edward, Virginia. The County's reporting entity is defined in note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ <u>1,313,858</u>
Total primary government	\$ <u>1,313,858</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,974,406
School Cafeteria Fund	<u>787,818</u>

Total component unit public schools	\$ <u>2,762,224</u>
Total federal expenditures per basic financial statements	\$ <u>4,076,082</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,076,082</u></u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
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Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.357	Reading First
10.553/10.555	School Nutrition Cluster
93.575/93.596/93.713	Child Care and Development Cluster
93.658	Foster Care - Title IV-E/ARRA

Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Federal Award Findings and Questioned Costs

There are no prior year federal award findings and questioned costs to report.