

COUNTY OF PRINCE EDWARD, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

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

Mattie P. Wiley
James R. Wilck
Howard M. Campbell

Robert M. Jones
Don C. Gantt, Jr.
Charles W. McKay

Board of Social Services

Karen M. Schinabeck, Chairman
Howard F. Simpson, Vice-Chairman
Lamay S. Walker
S. Garlan Carmichael
Zachary Jackson

County School Board

Russell L. Dove, Chairman

Dr. Ellery Sedgwick
Thomas M. Tillerson
Dr. Osa S. Dowdy

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

Leslie M. Osborn
Machelle J. Eppes
Robert G. Woodson, Jr.
Marvin H. Dunkum, Jr.
James R. Ennis
Beverly M. Booth
Mable H. Shanaberger
Travis D. Harris, Jr.
Dr. K. David Smith
Roma R. Morris
Wade Bartlett

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2011

Table of Contents

	<u>Page</u>
FINANCIAL SECTION:	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	13
Exhibit 2 Statement of Activities	14-15
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	16
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	18
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Exhibit 7 Statement of Fund Net Assets—Proprietary Funds	20
Exhibit 8 Statement of Revenues, Expenses and Changes in Fund Net Assets—Proprietary Funds	21
Exhibit 9 Statement of Cash Flows—Proprietary Funds	22
Exhibit 10 Statement of Fiduciary Net Assets—Fiduciary Funds	23
Notes to Financial Statements	24-54
<u>Required Supplementary Information</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	55
Exhibit 12 Schedule of Funding Progress for the Virginia Retirement System	56
Exhibit 13 Schedule of Funding Progress for Other Post-Employment Benefits	57

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2011

Table of Contents (Continued)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 14 Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Fund	58
Exhibit 15 Balance Sheet—Nonmajor Governmental Funds	59
Exhibit 16 Statement of Revenues, Expenditures and Changes in Fund Balances—Non-major Governmental Funds—Capital Projects	60
Exhibit 17 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Capital Projects Funds	61
Exhibit 18 Combining Statement of Fiduciary Net Assets—Fiduciary Funds	62
Exhibit 19 Combining Statement of Changes in Fiduciary Assets and Liabilities— Agency Funds	63
Exhibit 20 Combining Balance Sheet—Discretely Presented Component Unit—School Board	64
Exhibit 21 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Discretely Presented Component Unit-School Board	65
Exhibit 22 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit— School Board	66-67
<u>Supporting Schedules:</u>	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	68-73
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Funds	74-77

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2011

Table of Contents (Continued)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Statistical Section:</u>	
Table 1	Net Assets by Component 78-79
Table 2	Changes in Net Assets 80-81
Table 3	Governmental Activities Tax Revenues by Source 82
Table 4	Fund Balances of Governmental Funds 83-84
Table 5	Changes in Fund Balances of Governmental Funds 85-86
Table 6	General Governmental Tax Revenues by Source 87
Table 7	Assessed Value and Estimated Actual Value of Taxable Property 88-89
Table 8	Property Tax Rates 90
Table 9	Property Tax Levies and Collections 91
Table 10	Principal Property Taxpayers 92
Table 11	Ratios of Outstanding Debt by Types 93
Table 12	Ratio of Net General Debt to Assessed Value and Net Bonded Debt per Capita 94
Table 13	Demographic and Economic Statistics 95
Table 14	Full-time Equivalent Government Employees by Function 96-97
Table 15	Operating Indicators by Function 98-99
COMPLIANCE AND OTHER MATTERS:	
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100-101
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	102-103
Schedule of Expenditures of Federal Awards	104-105
Notes to Schedule Expenditures of Federal Awards	106
Schedule of Findings and Questioned Costs	107

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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Prince Edward'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 *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. 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, 2011, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, 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 should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince Edward, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual non major fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia
December 23, 2011

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, 2011. 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's Primary Governmental accounts exceeded its liabilities at the close of the most recent fiscal year by \$7,208,239 (total net assets). This was an increase of \$1,449,254 or 25% compared to the ending amount of \$5,758,985 on June 30, 2010. This increase was primarily due to an increase in cash and cash equivalents of \$896,245, an increase in note receivables of \$839,361, an increase in taxes receivable of \$360,719, and an increase in Construction in progress in the business-type activities of \$928,764. \$4,143,277 of the Net Assets are unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

The Governmental activities net assets were \$6,675,119 of the County's total, an increase of \$2,602,101 or 63.9% in comparison with net assets of \$5,057,494 at June 30, 2010. Cash and cash equivalents for the Governmental Activities increased from \$8,329,117 in FY10 to \$9,070,194 at the end of FY11. This is an increase of \$741,082 or 8.9%.

- The School Board's assets exceeded its liabilities by \$10,550,004 a decrease of \$213,587 when compared to the amount on June 30, 2010. However, \$10,273,136 of this amount reflects the School Board's net investment in capital assets leaving \$276,868 in unrestricted assets available to meet ongoing obligations. This is an increase of \$89,387 or 47.7% 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. Business-Type Activities Net Assets were \$533,120 which was a decrease of \$168,371. Unrestricted net assets of Business-Type Activities increased \$202,505 during the year ending with a positive balance of \$52,852 on June 30, 2011 as compared with a deficit of \$149,653 on June 30, 2010.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues exceeded expenditures by \$1,248,451 (Exhibit 5) after making direct contributions totaling \$7,941,250 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$11,071,615 which is an increase of \$1,248,451 or 12.7% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$9,603,023 or 43% of total general fund expenditures excluding capital projects.
- The combined long-term Governmental obligations decreased \$1,034,516 during the current fiscal year. Details of this increase can be found under the long-term debt section of the management discussion and analysis and 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 primarily by taxes, state and federal grants.
2. **Business-Type Activities** - The County has two business-type activities: Water and Sewer. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
3. **Component Unit** - The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. 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.

Overview of the Financial Statements: (Continued)

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 eighteen and nineteen.

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.

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 FY2011, assets exceeded liabilities by \$7,208,239 at the close of the fiscal year as presented in the Table below. This was an increase of \$2,433,430 or 51% over the FY2010 ending amount of \$5,758,985.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Assets For the Years Ended June 30, 2011 and 2010

	Governmental Activities (1)		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 13,552,338	\$ 11,012,506	\$ 166,540	\$ 11,377	\$ 13,718,878	\$ 11,023,883
Capital assets	11,136,604	12,011,133	4,230,268	3,351,144	15,366,872	15,362,277
Total assets	<u>\$ 24,688,942</u>	<u>\$ 23,023,639</u>	<u>\$ 4,396,808</u>	<u>\$ 3,362,521</u>	<u>\$ 29,085,750</u>	<u>\$ 26,386,160</u>
Long-term liabilities outstanding	\$ 17,391,285	\$ 18,426,791	\$ 3,750,000	\$ 2,500,000	\$ 21,141,285	\$ 20,926,791
Current liabilities	622,538	523,830	113,688	161,030	736,226	684,860
Total liabilities	<u>\$ 18,013,823</u>	<u>\$ 18,950,621</u>	<u>\$ 3,863,688</u>	<u>\$ 2,661,030</u>	<u>\$ 21,877,511</u>	<u>\$ 21,611,651</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 2,584,694	\$ 2,534,819	\$ 480,268	\$ 851,144	\$ 3,064,962	\$ 3,385,963
Unrestricted	4,090,425	1,538,199	52,852	(149,653)	4,143,277	1,388,546
Total net assets	<u>\$ 6,675,119</u>	<u>\$ 4,073,018</u>	<u>\$ 533,120</u>	<u>\$ 701,491</u>	<u>\$ 7,208,239</u>	<u>\$ 4,774,509</u>

(1) The information presented for current and other assets and current liabilities does not agree to the figures reported on Exhibit 1. The Auditor of Public Accounts required the tax amount assessed on January 1, 2010 but not due until December 5, 2011 to be reported as a receivable, artificially inflating the asset (taxes receivable) and liability (deferred revenue) totals.

At the end of FY2011, the County's investment in capital assets, net of related debt is \$3,064,962. 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 \$4,136,582 may be used to meet the government's ongoing obligations. While the unrestricted net asset amount is approximately \$4.1 million Prince Edward County has more than \$9.2 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net asset amount.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased Prince Edward County's net assets by \$1,617,625. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$1,630,813 and expenses increased \$1,052,932. The net effect was an increase in net assets of \$1,617,625.

County of Prince Edward, Virginia

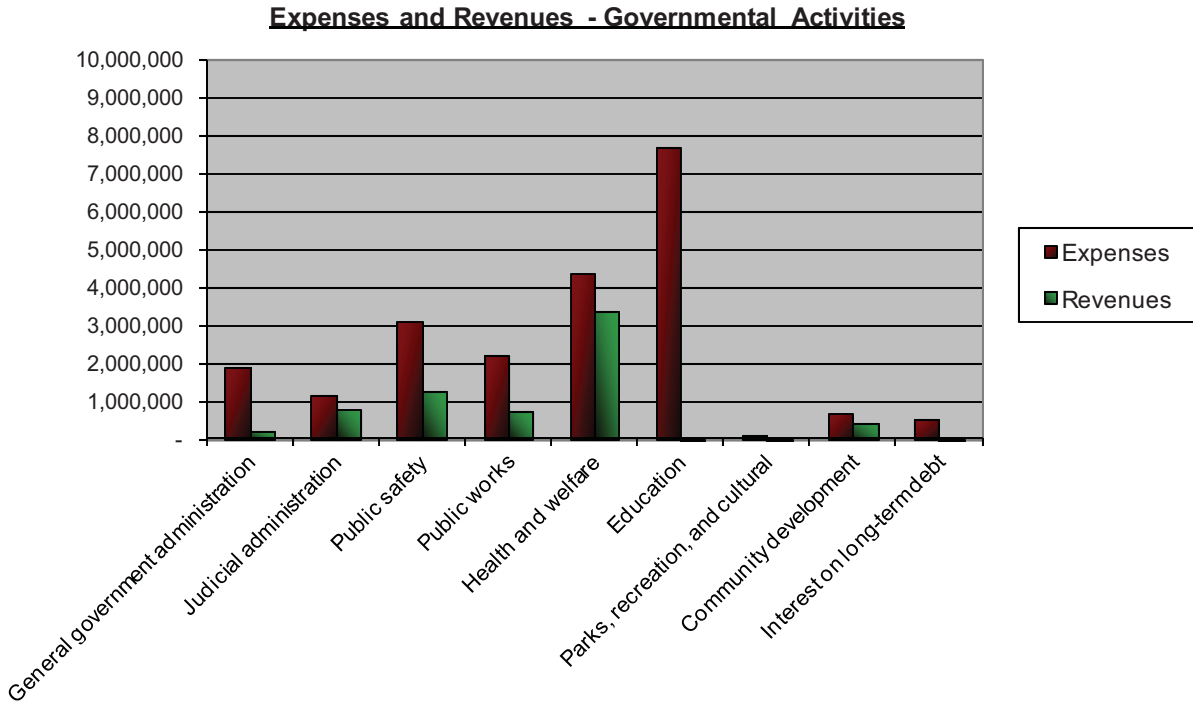
Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 916,236	\$ 973,851	\$ 3,703	\$ 9,002	\$ 919,939	\$ 982,853
Operating grants and contributions	5,217,595	5,272,050	-	-	5,217,595	5,272,050
Capital grants and contributions	668,002	-	18,000	21,750	686,002	21,750
General revenues:						
General property taxes	10,796,720	9,925,117	-	-	10,796,720	9,925,117
Other local taxes	3,519,926	3,349,561	-	-	3,519,926	3,349,561
Commonwealth non-categorical aid	1,664,644	1,619,326	-	-	1,664,644	1,619,326
Other general revenues	544,258	556,663	-	250	544,258	556,913
Total revenues	\$ 23,327,381	\$ 21,696,568	\$ 21,703	\$ 31,002	\$ 23,349,084	\$ 21,727,570
Expenses:						
General government administration	\$ 1,869,443	\$ 1,795,153	\$ -	\$ -	\$ 1,869,443	\$ 1,795,153
Judicial administration	1,147,492	1,175,955	-	-	1,147,492	1,175,955
Public safety	3,118,622	2,910,454	-	-	3,118,622	2,910,454
Public works	2,228,299	2,105,782	-	-	2,228,299	2,105,782
Health and welfare	4,382,927	3,894,723	-	-	4,382,927	3,894,723
Education	7,695,814	7,082,604	-	-	7,695,814	7,082,604
Parks, recreation, and cultural	94,271	293,485	-	-	94,271	293,485
Community development	658,469	721,676	-	-	658,469	721,676
Interest on long-term debt	514,419	676,992	-	-	514,419	676,992
Water fund	-	-	127,189	69,875	127,189	69,875
Sewer fund	-	-	62,885	83,078	62,885	83,078
Total expenses	\$ 21,709,756	\$ 20,656,824	\$ 190,074	\$ 152,953	\$ 21,899,830	\$ 20,809,777
Transfers	\$ -	\$ (854,103)	\$ -	\$ 854,103	\$ -	\$ -
Increase (decrease) in net assets	\$ 1,617,625	\$ 185,641	\$ (168,371)	\$ 732,152	\$ 1,449,254	\$ 917,793
Net assets-beginning (adjusted)	5,057,494	3,887,377	701,491	(30,661)	5,758,985	3,856,716
Net assets - ending	\$ 6,675,119	\$ 4,073,018	\$ 533,120	\$ 701,491	\$ 7,208,239	\$ 4,774,509

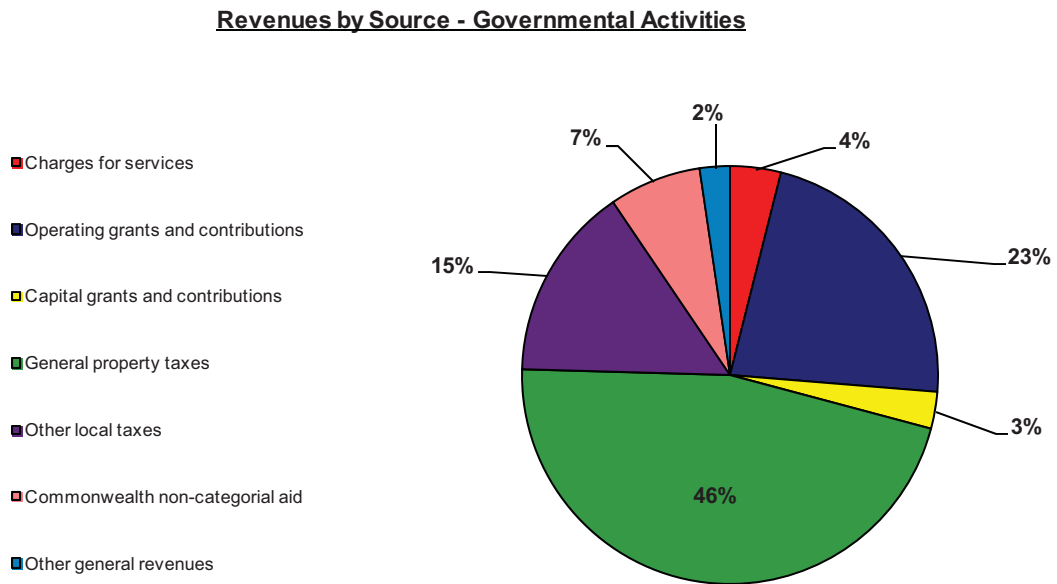
Revenues from governmental activities totaled \$23,327,381 with general property taxes (46.3%), operating grants and contributions (22.4%), and other local taxes (15.1%) comprising 83.8% of the County's revenues. Expenses for education (35.4%), health and welfare (20.2%), public safety (14.4%) and, public works (10.3%) account for 80.3% of total governmental expenses of \$21,709,756.

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 \$168,371.

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 \$11,071,615 an increase of \$1,248,451 when compared to the prior year. Approximately 87 percent (\$9,603,023) of the combined governmental fund balance is unreserved. The remaining 14% (\$1,468,592) of the combined fund balance is reserved to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$9,070,196 comprise 82% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$741,079 or 8.9%.

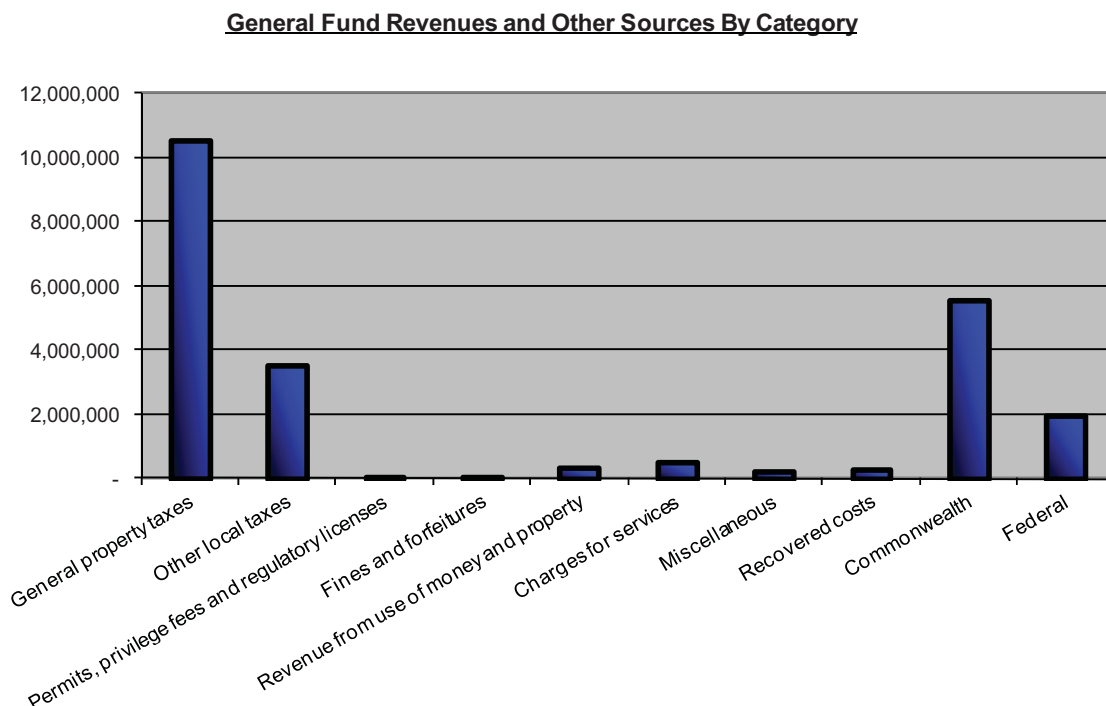
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2011 of \$9,617,321. This is an increase from the prior year of \$841,855 and was mainly the result of an increase in cash and cash equivalents of \$441,000 and an increase in taxes receivable of \$360,719. Total revenues in the General Fund increased by \$1,645,267 from the previous fiscal year. Local revenues increased \$986,402, revenues from the Commonwealth increased by \$161,257 and revenues from the Federal Government increased by \$497,608.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 20, 2011 the Landfill Construction Fund had a fund balance of \$898,059 an increase of \$285,354. This increase was the result of an increase in cash and cash equivalents as revenues exceeded expenses.

As a measure of the General Funds liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 44.4% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

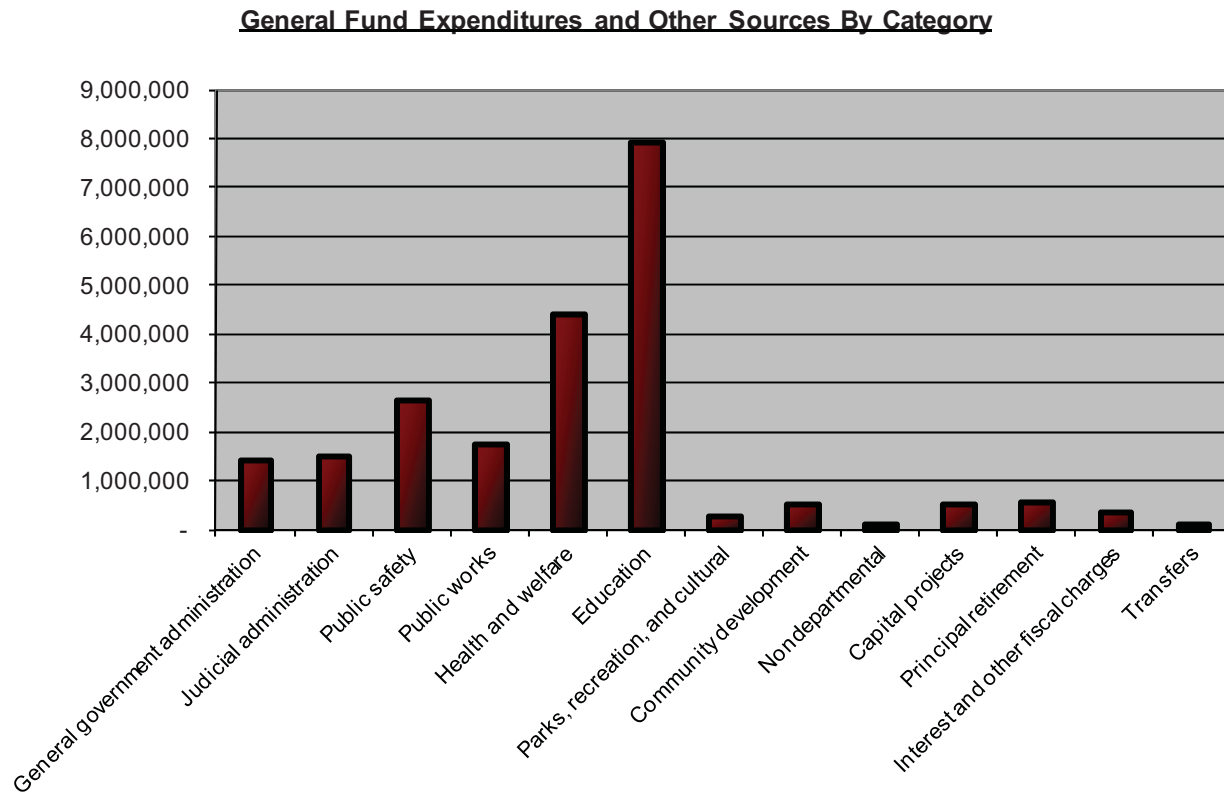
General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$23,095,078.



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 \$22,253,853 including transfers out of the fund of \$110,153.



General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increased by \$1,474,373 over the original budgeted amount. The final expenditure budget reflected an increase of \$1,729,454 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$10,000 in Permits & Licenses.
- \$62,665 in Miscellaneous Revenues.
- \$70,385 in Recovered Costs
- \$663,215 in intergovernmental revenues from the Commonwealth of Virginia
- \$668,000 in intergovernmental revenues from the Federal Government.

The significant increase in budgeted revenues from the Commonwealth can be attributed primarily from grant funds received from the Tobacco Commission, Virginia Department of Transportation (VDOT) and Virginia Information Technology Agency (VITA). The increase from the Federal Government was due to the receipt of an Energy Efficiency and Conservation Block Grant (EECBG) for renovations to the STEPS building.

General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

- \$9,235 increase in General government administration
- \$37,333 increase in Judicial administration
- \$217,569 increase Public Safety
- \$(15,283) decrease in Public Works
- \$727,762 increase in Health and Welfare
- \$48,529 increase in Community Development
- \$53,120 increase in Non Departmental
- \$639,189 increase in Capital Projects
- \$12,000 increase in debt service
- \$727,762 increase in Health and Welfare

As can be seen increases in Capital Projects and Health and Welfare accounted for approximately 80% of the increase in the budgeted expenditures. Grants from the Commonwealth and Federal Government used to fund projects at the Cannery, Prospect Train Depot and STEPS building accounted for over 60% of the capital projects increase. A bridge loan, which has been repaid, to STEPS associated with the Federal Grant for STEPS accounted for the increase in Capital Projects .

Capital Asset and Debt Administration

Capital assets - The County’s investment in capital assets for its governmental and enterprise operations as of June 30, 2011, is \$15,366,872 (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, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 499,949	\$ 499,949	\$ -	\$ -	\$ 499,949	\$ 499,949
Buildings and system	9,552,498	10,225,010	-	-	9,552,498	10,225,010
Improvements other than buildings	600,878	924,451	-	-	600,878	924,451
Machinery and equipment	483,279	361,723	-	-	483,279	361,723
Utility plant in service	-	-	2,382,720	2,432,360	2,382,720	2,432,360
Construction in progress	-	-	1,847,548	918,784	1,847,548	918,784
Net capital assets	<u>\$ 11,136,604</u>	<u>\$ 12,011,133</u>	<u>\$ 4,230,268</u>	<u>\$ 3,351,144</u>	<u>\$ 15,366,872</u>	<u>\$ 15,362,277</u>

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 FY2011, Prince Edward County had total outstanding obligations of \$21,212,585. Of this amount \$11,524,776 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 \$237,974 or 1.1%. This increase was a result of an increase in the outstanding debt for the County’s Water and Sewer operations.

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

Economic Factors Influencing FY2012 Budgets and Tax Rates

Balancing the FY12 budget, while challenging, was not as difficult as the prior two years. The reason for that was twofold: first, with the slowly improving economy local revenues stabilized and, in fact, increased in some areas: and second, the amount of funding reductions from the Commonwealth slowed. The economic recovery can be seen in the unemployment rate of the County. On June 30, 2011 that rate was 9.5%, which was a decrease of 1.46% year to year. The County's unemployment rate compares unfavorably to the state's average rate of 6.3% and the national average of 9.3% for the same time.

Overall local revenues were expected to remain flat. The greatest challenge to the County's budget was a reduction of approximately \$600,000 in funding provided by the Commonwealth for education. Increased funding from the Federal Government and actions taken by the local school board to reduce expenditures were used to offset this decrease in state revenues.

These factors were considered in preparing the County's budget for the 2011 fiscal year.

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

- No pay increases for any local government employee
- Decreasing the Comprehensive Services budget by approximately \$100,000
- Various actions to reduce expenditures throughout the budget
- Reduce the local contribution to schools by \$32,912 to reflect lower debt payments
- Delay Capital Expenditures

The actions to reduce and hold expenditures steady were adequate to balance the budget and no tax or rate increases were requested.

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

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 9,070,194	\$ 166,540	\$ 9,236,734	\$ 348,169	\$ 102,194
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,913,551	-	12,913,551	-	-
Accounts receivable	152,142	-	152,142	-	-
Note receivable	989,361	-	989,361	-	-
Due from primary government	-	-	-	333,139	-
Due from other governmental units	1,632,145	-	1,632,145	874,650	-
Prepaid expenses	13,899	-	13,899	115,359	-
Industrial assets	-	-	-	-	1,047,505
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	529,632	-	529,632	-	-
Capital assets (net of accumulated depreciation):					
Land	499,949	-	499,949	99,952	-
Buildings and system	9,552,498	-	9,552,498	8,605,180	-
Improvements other than buildings	600,878	-	600,878	332,924	-
Machinery and equipment	483,279	-	483,279	1,235,080	-
Utility plant in service	-	2,382,720	2,382,720	-	-
Construction in progress	-	1,847,548	1,847,548	-	-
Total assets	\$ 36,437,528	\$ 4,396,808	\$ 40,834,336	\$ 11,944,453	\$ 1,149,699
LIABILITIES					
Reconciled overdraft	\$ -	\$ 32,271	\$ 32,271	\$ -	\$ -
Accounts payable	124,991	75,203	200,194	50,336	-
Accrued liabilities	-	-	-	1,272,813	-
Deposits	-	-	-	-	75,000
Accrued interest payable	129,706	6,214	135,920	-	-
Due to component unit	333,139	-	333,139	-	-
Unearned revenue	11,783,288	-	11,783,288	-	-
Long-term liabilities:					
Due within one year	1,096,688	3,750,000	4,846,688	-	-
Due in more than one year	16,236,397	-	16,236,397	-	-
Other post-employment benefits	58,200	-	58,200	71,300	-
Total liabilities	\$ 29,762,409	\$ 3,863,688	\$ 33,626,097	\$ 1,394,449	\$ 75,000
NET ASSETS					
Invested in capital assets, net of related debt	\$ 2,584,694	\$ 480,268	\$ 3,064,962	\$ 10,273,136	\$ -
Unrestricted (deficit)	4,090,425	52,852	4,143,277	276,868	1,074,699
Total net assets	\$ 6,675,119	\$ 533,120	\$ 7,208,239	\$ 10,550,004	\$ 1,074,699

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, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,869,443	\$ -	\$ 216,972	\$ -
Judicial administration	1,147,492	64,241	741,057	-
Public safety	3,118,622	122,036	1,126,185	-
Public works	2,228,299	717,441	-	-
Health and welfare	4,382,927	-	2,726,315	668,002
Education	7,695,814	-	-	-
Parks, recreation, and cultural	94,271	-	2,494	-
Community development	658,469	12,518	404,572	-
Interest on longterm debt	514,419	-	-	-
Total governmental activities	\$ 21,709,756	\$ 916,236	\$ 5,217,595	\$ 668,002
Business-type activities:				
Water	\$ 127,189	\$ 1,386	\$ -	\$ 9,000
Sewer	62,885	2,317	-	9,000
Total business-type activities	\$ 190,074	\$ 3,703	\$ -	\$ 18,000
Total primary government	\$ 21,899,830	\$ 919,939	\$ 5,217,595	\$ 686,002
COMPONENT UNITS:				
School Board	\$ 27,343,111	\$ 618,404	\$ 18,814,421	\$ -
Industrial Development Authority	30,719	-	-	-
Total component units	\$ 27,373,830	\$ 618,404	\$ 18,814,421	\$ -
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Taxes on recordation and wills				
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				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning, as adjusted				
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
\$ (1,652,471)	\$ -	\$ (1,652,471)	\$ -	\$ -
(342,194)	-	(342,194)	-	-
(1,870,401)	-	(1,870,401)	-	-
(1,510,858)	-	(1,510,858)	-	-
(988,610)	-	(988,610)	-	-
(7,695,814)	-	(7,695,814)	-	-
(91,777)	-	(91,777)	-	-
(241,379)	-	(241,379)	-	-
(514,419)	-	(514,419)	-	-
<u>\$ (14,907,923)</u>	<u>\$ -</u>	<u>\$ (14,907,923)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (116,803)	\$ (116,803)	\$ -	\$ -
-	(51,568)	(51,568)	-	-
<u>\$ -</u>	<u>\$ (168,371)</u>	<u>\$ (168,371)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (14,907,923)</u>	<u>\$ (168,371)</u>	<u>\$ (15,076,294)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	\$ (7,910,286)	\$ -
-	-	-	-	(30,719)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,910,286)</u>	<u>\$ (30,719)</u>
\$ 10,796,720	\$ -	\$ 10,796,720	\$ -	\$ -
2,558,209	-	2,558,209	-	-
375,945	-	375,945	-	-
475,995	-	475,995	-	-
109,777	-	109,777	-	-
374,912	-	374,912	10,674	324
169,346	-	169,346	4,241	-
-	-	-	7,681,784	-
1,664,644	-	1,664,644	-	-
<u>\$ 16,525,548</u>	<u>\$ -</u>	<u>\$ 16,525,548</u>	<u>\$ 7,696,699</u>	<u>\$ 324</u>
\$ 1,617,625	\$ (168,371)	\$ 1,449,254	\$ (213,587)	\$ (30,395)
5,057,494	701,491	5,758,985	10,763,591	1,105,094
<u>\$ 6,675,119</u>	<u>\$ 533,120</u>	<u>\$ 7,208,239</u>	<u>\$ 10,550,004</u>	<u>\$ 1,074,699</u>

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet
 Governmental Funds
 June 30, 2011

	<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	\$ 8,171,426	\$ -	\$ 871,768	\$ 27,002	\$ 9,070,196
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,913,551	-	-	-	12,913,551
Accounts receivable	125,851	-	26,291	-	152,142
Notes receivable	51,266	-	-	-	51,266
Due from component unit	-	-	-	-	-
Due from other governmental units	1,632,145	-	-	-	1,632,145
Prepaid items	13,899	-	-	-	13,899
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	399	529,233	-	-	529,632
Total assets	\$ 22,908,537	\$ 529,233	\$ 898,059	\$ 27,002	\$ 24,362,831
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 124,993	\$ -	\$ -	\$ -	\$ 124,993
Due to component unit	333,139	-	-	-	333,139
Deferred revenue	12,833,084	-	-	-	12,833,084
Total liabilities	\$ 13,291,216	\$ -	\$ -	\$ -	\$ 13,291,216
Fund balances:					
Nonspendable:					
Prepaid items	\$ 13,899	\$ -	\$ -	\$ -	\$ 13,899
Restricted for:					
Retiree benefits	399	-	-	-	399
Debt service	-	529,233	-	-	529,233
Assigned for:					
Landfill construction	-	-	898,059	-	898,059
Recreation capital projects	-	-	-	27,002	27,002
Unassigned	9,603,023	-	-	-	9,603,023
Total fund balances	\$ 9,617,321	\$ 529,233	\$ 898,059	\$ 27,002	\$ 11,071,615
Total liabilities and fund balances	\$ 22,908,537	\$ 529,233	\$ 898,059	\$ 27,002	\$ 24,362,831

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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 11,071,615

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

Capital assets, cost	\$ 19,555,181	
Less: accumulated depreciation	(8,418,577)	11,136,604

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

Deferred revenue	1,049,796	
Notes receivable	938,095	1,987,891

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	\$ (12,853,861)	
Interest payable	(129,706)	
Compensated absences	(543,011)	
Other post-employment benefits	(58,200)	
Landfill closure, postclosure and corrective action cost liability	(3,936,213)	(17,520,991)

Net assets of governmental activities \$ 6,675,119

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, 2011

	<u>General</u>	<u>School Debt Service</u>	<u>Landfill Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 10,548,439	\$ -	\$ -	\$ -	\$ 10,548,439
Other local taxes	3,519,926	-	-	-	3,519,926
Permits, privilege fees, and regulatory licenses	67,681	-	-	-	67,681
Fines and forfeitures	38,770	-	-	-	38,770
Revenue from the use of money and property	356,155	11,011	7,668	78	374,912
Charges for services	532,099	-	277,686	-	809,785
Miscellaneous	216,177	-	-	-	216,177
Recovered costs	266,220	-	-	-	266,220
Intergovernmental revenues:					
Commonwealth	5,594,185	-	-	-	5,594,185
Federal	1,956,056	-	-	-	1,956,056
Total revenues	\$ 23,095,708	\$ 11,011	\$ 285,354	\$ 78	\$ 23,392,151
EXPENDITURES					
Current:					
General government administration	\$ 1,443,953	\$ -	\$ -	\$ -	\$ 1,443,953
Judicial administration	1,494,170	-	-	-	1,494,170
Public safety	2,672,181	-	-	-	2,672,181
Public works	1,776,525	-	-	-	1,776,525
Health and welfare	4,398,020	-	-	-	4,398,020
Education	7,955,280	-	-	-	7,955,280
Parks, recreation, and cultural	274,659	-	-	-	274,659
Community development	526,537	-	-	-	526,537
Nondepartmental	126,189	-	-	-	126,189
Capital projects	533,202	-	-	-	533,202
Debt service:					
Principal retirement	578,821	-	-	-	578,821
Interest and other fiscal charges	364,163	-	-	-	364,163
Total expenditures	\$ 22,143,700	\$ -	\$ -	\$ -	\$ 22,143,700
Excess (deficiency) of revenues over (under) expenditures	\$ 952,008	\$ 11,011	\$ 285,354	\$ 78	\$ 1,248,451
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 110,153	\$ -	\$ -	\$ 110,153
Transfers out	(110,153)	-	-	-	(110,153)
Total other financing sources (uses)	\$ (110,153)	\$ 110,153	\$ -	\$ -	\$ -
Net change in fund balances	\$ 841,855	\$ 121,164	\$ 285,354	\$ 78	\$ 1,248,451
Fund balances - beginning	8,775,466	408,069	612,705	26,924	9,823,164
Fund balances - ending	\$ 9,617,321	\$ 529,233	\$ 898,059	\$ 27,002	\$ 11,071,615

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, 2011

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

Net change in fund balances - total governmental funds \$ 1,248,451

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	\$	282,907		
Net transfer of joint tenancy assets		(424,474)		
Depreciation expense		(732,963)		(874,530)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 248,281

The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term notes receivable. (46,381)

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	\$	(46,675)		
Principal payments and premium amortization		1,106,205		1,059,530

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	\$	7,288		
(Increase) decrease in compensated absences		5,467		
(Increase) decrease in other post-employment benefits		(30,481)		(17,726)

Change in net assets of governmental activities \$ 1,617,625

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

Statement of Fund Net Assets
 Proprietary Funds
 June 30, 2011

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 166,540	\$ -	\$ 166,540
Total current assets	\$ 166,540	\$ -	\$ 166,540
Noncurrent assets:			
Capital assets:			
Utility plant in service	\$ 1,241,000	\$ 1,241,000	\$ 2,482,000
Less accumulated depreciation	(49,640)	(49,640)	(99,280)
Construction in progress	1,847,548	-	1,847,548
Total capital assets	\$ 3,038,908	\$ 1,191,360	\$ 4,230,268
Total noncurrent assets	\$ 3,038,908	\$ 1,191,360	\$ 4,230,268
Total assets	\$ 3,205,448	\$ 1,191,360	\$ 4,396,808
LIABILITIES			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 32,271	\$ 32,271
Accounts payable	75,171	32	75,203
Accrued interest payable	3,107	3,107	6,214
Total current liabilities	\$ 78,278	\$ 35,410	\$ 113,688
Noncurrent liabilities:			
Line of credit	\$ 2,500,000	\$ 1,250,000	\$ 3,750,000
Total noncurrent liabilities	\$ 2,500,000	\$ 1,250,000	\$ 3,750,000
Total liabilities	\$ 2,578,278	\$ 1,285,410	\$ 3,863,688
NET ASSETS			
Invested in capital assets, net of related debt	\$ 538,908	\$ (58,640)	\$ 480,268
Unrestricted	88,262	(35,410)	52,852
Total net assets	\$ 627,170	\$ (94,050)	\$ 533,120

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, 2011

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,386	\$ -	\$ 1,386
Sewer revenues	-	2,317	2,317
Total operating revenues	\$ 1,386	\$ 2,317	\$ 3,703
OPERATING EXPENSES			
Professional services	\$ 16,411	\$ -	\$ 16,411
Supplies	682	-	682
Repairs and maintenance	482	40	522
Insurance	371	371	742
Utilities	-	365	365
Wholesale water	733	-	733
Depreciation	24,820	24,820	49,640
Total operating expenses	\$ 43,499	\$ 25,596	\$ 69,095
Operating income (loss)	\$ (42,113)	\$ (23,279)	\$ (65,392)
NONOPERATING REVENUES (EXPENSES)			
Debt issue costs	\$ (19,665)	\$ -	\$ (19,665)
Interest expense	(64,025)	(37,289)	(101,314)
Total nonoperating revenues (expenses)	\$ (83,690)	\$ (37,289)	\$ (120,979)
Income before contributions and transfers	\$ (125,803)	\$ (60,568)	\$ (186,371)
Capital contributions and construction grants			
Connection fees	\$ 9,000	\$ 9,000	\$ 18,000
Change in net assets	\$ (116,803)	\$ (51,568)	\$ (168,371)
Total net assets - beginning	743,973	(42,482)	701,491
Total net assets - ending	\$ 627,170	\$ (94,050)	\$ 533,120

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, 2011

	Enterprise Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,386	\$ 2,317	\$ 3,703
Payments to suppliers	(92,769)	(1,107)	(93,876)
Net cash provided (used) by operating activities	\$ (91,383)	\$ 1,210	\$ (90,173)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Connection fees	\$ 9,000	\$ 9,000	\$ 18,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (928,764)	\$ -	\$ (928,764)
Debt issuance costs	(19,665)	-	(19,665)
Proceeds from indebtedness	1,250,000	-	1,250,000
Interest payments	(64,025)	(37,289)	(101,314)
Net cash provided (used) by capital and related financing activities	\$ 237,546	\$ (37,289)	\$ 200,257
Net increase (decrease) in cash and cash equivalents	\$ 155,163	\$ (27,079)	\$ 128,084
Cash and cash equivalents - beginning	11,377	(5,192)	6,185
Cash and cash equivalents - ending	\$ 166,540	\$ (32,271)	\$ 134,269
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (42,113)	\$ (23,279)	\$ (65,392)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	24,820	24,820	49,640
Increase (decrease) in accounts payable	(74,090)	(331)	(74,421)
Total adjustments	\$ (49,270)	\$ 24,489	\$ (24,781)
Net cash provided (used) by operating activities	\$ (91,383)	\$ 1,210	\$ (90,173)

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>632,237</u>
Total assets	\$ <u><u>632,237</u></u>
LIABILITIES	
Accrued liabilities	\$ 327,509
Amounts held for social services clients	6,886
Amounts held for Piedmont Alcohol Safety Action Program	<u>297,842</u>
Total liabilities	\$ <u><u>632,237</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, 2011

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, 2011 (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 GASB 34 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, 2011 (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, the Piedmont Regional Juvenile Detention Center, 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 \$166,559 to the regional library, \$92,115 to the juvenile detention center, 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.

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 and report all financial resources except those required to be accounted for and reported 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 are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Landfill Improvement Fund is considered a major fund. The Recreation Fund is considered a nonmajor fund.

c. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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

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.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

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.
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 \$440,379 at June 30, 2011 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, 2011 was immaterial.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

G. Capital Assets: (Continued)

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

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

J. Fund Equity

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

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

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

M. Restricted Assets

The County reports restricted assets of \$529,632 of which \$529,233 is to be used for debt service on QZAB bonds and \$399 is for retiree insurance.

Note 2—Deposits and Investments:

Deposits:

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

Investments:

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

Custodial Credit Risk (Investments):

The County has no policy regarding investment custodial credit risk.

The County’s investments at June 30, 2011 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, 2011 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>County's Rated Debt Investments</u>	
<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
US Government Money Market	
U.S. Agencies Securities	\$ 162,403
Total	\$ 162,403

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 2—Deposits and Investments: (Continued)

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, 2011.

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, 2011.

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	\$ -	\$ 17,981
State sales taxes	-	455,059
Local sales tax	426,541	-
Communication tax	49,392	-
Shared expenses	158,673	-
Social services funds	81,974	-
Comprehensive services	40,239	-
Shared revenues	97,150	-
Federal Government:		
School funds	-	401,610
General government	668,832	-
Social services funds	109,344	-
	<u>\$ 1,632,145</u>	<u>\$ 874,650</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 499,949	\$ -	\$ -	\$ 499,949
Capital assets, being depreciated:				
Buildings	\$ 14,106,408	\$ -	\$ 535,404	\$ 13,571,004
Improvements other than buildings	3,728,401	-	-	3,728,401
Equipment	1,472,920	282,907	-	1,755,827
Total capital assets being depreciated	\$ 19,307,729	\$ 282,907	\$ 535,404	\$ 19,055,232
Less accumulated depreciation for:				
Buildings	\$ 3,881,398	\$ 248,039	\$ 110,931	\$ 4,018,506
Improvements other than buildings	2,803,950	323,573	-	3,127,523
Equipment	1,111,197	161,351	-	1,272,548
Total accumulated depreciation	\$ 7,796,545	\$ 732,963	\$ 110,931	\$ 8,418,577
Total capital assets being depreciated, net	\$ 11,511,184	\$ (450,056)	\$ 424,473	\$ 10,636,655
Governmental activities capital assets, net	\$ 12,011,133	\$ (450,056)	\$ 424,473	\$ 11,136,604

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 4—Capital Assets: (Continued)

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, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 918,784	\$ 928,764	\$ -	\$ 1,847,548
Capital assets, being depreciated:				
Utility plant in service	\$ 2,482,000	\$ -	\$ -	\$ 2,482,000
Less accumulated depreciation for:				
Utility plant in service	\$ 49,640	\$ 49,640	\$ -	\$ 99,280
Total capital assets being depreciated, net	\$ 2,432,360	\$ -49,640	\$ -	\$ 2,382,720
Business-type activities capital assets, net	<u>\$ 3,351,144</u>	<u>\$ 879,124</u>	<u>\$ -</u>	<u>\$ 4,230,268</u>

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Capital assets, being depreciated:				
Buildings	\$ 18,465,632	\$ 535,404	\$ -	\$ 19,001,036
Improvements other than buildings	720,057	-	-	720,057
Equipment	5,073,313	204,204	218,800	5,058,717
Total capital assets being depreciated	\$ 24,259,002	\$ 739,608	\$ 218,800	\$ 24,779,810
Less accumulated depreciation for:				
Buildings	\$ 9,750,618	\$ 645,238	\$ -	\$ 10,395,856
Improvements other than buildings	369,417	17,716	-	387,133
Equipment	3,662,809	377,628	216,800	3,823,637
Total accumulated depreciation	\$ 13,782,844	\$ 1,040,582	\$ 216,800	\$ 14,606,626
Total capital assets being depreciated, net	\$ 10,476,158	\$ (300,974)	\$ 2,000	\$ 10,173,184
Governmental activities capital assets, net	<u>\$ 10,576,110</u>	<u>\$ (300,974)</u>	<u>\$ 2,000</u>	<u>\$ 10,273,136</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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	\$	283,298
Judicial administration		4,820
Public safety		94,309
Public works		315,887
Health & Welfare		5,725
Community development		<u>28,924</u>
Total	\$	<u>732,963</u>
Component Unit-School Board	\$	<u>1,040,582</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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Defined Benefit Pension Plan:

A. Plan Description: (Continued)

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation to the VRS. All or part of the 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, 2011 was 10.11% of annual covered payroll.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Defined Benefit Pension Plan:

B. Funding Policy: (Continued)

Discretely Presented Component Unit - School Board

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board’s contribution rate for the fiscal year ended June 30, 2011 was 5.95% of annual covered payroll.

The School Board’s contributions for professional employees were \$1,167,485, \$1,185,190, and \$1,232,572, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009, respectively. The contribution rate was 8.81% from July 2009 through March 2010, zero (0.00%) for April through June 2010, and 3.93% in 2011.

C. Annual Pension Cost

Primary Government

For fiscal year 2011, County’s annual pension cost of \$465,177 (does not include employee share of \$230,058 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, 2009	\$ 427,618	100%	\$ -
June 30, 2010	430,761	100%	-
June 30, 2011	465,177	100%	-

(1) Employer portion only

The FY2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% 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, 2009 for the unfunded actuarial accrued liability (UAAL) was 20 years.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

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

For fiscal year 2011, School Board’s annual pension cost of \$48,116 (does not include employee share of \$40,433 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			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 52,167	100%	\$ -
June 30, 2010	50,279	100%	-
June 30, 2011	48,116	100%	-

(1) Employer portion only

The FY2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2009 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. The remaining amortization period at June 30, 2009 for the unfunded actuarial accrued liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2010, the most recent actuarial valuation date, the plan was 73.75% funded. The actuarial accrued liability for benefits was \$18,736,059, and the actuarial value of assets was \$13,817,119, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,918,940. The covered payroll (annual payroll of active employees covered by the plan) was \$4,652,336, and ratio of the UAAL to the covered payroll was 105.73%.

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 85.27% funded. The actuarial accrued liability for benefits was \$3,254,328, and the actuarial value of assets was \$2,774,852, resulting in an unfunded actuarial accrued liability (UAAL) of \$479,476. The covered payroll (annual payroll of active employees covered by the plan) was \$798,941, and ratio of the UAAL to the covered payroll was 60.01%.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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>543,011</u>
--------------------	-------------------

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
2012	\$ 51,084	\$ 10,901	\$ 1,036,717	\$ 472,788
2013	54,486	7,499	879,641	427,307
2014	58,115	3,870	896,179	385,919
2015	-	-	831,662	344,226
2016	-	-	845,872	306,092
2017-2021	-	-	2,873,283	1,048,657
2022-2026	-	-	1,517,501	583,542
2027-2031	-	-	684,921	357,639
2032-2036	-	-	811,087	186,473
2037-2038	-	-	338,805	16,821
	<u>\$ 163,685</u>	<u>\$ 22,270</u>	<u>10,715,668</u>	<u>\$ 4,129,464</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government: (Continued)

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

	Amounts Payable at July 1, 2010	Additions	Deletions	Amounts Payable at June 30, 2011	Payable Due Within One Year
Primary Government:					
Revenue bonds	\$ 1,250,947	-	\$ 85,740	\$ 1,165,207	\$ 22,329
General obligation bonds (VPSA)	3,097,394	-	469,539	2,627,855	462,637
General obligation bonds	2,657,331	-	148,491	2,508,840	156,956
Premium on bond issuance	23,999	-	2,858	21,141	2,670
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
Courthouse construction bonds	3,275,186	-	233,103	3,042,083	234,711
Early retirement obligation	218,353	-	54,475	163,878	51,084
Other long-term obligation	1,320,000	-	112,000	1,208,000	112,000
Landfill closure and post-closure monitoring	3,559,660	42,717	-	3,602,377	-
Landfill corrective action plan	329,877	3,959	-	333,836	-
Other post-employment benefits	27,719	33,081	2,600	58,200	-
Compensated absences	548,478	-	5,467	543,011	54,301
Total Primary Government	\$ 18,425,801	\$ 79,757	\$ 1,114,273	\$ 17,391,285	\$ 1,096,688

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%. \$ 122,725

\$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%. 20,000

\$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%. 90,000

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government: (Continued)

General obligation bonds: (Continued)

\$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%.	\$ 1,630,130
\$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%.	765,000
Plus: Premium on issuance	21,141
\$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%.	<u>2,508,840</u>
Total general obligation bonds	\$ <u>5,157,836</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%.	\$ <u>1,165,207</u>
Total revenue bonds (payable from General Fund property rentals)	\$ <u>1,165,207</u>
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%.	\$ 1,200,000
\$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%.	<u>1,842,083</u>
Total Courthouse Construction Bonds	\$ <u>3,042,083</u>
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%.	\$ <u>163,878</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government: (Continued)

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 obligations:

\$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 \$ 1,100,000

\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020. 108,000

Total other long-term obligations \$ 1,208,000

Landfill closure and post-closure care liability \$ 3,602,377

Landfill corrective action plan liability \$ 333,836

Compensated absences payable \$ 543,011

Other post-employment benefits \$ 58,200

Total general long-term obligation debt \$ 17,391,285

Enterprise Activities:

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

Primary Government		
Year	Line of Credit	
	Principal	Interest
2012	\$ <u>3,750,000</u>	\$ <u>37,292</u>
	\$ <u><u>3,750,000</u></u>	\$ <u><u>37,292</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Debt: (Continued)

Enterprise Activities: (Continued)

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

	<u>Amounts Payable at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Payable Due Within One Year</u>
Primary Government:					
Line of credit	\$ 2,500,000	\$ 1,250,000	\$ -	\$ 3,750,000	\$ 3,750,000
Total Primary Government	<u>\$ 2,500,000</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 3,750,000</u>	<u>\$ 3,750,000</u>

Line of Credit:

Line of credit not to exceed \$4,600,000, issued July 12, 2010, interest payable semi-annually beginning November 30, 2010 at a variable rate of 64% of 3-Year LIBOR. Final maturity, November 30, 2011.

\$ 3,750,000

Total enterprise long-term debt

\$ 3,750,000

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, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Addition</u>	<u>Deletions</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Payable Due Within One Year</u>
Other post-employment benefits	\$ 48,810	\$ 108,390	\$ 85,900	\$ 71,300	\$ -

Note 8—Litigation:

At June 30, 2011, 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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.

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, 2011 were \$1,820,480 and \$1,781,897, respectively. Furthermore, the County reports \$333,836 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 13—Other Post-Employment Benefits Program:

County: (Continued)

Background (Continued)

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:

Annual required contribution	\$	33,200
Interest on net OPEB obligation		1,081
Adjustment to annual required contribution		<u>(1,200)</u>
Annual OPEB cost (expense)	\$	33,081
Estimated contributions made		<u>(2,600)</u>
Increase in net OPEB obligation	\$	<u>30,481</u>
Net OPEB obligation - beginning of year		<u>27,719</u>
Net OPEB obligation - end of year	\$	<u><u>58,200</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

County: (Continued)

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

For 2011, the County's expected cash payment of \$2,600 was \$30,481 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 2011 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	54.00%	\$ 13,800
June 30, 2010	30,219	53.94%	27,719
June 30, 2011	33,081	7.86%	58,200

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 401,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	401,600
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	4,193,600
UAAL as a percentage of covered payroll	9.58%

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

County: (Continued)

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

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.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 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, 2010 was 30 years.

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	4.0%
Health cost trend assumption	10.0%
Payroll growth	2.5%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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.

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	\$ 108,300
Interest on net OPEB obligation	1,990
Adjustment to annual required contribution	<u>(1,900)</u>
Annual OPEB cost (expense)	\$ 108,390
Estimated contributions made	<u>(85,900)</u>
Increase in net OPEB obligation	\$ <u>22,490</u>
Net OPEB obligation - beginning of year	<u>48,810</u>
Net OPEB obligation - end of year	\$ <u><u>71,300</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

School Board: (Continued)

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

For 2011, the School Board’s expected cash payment of \$85,900 was \$22,490 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 2011 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	58.00%	\$ 24,300
June 30, 2010	58,210	57.89%	48,810
June 30, 2011	108,390	79.25%	71,300

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 1,605,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,605,900
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	12,088,700
UAAL as a percentage of covered payroll	13.28%

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.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

School Board: (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 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, 2010 was 30 years.

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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 14—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing deferred property tax revenues totaled \$12,798,383 at June 30, 2011.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$34,701 at June 30, 2011.

Note 15—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 110,153
Debt Service Fund	<u>110,153</u>	<u>-</u>
Total	<u>\$ 110,153</u>	<u>\$ 110,153</u>

Transfers were made for operational expenditures.

Note 16—Restatement of Beginning Net Assets:

Beginning net assets at June 30, 2011 have been restated for the following purpose:

Beginning Net Assets, June 30, 2011	\$ 4,073,018
Notes receivable from Paris Ceramics	<u>984,476</u>
Beginning net assets, June 30, 2011, adjusted	<u>\$ 5,057,494</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 17—Notes Receivable:

The County provided an equipment loan to Paris Ceramics.America, LLC in January 2009 in the amount of \$164,000. The loan bears simple interest at 3% and is payable over 7 years with a balloon in 5 years. At June 30, 2011, this note had an outstanding balance of \$119,095.

The County refinanced a building loan to Paris Ceramics.America, LLC for economic development in August 2010 in the amount of \$840,000. The loan bears no interest and is to be paid over 20 years in monthly installments of \$3,500 commencing January 1, 2011 with final payment due December 1, 2030. At June 30, 2011, this note had an outstanding balance of \$819,000.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. The outstanding balance on the note receivable at June 30, 2011 was \$51,266.

This page intentionally left blank

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.

This page intentionally left blank

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 10,223,753	\$ 10,223,753	\$ 10,548,439	\$ 324,686
Other local taxes	3,425,143	3,425,143	3,519,926	94,783
Permits, privilege fees, and regulatory licenses	71,070	81,070	67,681	(13,389)
Fines and forfeitures	46,000	46,000	38,770	(7,230)
Revenue from the use of money and property	361,848	361,956	356,155	(5,801)
Charges for services	559,600	559,600	532,099	(27,501)
Miscellaneous	234,300	296,965	216,177	(80,788)
Recovered costs	40,000	110,385	266,220	155,835
Intergovernmental revenues:				
Commonwealth	5,216,607	5,879,822	5,594,185	(285,637)
Federal	1,443,588	2,111,588	1,956,056	(155,532)
Total revenues	\$ 21,621,909	\$ 23,096,282	\$ 23,095,708	\$ (574)
EXPENDITURES				
Current:				
General government administration	\$ 1,552,113	\$ 1,561,348	\$ 1,443,953	\$ 117,395
Judicial administration	1,545,700	1,583,033	1,494,170	88,863
Public safety	2,640,293	2,857,862	2,672,181	185,681
Public works	1,883,648	1,868,365	1,776,525	91,840
Health and welfare	4,061,322	4,789,084	4,398,020	391,064
Education	7,927,074	7,927,074	7,955,280	(28,206)
Parks, recreation, and cultural	295,659	295,659	274,659	21,000
Community development	694,618	743,147	526,537	216,610
Nondepartmental	244,397	297,517	126,189	171,328
Capital projects	126,150	765,339	533,202	232,137
Debt service:				
Principal retirement	428,849	440,849	578,821	(137,972)
Interest and other fiscal charges	348,919	348,919	364,163	(15,244)
Total expenditures	\$ 21,748,742	\$ 23,478,196	\$ 22,143,700	\$ 1,334,496
Excess (deficiency) of revenues over (under) expenditures	\$ (126,833)	\$ (381,914)	\$ 952,008	\$ 1,333,922
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (258,824)	\$ (110,153)	\$ 148,671
Total other financing sources and uses	\$ -	\$ (258,824)	\$ (110,153)	\$ 148,671
Net change in fund balances	\$ (126,833)	\$ (640,738)	\$ 841,855	\$ 1,482,593
Fund balances - beginning	126,833	640,738	8,775,466	8,134,728
Fund balances - ending	\$ -	\$ -	\$ 9,617,321	\$ 9,617,321

Schedule of Pension Funding Progress for the Virginia Retirement System
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)
6/30/2008	\$ 13,079,253	\$ 15,722,548	\$ 2,643,295	83.19%	\$ 4,435,146	59.60%
6/30/2009	13,536,023	16,519,733	2,983,710	81.94%	4,604,540	64.80%
6/30/2010	13,817,119	18,736,059	4,918,940	73.75%	4,652,336	105.73%

School Board Non-Professionals:

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)
6/30/2008	\$ 2,644,568	\$ 2,789,504	\$ 144,936	94.80%	\$ 823,715	17.60%
6/30/2009	2,726,302	2,997,454	271,152	90.95%	836,759	32.41%
6/30/2010	2,774,852	3,254,328	479,476	85.27%	798,941	60.01%

Schedule of Funding Progress for Other Post-Employment Benefits
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)
7/1/2008	\$ -	\$ 329,000	\$ 329,000	0.00%	\$ 4,435,146	7.42%
7/1/2009	-	329,000	329,000	0.00%	4,607,540	7.14%
7/1/2010	-	401,600	401,600	0.00%	4,193,600	9.58%

School Board:

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)
7/1/2008	\$ -	\$ 834,700	\$ 834,700	0.00%	\$ 823,715	101.33%
7/1/2009	-	834,700	834,700	0.00%	836,759	99.75%
7/1/2010	-	1,605,900	1,605,900	0.00%	12,088,700	13.28%

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 7,668	\$ 7,668
Charges for services	<u>275,000</u>	<u>275,000</u>	<u>277,686</u>	<u>2,686</u>
Total revenues	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 285,354</u>	<u>\$ 10,354</u>
EXPENDITURES				
Current:				
Capital projects	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (725,000)</u>	<u>\$ (725,000)</u>	<u>\$ 285,354</u>	<u>\$ 1,010,354</u>
Net change in fund balances	<u>\$ (725,000)</u>	<u>\$ (725,000)</u>	<u>\$ 285,354</u>	<u>\$ 1,010,354</u>
Fund balances - beginning	<u>725,000</u>	<u>725,000</u>	<u>612,705</u>	<u>(112,295)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898,059</u>	<u>\$ 898,059</u>

Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	<u>Capital Projects Recreation Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>27,002</u>
Total assets	\$ <u><u>27,002</u></u>
LIABILITIES AND FUND BALANCES	
Fund balances:	
Assigned for:	
Capital projects	\$ <u>27,002</u>
Total fund balances	\$ <u>27,002</u>
Total liabilities and fund balances	\$ <u><u>27,002</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects - Recreation Fund
For the Year Ended June 30, 2011

	<u>Capital Projects Recreation Fund</u>
REVENUES	
Revenue from the use of money and property	\$ <u>78</u>
Total revenues	\$ <u>78</u>
EXPENDITURES	
Total expenditures	\$ <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>78</u>
Net change in fund balances	\$ 78
Fund balances - beginning	<u>26,924</u>
Fund balances - ending	<u><u>27,002</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2011

	<u>Recreation Fund</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 78	\$ 78
Total revenues	\$ -	\$ -	\$ 78	\$ 78
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 78	\$ 78
Net change in fund balances	\$ -	\$ -	\$ 78	\$ 78
Fund balances - beginning	-	-	26,924	26,924
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,002</u>	<u>\$ 27,002</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<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	\$ 6,886	\$ 327,509	\$ 297,842	\$ 632,237
Total assets	<u>\$ 6,886</u>	<u>\$ 327,509</u>	<u>\$ 297,842</u>	<u>\$ 632,237</u>
LIABILITIES				
Amounts held for others	\$ -	\$ 327,509	\$ -	\$ 327,509
Amounts held for social services clients	6,886	-	-	6,886
Amounts held for Piedmont Alcohol Safety Action Program	-	-	297,842	297,842
Total liabilities	<u>\$ 6,886</u>	<u>\$ 327,509</u>	<u>\$ 297,842</u>	<u>\$ 632,237</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2011

	<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	\$ 4,362	\$ 18,284	\$ 15,760	\$ 6,886
Liabilities:				
Amounts held for social service clients	\$ 4,362	\$ 18,284	\$ 15,760	\$ 6,886
Piedmont Court Services:				
Assets:				
Cash and cash equivalents	\$ 307,065	\$ 497,346	\$ 476,902	\$ 327,509
Liabilities:				
Amounts held for others	\$ 307,065	\$ 497,346	\$ 476,902	\$ 327,509
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 327,355	\$ 327,355	\$ -
Liabilities:				
Sales tax payable to towns	\$ -	\$ 327,355	\$ 327,355	\$ -
Fiscal Agent Holdings - Piedmont ASAP:				
Assets:				
Cash and cash equivalents	\$ 247,743	\$ 496,833	\$ 446,734	\$ 297,842
Liabilities:				
Amounts held for others:				
Piedmont ASAP	\$ 247,743	\$ 496,833	\$ 446,734	\$ 297,842
Total Liabilities	\$ 247,743	\$ 496,833	\$ 446,734	\$ 297,842
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 559,170	\$ 1,339,818	\$ 1,266,751	\$ 632,237
Total assets	\$ 559,170	\$ 1,339,818	\$ 1,266,751	\$ 632,237
Liabilities:				
Amounts held for social service clients	\$ 4,362	\$ 18,284	\$ 15,760	\$ 6,886
Amounts held for others	307,065	497,346	476,902	327,509
Sales tax payable to towns	-	327,355	327,355	-
Amounts held for Piedmont ASAP	247,743	496,833	446,734	297,842
Total liabilities	\$ 559,170	\$ 1,339,818	\$ 1,266,751	\$ 632,237

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

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2011

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 328,169	\$ 20,000	\$ 348,169
Due from primary government	333,139	-	-	333,139
Due from other governmental units	874,650	-	-	874,650
Prepaid items	115,360	-	-	115,360
Total assets	\$ 1,323,149	\$ 328,169	\$ 20,000	\$ 1,671,318
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 50,336	\$ -	\$ -	\$ 50,336
Accrued liabilities	1,272,813	-	-	1,272,813
Total liabilities	\$ 1,323,149	\$ -	\$ -	\$ 1,323,149
Fund balances:				
Nonspendable:				
Prepaid items	\$ 115,360	\$ -	\$ -	\$ 115,360
Assigned for:				
Cafeteria	-	328,169	-	328,169
Underground storage	-	-	20,000	20,000
Unassigned	(115,360)	-	-	(115,360)
Total fund balances	\$ -	\$ 328,169	\$ 20,000	\$ 348,169
Total liabilities and fund balances	\$ 1,323,149	\$ 328,169	\$ 20,000	\$ 1,671,318

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

Total fund balances per above \$ 348,169

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

Capital assets	\$ 24,879,761	
Less: accumulated depreciation	(14,606,626)	<u>10,273,135</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	<u>(71,300)</u>
--------------------------------	-----------------

Net assets of governmental activities	<u>\$ 10,550,004</u>
---------------------------------------	----------------------

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 10,674	\$ -	\$ -	\$ 10,674
Charges for services	373,697	244,707	-	618,404
Miscellaneous	6,241	-	-	6,241
Recovered costs	102,116	-	-	102,116
Intergovernmental revenues:				
Local government	7,941,250	-	-	7,941,250
Commonwealth	14,523,792	19,752	-	14,543,544
Federal	3,334,465	936,412	-	4,270,877
Total revenues	<u>\$ 26,292,235</u>	<u>\$ 1,200,871</u>	<u>\$ -</u>	<u>\$ 27,493,106</u>
EXPENDITURES				
Current:				
Education	\$ 25,608,296	\$ 1,088,994	\$ -	\$ 26,697,290
Debt service:				
Principal retirement	422,375	-	-	422,375
Interest and other fiscal charges	261,564	-	-	261,564
Total expenditures	<u>\$ 26,292,235</u>	<u>\$ 1,088,994</u>	<u>\$ -</u>	<u>\$ 27,381,229</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 111,877	\$ -	\$ 111,877
Net change in fund balances	\$ -	\$ 111,877	\$ -	\$ 111,877
Fund balances - beginning	-	216,292	20,000	236,292
Fund balances - ending	<u>\$ -</u>	<u>\$ 328,169</u>	<u>\$ 20,000</u>	<u>\$ 348,169</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	\$ 111,877
--	------------

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	\$ 204,204
Disposal of capital asset	(2,000)
Net transfer of joint tenancy assets	424,473
Depreciation expense	<u>(929,651)</u>
	<u>(302,974)</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>(22,490)</u>	<u>(22,490)</u>
Change in net assets of governmental activities	\$	<u><u>(213,587)</u></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, 2011

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 10,674	\$ 2,674
Charges for services	82,700	82,700	373,697	290,997
Miscellaneous	53,000	53,000	6,241	(46,759)
Recovered costs	114,590	114,590	102,116	(12,474)
Intergovernmental revenues:				
Local government	7,913,044	7,913,044	7,941,250	28,206
Commonwealth	15,621,892	15,624,521	14,523,792	(1,100,729)
Federal	2,902,952	3,491,713	3,334,465	(157,248)
Total revenues	\$ 26,696,178	\$ 27,287,568	\$ 26,292,235	\$ (995,333)
EXPENDITURES				
Current:				
Education	\$ 25,904,288	\$ 26,493,049	\$ 25,608,296	\$ 884,753
Debt service:				
Principal retirement	532,955	532,955	422,375	110,580
Interest and other fiscal charges	261,564	261,564	261,564	-
Total expenditures	\$ 26,698,807	\$ 27,287,568	\$ 26,292,235	\$ 995,333
Excess (deficiency) of revenues over (under) expenditures	\$ (2,629)	\$ -	\$ -	\$ -
Net change in fund balances	\$ (2,629)	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (2,629)	\$ -	\$ -	\$ -

School Cafeteria 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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
256,171	256,171	244,707	(11,464)	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	-	(5,000)	-	-	-	-
-	-	-	-	-	-	-	-
16,884	16,884	19,752	-	-	-	-	-
750,000	821,105	936,412	115,307	-	-	-	-
<u>\$ 1,028,055</u>	<u>\$ 1,099,160</u>	<u>\$ 1,200,871</u>	<u>\$ 98,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,028,055	\$ 1,099,160	\$ 1,088,994	\$ 10,166	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,028,055</u>	<u>\$ 1,099,160</u>	<u>\$ 1,088,994</u>	<u>\$ 10,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 111,877	\$ 109,009	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 111,877	\$ 109,009	\$ -	\$ -	\$ -	\$ -
-	-	216,292	216,292	-	-	20,000	20,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,169</u>	<u>\$ 325,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>

This page intentionally left blank

Supporting Schedules

This page intentionally left blank

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

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	\$ 6,332,669	\$ 6,332,669	\$ 6,510,952	\$ 178,283
Real and personal public service corporation taxes	240,000	240,000	292,726	52,726
Personal property taxes	2,911,084	2,911,084	2,974,077	62,993
Mobile home taxes	40,000	40,000	37,676	(2,324)
Machinery and tools taxes	30,000	30,000	33,731	3,731
Merchants' capital taxes	450,000	450,000	415,830	(34,170)
Penalties	150,000	150,000	177,794	27,794
Interest	70,000	70,000	105,653	35,653
Total general property taxes	<u>\$ 10,223,753</u>	<u>\$ 10,223,753</u>	<u>\$ 10,548,439</u>	<u>\$ 324,686</u>
Other local taxes:				
Local sales and use taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,558,209	\$ 58,209
Consumers' utility taxes	280,000	280,000	300,823	20,823
Gross receipts tax	65,000	65,000	75,122	10,122
Motor vehicle licenses	454,643	454,643	475,995	21,352
Taxes on recordation and wills	125,500	125,500	109,777	(15,723)
Total other local taxes	<u>\$ 3,425,143</u>	<u>\$ 3,425,143</u>	<u>\$ 3,519,926</u>	<u>\$ 94,783</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 14,000	\$ 14,000	\$ 13,517	\$ (483)
Permits and other licenses	57,070	67,070	54,164	(12,906)
Total permits, privilege fees, and regulatory licenses	<u>\$ 71,070</u>	<u>\$ 81,070</u>	<u>\$ 67,681</u>	<u>\$ (13,389)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 46,000	\$ 46,000	\$ 38,770	\$ (7,230)
Revenue from use of money and property:				
Revenue from use of money	\$ 97,000	\$ 97,108	\$ 98,673	\$ 1,565
Revenue from use of property	264,848	264,848	257,482	(7,366)
Total revenue from use of money and property	<u>\$ 361,848</u>	<u>\$ 361,956</u>	<u>\$ 356,155</u>	<u>\$ (5,801)</u>
Charges for services:				
Court costs	\$ 2,200	\$ 2,200	\$ 2,214	\$ 14
Charges for law library	9,000	9,000	12,444	3,444
Charges for courthouse maintenance	9,000	9,000	9,438	438
Charges for Commonwealth's Attorney	1,000	1,000	1,393	393
Miscellaneous fees	6,000	6,000	6,276	276
Charges for cannery	5,000	5,000	5,953	953
Charges for other protection	47,400	47,400	54,626	7,226
Charges for sanitation and waste removal	480,000	480,000	439,755	(40,245)
Total charges for services	<u>\$ 559,600</u>	<u>\$ 559,600</u>	<u>\$ 532,099</u>	<u>\$ (27,501)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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	\$ 75,000	\$ 80,120	\$ 65,159	\$ (14,961)
Insurance recoveries	-	-	12,568	12,568
Payments from Paris Ceramics	-	-	52,419	52,419
Sale of property	-	51,128	51,128	-
Miscellaneous	159,300	165,717	34,903	(130,814)
Total miscellaneous revenue	\$ 234,300	\$ 296,965	\$ 216,177	\$ (80,788)
Recovered costs:				
Other recovered costs	\$ 5,000	\$ 75,385	\$ 234,220	\$ 158,835
Circuit court judge	35,000	35,000	32,000	(3,000)
Total recovered costs	\$ 40,000	\$ 110,385	\$ 266,220	\$ 155,835
Total revenue from local sources	\$ 14,961,714	\$ 15,104,872	\$ 15,545,467	\$ 440,595
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ 304	\$ (49,696)
Mobile home titling tax	30,000	30,000	24,388	(5,612)
Motor vehicle rental tax	900	900	1,762	862
State recordation tax	35,000	35,000	35,189	189
Communications tax	315,000	315,000	324,342	9,342
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
State budget reduction - Aid to the Commonwealth	-	-	(196,853)	(196,853)
Total noncategorical aid	\$ 1,736,250	\$ 1,736,250	\$ 1,494,482	\$ (241,768)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 373,538	\$ 373,538	\$ 390,381	\$ 16,843
Sheriff	971,390	971,390	998,906	27,516
Commissioner of revenue	84,697	84,697	86,811	2,114
Treasurer	89,833	89,833	92,150	2,317
Registrar/electoral board	40,800	40,800	38,011	(2,789)
Clerk of the Circuit Court	252,330	271,767	304,883	33,116
Total shared expenses	\$ 1,812,588	\$ 1,832,025	\$ 1,911,142	\$ 79,117
Other categorical aid:				
Emergency medical services	\$ 14,000	\$ 14,000	\$ 16,987	\$ 2,987
Welfare administration and assistance	791,645	791,645	863,182	71,537
Litter control grant	5,000	5,000	6,831	1,831

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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)				
Comprehensive services act	\$ 741,600	\$ 741,600	\$ 609,537	\$ (132,063)
Tobacco commission grant	-	495,848	389,019	(106,829)
Victim-witness grant	38,924	38,924	45,793	6,869
Fire program funds	35,000	37,466	40,999	3,533
Other categorical	41,600	187,064	216,213	29,149
Total other categorical aid	<u>\$ 1,667,769</u>	<u>\$ 2,311,547</u>	<u>\$ 2,188,561</u>	<u>\$ (122,986)</u>
Total categorical aid	<u>\$ 3,480,357</u>	<u>\$ 4,143,572</u>	<u>\$ 4,099,703</u>	<u>\$ (43,869)</u>
Total revenue from the Commonwealth	<u>\$ 5,216,607</u>	<u>\$ 5,879,822</u>	<u>\$ 5,594,185</u>	<u>\$ (285,637)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 5,975</u>	<u>\$ (9,025)</u>
Revenue from the Federal Government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,428,588	\$ 1,428,588	\$ 1,253,595	\$ (174,993)
Energy efficiency community block grant - ARRA	-	668,000	668,002	2
Ground transportation safety	-	-	11,030	11,030
Highway safety	-	-	6,314	6,314
Emergency management performance grant	-	-	9,436	9,436
Bulletproof vest partnership program	-	-	1,704	1,704
Total categorical aid	<u>\$ 1,428,588</u>	<u>\$ 2,096,588</u>	<u>\$ 1,950,081</u>	<u>\$ (146,507)</u>
Total revenue from the federal government	<u>\$ 1,443,588</u>	<u>\$ 2,111,588</u>	<u>\$ 1,956,056</u>	<u>\$ (155,532)</u>
Total General Fund	<u><u>\$ 21,621,909</u></u>	<u><u>\$ 23,096,282</u></u>	<u><u>\$ 23,095,708</u></u>	<u><u>\$ (574)</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>\$ -</u>	<u>\$ -</u>	<u>\$ 7,668</u>	<u>\$ 7,668</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 277,686</u>	<u>\$ 2,686</u>
Total revenue from local sources	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 285,354</u>	<u>\$ 10,354</u>
Total Landfill Construction Fund	<u><u>\$ 275,000</u></u>	<u><u>\$ 275,000</u></u>	<u><u>\$ 285,354</u></u>	<u><u>\$ 10,354</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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	\$ -	\$ -	\$ 78	\$ 78
Total revenue from local sources	\$ -	\$ -	\$ 78	\$ 78
Total Recreation Fund	\$ -	\$ -	\$ 78	\$ 78
Debt Service Fund:				
School Debt Service				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11,011	\$ 11,011
Total revenue from local sources	\$ -	\$ -	\$ 11,011	\$ 11,011
Total School Debt Service Fund	\$ -	\$ -	\$ 11,011	\$ 11,011
Total Primary Government	\$ 21,896,909	\$ 23,371,282	\$ 23,392,151	\$ 20,869
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	\$ 10,674	\$ 2,674
Charges for services:				
Charges for education	\$ 82,700	\$ 82,700	\$ 373,697	\$ 290,997
Miscellaneous revenue:				
Other miscellaneous	\$ 53,000	\$ 53,000	\$ 6,241	\$ (46,759)
Recovered costs:				
Other recovered costs	\$ 114,590	\$ 114,590	\$ 102,116	\$ (12,474)
Total revenue from local sources	\$ 258,290	\$ 258,290	\$ 492,728	\$ 234,438
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 7,913,044	\$ 7,913,044	\$ 7,941,250	\$ 28,206
Total revenues from local governments	\$ 7,913,044	\$ 7,913,044	\$ 7,941,250	\$ 28,206

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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	\$ 2,559,727	\$ 2,559,727	\$ 2,664,366	\$ 104,639
Basic school aid	7,291,446	7,291,446	6,574,942	(716,504)
Other state funds	5,770,719	5,773,348	5,284,484	(488,864)
Total categorical aid	\$ 15,621,892	\$ 15,624,521	\$ 14,523,792	\$ (1,100,729)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 978,224	\$ 978,224	\$ 735,240	\$ (242,984)
Title I, neglected and delinquent children	-	-	39,548	39,548
Title I - ARRA	259,228	259,228	252,659	(6,569)
Title II	187,173	187,173	152,243	(34,930)
Title VI-B, special education flow-through	761,514	761,514	417,617	(343,897)
Title VI-B, special education flow-through - ARRA	365,377	365,377	433,488	68,111
Safe and drug free schools	15,839	15,839	-	(15,839)
Title II - part D	7,974	7,974	2,490	(5,484)
Title VI-B, pre-school	20,394	20,394	19,722	(672)
Title IV-A	75,045	75,045	-	(75,045)
Title VI-B, pre-school - ARRA	12,304	12,304	12,304	-
Title V-A	-	-	174,258	174,258
JROTC	50,000	50,000	42,176	(7,824)
21st century learning communities	-	-	86,394	86,394
Education jobs funds - ARRA	-	89,175	67,210	(21,965)
Title I - school improvement - ARRA	104,880	604,466	486,232	(118,234)
Title I - 1003g set aside	-	-	47,011	47,011
State fiscal stabilization funds - ARRA	-	-	324,485	324,485
Vocational education	65,000	65,000	41,388	(23,612)
Total categorical aid	\$ 2,902,952	\$ 3,491,713	\$ 3,334,465	\$ (157,248)
Total School Operating Fund	\$ 26,696,178	\$ 27,287,568	\$ 26,292,235	\$ (995,333)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 256,171	\$ 256,171	\$ 244,707	\$ (11,464)
Recovered costs:				
Other recovered costs	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenue from local sources	\$ 261,171	\$ 261,171	\$ 244,707	\$ (16,464)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 16,884	\$ 16,884	\$ 19,752	\$ 2,868
Total categorical aid	<u>\$ 16,884</u>	<u>\$ 16,884</u>	<u>\$ 19,752</u>	<u>\$ 2,868</u>
Total revenue from the Commonwealth	<u>\$ 16,884</u>	<u>\$ 16,884</u>	<u>\$ 19,752</u>	<u>\$ 2,868</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 750,000	\$ 821,105	\$ 936,412	\$ 115,307
Total federal categorical aid	<u>\$ 750,000</u>	<u>\$ 821,105</u>	<u>\$ 936,412</u>	<u>\$ 115,307</u>
Total School Cafeteria Fund	<u>\$ 1,028,055</u>	<u>\$ 1,099,160</u>	<u>\$ 1,200,871</u>	<u>\$ 101,711</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,724,233</u>	<u>\$ 28,386,728</u>	<u>\$ 27,493,106</u>	<u>\$ (893,622)</u>

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

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	\$ 117,900	\$ 120,257	\$ 116,654	\$ 3,603
General and financial administration:				
County administrator	491,883	491,883	461,691	30,192
Legal services	66,897	66,897	35,696	31,201
Commissioner of revenue	279,275	279,275	263,702	15,573
Treasurer	354,103	360,981	347,928	13,053
Independent Auditor	36,000	36,000	34,500	1,500
Assessor	15,000	15,000	11,198	3,802
Other general and financial administration	74,000	74,000	60,660	13,340
Total general and financial administration	\$ 1,317,158	\$ 1,324,036	\$ 1,215,375	\$ 108,661
Board of elections:				
Electoral board and officials	\$ 25,341	\$ 25,341	\$ 18,784	\$ 6,557
Registrar	91,714	91,714	93,140	(1,426)
Total board of elections	\$ 117,055	\$ 117,055	\$ 111,924	\$ 5,131
Total general government administration	\$ 1,552,113	\$ 1,561,348	\$ 1,443,953	\$ 117,395
Judicial administration:				
Courts:				
Circuit court	\$ 51,745	\$ 51,745	\$ 46,989	\$ 4,756
General district court	13,700	13,700	12,266	1,434
Office of the magistrates	4,625	4,625	3,784	841
Clerk of the circuit court	455,741	472,784	436,122	36,662
Law library	4,650	4,650	5,810	(1,160)
Sheriff - courts	340,743	340,743	337,363	3,380
Victim and witness assistance	57,047	57,047	56,374	673
Total courts	\$ 928,251	\$ 945,294	\$ 898,708	\$ 46,586
Commonwealth's attorney:				
Commonwealth's attorney	\$ 617,449	\$ 637,739	\$ 595,462	\$ 42,277
Total judicial administration	\$ 1,545,700	\$ 1,583,033	\$ 1,494,170	\$ 88,863
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,627,880	\$ 1,654,404	\$ 1,663,430	\$ (9,026)
Emergency operations center	20,000	20,000	7,990	12,010
Total law enforcement and traffic control	\$ 1,647,880	\$ 1,674,404	\$ 1,671,420	\$ 2,984

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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	\$ 487,800	\$ 675,424	\$ 563,777	\$ 111,647
Ambulance and rescue services	76,500	76,500	76,500	-
Forestry service	14,448	14,448	12,040	2,408
Total fire and rescue services	<u>\$ 578,748</u>	<u>\$ 766,372</u>	<u>\$ 652,317</u>	<u>\$ 114,055</u>
Correction and detention:				
County operated institutions	\$ 195,000	\$ 195,121	\$ 131,814	\$ 63,307
Inspections:				
Building	\$ 96,606	\$ 96,606	\$ 97,133	\$ (527)
Other protection:				
Animal control	\$ 121,559	\$ 124,859	\$ 119,297	\$ 5,562
Medical examiner (coroner)	500	500	200	300
Total other protection	<u>\$ 122,059</u>	<u>\$ 125,359</u>	<u>\$ 119,497</u>	<u>\$ 5,862</u>
Total public safety	<u>\$ 2,640,293</u>	<u>\$ 2,857,862</u>	<u>\$ 2,672,181</u>	<u>\$ 185,681</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,151,700	\$ 1,151,700	\$ 1,131,745	\$ 19,955
Litter control	5,000	5,000	-	5,000
Biosolids	65,270	65,270	64,967	303
Total sanitation and waste removal	<u>\$ 1,221,970</u>	<u>\$ 1,221,970</u>	<u>\$ 1,196,712</u>	<u>\$ 25,258</u>
Maintenance of general buildings and grounds:				
General properties	\$ 661,678	\$ 646,395	\$ 579,813	\$ 66,582
Total public works	<u>\$ 1,883,648</u>	<u>\$ 1,868,365</u>	<u>\$ 1,776,525</u>	<u>\$ 91,840</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 167,761	\$ 167,761	\$ 139,705	\$ 28,056
Mental health and mental retardation:				
Chapter X board	\$ 62,643	\$ 62,643	\$ 62,643	-
Welfare:				
Welfare administration and assistance	\$ 2,761,176	\$ 2,761,176	\$ 2,660,728	\$ 100,448
Comprehensive services act	1,001,000	1,001,000	789,706	211,294
Other welfare programs	68,742	796,504	745,238	51,266
Total welfare	<u>\$ 3,830,918</u>	<u>\$ 4,558,680</u>	<u>\$ 4,195,672</u>	<u>\$ 363,008</u>
Total health and welfare	<u>\$ 4,061,322</u>	<u>\$ 4,789,084</u>	<u>\$ 4,398,020</u>	<u>\$ 391,064</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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	\$ 14,030	\$ 14,030	\$ 14,030	\$ -
Contribution to County School Board	7,913,044	7,913,044	7,941,250	(28,206)
Total education	<u>\$ 7,927,074</u>	<u>\$ 7,927,074</u>	<u>\$ 7,955,280</u>	<u>\$ (28,206)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 118,100	\$ 118,100	\$ 98,100	\$ 20,000
Cultural enrichment:				
Museums	\$ 11,000	\$ 11,000	\$ 10,000	\$ 1,000
Contribution to regional library	\$ 166,559	\$ 166,559	\$ 166,559	\$ -
Total parks, recreation, and cultural	<u>\$ 295,659</u>	<u>\$ 295,659</u>	<u>\$ 274,659</u>	<u>\$ 21,000</u>
Community development:				
Planning and community development:				
Planning	\$ 187,549	\$ 187,549	\$ 177,806	\$ 9,743
Community development	44,250	44,250	44,250	-
Contribution to Industrial Development Auth.	154,532	154,532	-	154,532
Economic development	93,666	97,139	95,229	1,910
Tourism	85,888	130,944	113,210	17,734
Total planning and community development	<u>\$ 565,885</u>	<u>\$ 614,414</u>	<u>\$ 430,495</u>	<u>\$ 183,919</u>
Environmental management:				
Soil and water conservation	\$ 11,465	\$ 11,465	\$ 11,465	\$ -
Cooperative extension program:				
Cooperative extension program	\$ 61,192	\$ 61,192	\$ 32,787	\$ 28,405
Cannery	56,076	56,076	51,790	4,286
Total cooperative extension program	<u>\$ 117,268</u>	<u>\$ 117,268</u>	<u>\$ 84,577</u>	<u>\$ 32,691</u>
Total community development	<u>\$ 694,618</u>	<u>\$ 743,147</u>	<u>\$ 526,537</u>	<u>\$ 216,610</u>
Nondepartmental:				
Other nondepartmental	\$ 244,397	\$ 297,517	\$ 126,189	\$ 171,328
Total nondepartmental	<u>\$ 244,397</u>	<u>\$ 297,517</u>	<u>\$ 126,189</u>	<u>\$ 171,328</u>
Capital projects:				
Sandy River reservoir project	\$ 40,000	\$ 40,000	\$ 19,655	\$ 20,345
Other capital projects	86,150	725,339	513,547	211,792
Total capital projects	<u>\$ 126,150</u>	<u>\$ 765,339</u>	<u>\$ 533,202</u>	<u>\$ 232,137</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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	\$ 428,849	\$ 440,849	\$ 578,821	\$ (137,972)
Interest and other fiscal charges	348,919	348,919	364,163	(15,244)
Total debt service	<u>\$ 777,768</u>	<u>\$ 789,768</u>	<u>\$ 942,984</u>	<u>\$ (153,216)</u>
Total General Fund	<u>\$ 21,748,742</u>	<u>\$ 23,478,196</u>	<u>\$ 22,143,700</u>	<u>\$ 1,334,496</u>
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 1,000,000	\$ 1,000,000	-	\$ 1,000,000
Total Landfill Construction Fund	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>-</u>	<u>\$ 1,000,000</u>
Total Capital Projects Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Primary Government	<u>\$ 22,748,742</u>	<u>\$ 24,478,196</u>	<u>\$ 22,143,700</u>	<u>\$ 2,334,496</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 20,494,761	\$ 21,075,222	\$ 20,218,199	\$ 857,023
Administration, attendance, and health	1,539,615	1,539,615	1,608,389	(68,774)
Pupil transportation services	1,785,334	1,793,634	1,635,355	158,279
Operation and maintenance services	1,930,175	1,930,175	1,992,441	(62,266)
School food program	11,436	11,436	11,268	168
Facilities	142,967	142,967	142,644	323
Total education	<u>\$ 25,904,288</u>	<u>\$ 26,493,049</u>	<u>\$ 25,608,296</u>	<u>\$ 884,753</u>
Debt service:				
Principal retirement	\$ 532,955	\$ 532,955	\$ 422,375	\$ 110,580
Interest and other fiscal charges	261,564	261,564	261,564	-
Total debt service	<u>\$ 794,519</u>	<u>\$ 794,519</u>	<u>\$ 683,939</u>	<u>\$ 110,580</u>
Total School Operating Fund	<u>\$ 26,698,807</u>	<u>\$ 27,287,568</u>	<u>\$ 26,292,235</u>	<u>\$ 995,333</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,028,055	1,099,160	\$ 1,088,994	\$ 10,166
Total Cafeteria Fund	<u>\$ 1,028,055</u>	<u>\$ 1,099,160</u>	<u>\$ 1,088,994</u>	<u>\$ 10,166</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,726,862</u>	<u>\$ 28,386,728</u>	<u>\$ 27,381,229</u>	<u>\$ 1,005,499</u>

Statistical Section

<u>Contents</u>	<u>Tables</u>
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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Net Assets by Component

Last Nine Fiscal Years

(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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
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>
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>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
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>
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>

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

Table 1

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	2,912,203	\$ 2,459,199	\$ 2,534,819	\$ 2,584,694
	-	-	-	-
	<u>3,215,901</u>	<u>1,428,178</u>	<u>1,538,199</u>	<u>4,090,425</u>
\$	<u><u>6,128,104</u></u>	<u><u>3,887,377</u></u>	<u><u>4,073,018</u></u>	<u><u>6,675,119</u></u>
\$	-	\$ (31,482)	\$ 851,144	\$ 480,268
	-	821	(149,653)	52,852
\$	<u><u>-</u></u>	<u><u>(30,661)</u></u>	<u><u>701,491</u></u>	<u><u>533,120</u></u>
\$	2,912,203	\$ 2,427,717	\$ 3,385,963	\$ 3,064,962
	-	-	-	-
	<u>3,215,901</u>	<u>1,428,999</u>	<u>1,388,546</u>	<u>4,143,277</u>
\$	<u><u>6,128,104</u></u>	<u><u>3,856,716</u></u>	<u><u>4,774,509</u></u>	<u><u>7,208,239</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government administration	\$ 1,479,482	\$ 1,359,503	\$ 1,542,517	\$ 1,553,538
Judicial administration	1,087,424	1,083,127	1,239,534	1,337,676
Public safety	2,011,592	2,242,895	2,449,038	2,714,749
Public works	1,998,378	2,858,160	2,203,917	2,555,224
Health and welfare	2,408,468	2,889,853	3,343,298	3,331,152
Education	5,729,449	6,076,565	5,920,107	7,571,463
Parks, recreation and cultural	166,063	252,780	189,991	237,633
Community development	337,413	603,178	458,214	1,237,317
Interest on long-term debt	702,790	710,252	575,931	556,628
Total governmental activities expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380
Business-type activities:				
Water	\$ -	\$ -	\$ -	\$ -
Sewer	-	-	-	-
Total business-type activities expenses	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 50,306	\$ 56,590	\$ 51,368	\$ 93,202
Judicial administration	102,336	131,772	117,534	92,089
Public safety	4,864	8,515	6,165	2,472
Public works	782,863	774,880	583,083	722,738
Community development	3,015	5,340	6,624	4,680
Operating grants and contributions	3,787,838	4,055,742	4,808,345	4,683,367
Capital grants and contributions	283,683	-	-	-
Total governmental activities program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548
Business-type activities:				
Charges for services:				
Water	\$ -	\$ -	\$ -	\$ -
Sewer	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548
Net (expense) / revenue				
Governmental activities	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)
Total primary government net expense	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)
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
Local sales and use taxes	2,019,229	2,217,895	2,258,289	2,402,247
Taxes on recordation and wills	92,022	106,792	162,805	207,670
Motor vehicle licenses taxes	211,787	224,999	231,477	232,757
Consumer utility taxes	463,849	477,800	474,912	476,527
Other local taxes	130,972	99,681	80,675	86,162
Unrestricted grants and contributions	1,600,560	1,607,274	1,391,668	1,655,009
Unrestricted revenues from use of money and property	454,866	422,119	427,756	493,043
Miscellaneous	176,139	84,915	167,979	45,126
Gain (loss) on disposal of capital assets	129,547	-	-	-
Transfers	-	-	-	-
Total governmental activities	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196
Business-type activities:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-
Total business-type activities	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196
Change in Net Assets				
Governmental activities	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)
Business-type activities	-	-	-	-
Total primary government	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)

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

Table 2

	2007	2008	2009	2010	2011
\$	1,613,434	\$ 1,888,328	\$ 1,878,951	\$ 1,795,153	\$ 1,869,443
	1,060,878	1,247,739	1,557,012	1,175,955	1,147,492
	2,886,070	2,920,779	2,718,405	2,910,454	3,118,622
	2,745,353	4,498,020	2,641,623	2,105,782	2,228,299
	3,699,915	4,009,487	3,948,690	3,894,723	4,382,927
	5,517,861	7,558,263	7,039,437	7,082,604	7,695,814
	253,326	1,842,051	3,274,724	293,485	94,271
	556,620	1,201,635	1,618,525	721,676	658,469
	559,142	521,152	701,954	676,992	514,419
\$	<u>18,892,599</u>	<u>25,687,454</u>	<u>25,379,321</u>	<u>20,656,824</u>	<u>21,709,756</u>
\$	-	-	31,512	69,875	127,189
	-	-	29,800	83,078	62,885
\$	<u>-</u>	<u>-</u>	<u>61,312</u>	<u>152,953</u>	<u>190,074</u>
\$	<u>18,892,599</u>	<u>25,687,454</u>	<u>25,440,633</u>	<u>20,809,777</u>	<u>21,899,830</u>
\$	92,490	\$ 100	\$ 100	\$ 100	\$ -
	80,026	62,306	79,865	77,250	64,241
	99,282	207,114	161,311	135,014	122,036
	740,406	888,006	758,965	749,031	717,441
	5,319	12,044	19,396	12,456	12,518
	4,885,349	5,567,251	5,662,902	5,272,050	5,217,595
	-	180,000	-	-	668,002
\$	<u>5,902,872</u>	<u>6,916,821</u>	<u>6,682,539</u>	<u>6,245,901</u>	<u>6,801,833</u>
\$	-	-	-	1,289	1,386
	-	-	-	7,713	2,317
	-	-	6,000	21,750	18,000
\$	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>30,752</u>	<u>21,703</u>
\$	<u>5,902,872</u>	<u>6,916,821</u>	<u>6,688,539</u>	<u>6,276,653</u>	<u>6,823,536</u>
\$	<u>(12,989,727)</u>	<u>(18,770,633)</u>	<u>(18,696,782)</u>	<u>(14,410,923)</u>	<u>(14,907,923)</u>
\$	<u>(12,989,727)</u>	<u>(18,770,633)</u>	<u>(18,752,094)</u>	<u>(14,533,124)</u>	<u>(15,076,294)</u>
\$	8,988,258	\$ 9,898,122	\$ 10,338,674	\$ 9,925,117	\$ 10,796,720
	2,555,696	2,890,586	2,683,336	2,526,302	2,558,209
	276,472	201,608	159,537	121,912	109,777
	223,727	201,203	276,176	313,778	475,995
	438,853	344,009	371,824	387,557	375,945
	190,653	357,262	324,603	12	-
	3,086,888	1,467,887	1,325,103	1,619,326	1,664,644
	593,476	639,211	450,348	329,506	374,912
	116,470	130,554	451,992	126,880	169,346
	-	-	99,113	100,277	-
	-	-	(24,651)	(854,103)	-
\$	<u>16,470,493</u>	<u>16,130,442</u>	<u>16,456,055</u>	<u>14,596,564</u>	<u>16,525,548</u>
\$	-	-	-	250	-
	-	-	24,651	854,103	-
\$	<u>-</u>	<u>-</u>	<u>24,651</u>	<u>854,353</u>	<u>-</u>
\$	<u>16,470,493</u>	<u>16,130,442</u>	<u>16,480,706</u>	<u>15,450,917</u>	<u>16,525,548</u>
\$	3,480,766	\$ (2,640,191)	\$ (2,240,727)	\$ 185,641	\$ 1,617,625
	-	-	(30,661)	732,152	(168,371)
\$	<u>3,480,766</u>	<u>(2,640,191)</u>	<u>(2,271,388)</u>	<u>917,793</u>	<u>1,449,254</u>

This page intentionally left blank

Governmental Activities Tax Revenues by Source
 Last Nine 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
2011	\$ 10,796,720	\$ 2,558,209	\$ 375,945	\$ 475,995	\$ 109,777	\$ 14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ -	-
Restricted for:					
Retiree benefits	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	78,096	328,102	383,489	78,102	-
Unreserved	<u>7,317,871</u>	<u>7,293,997</u>	<u>5,509,187</u>	<u>5,119,772</u>	<u>6,009,170</u>
Total general fund	<u>\$ 7,395,967</u>	<u>\$ 7,622,099</u>	<u>\$ 5,892,676</u>	<u>\$ 5,197,874</u>	<u>\$ 6,009,170</u>
All other governmental funds					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	-
Assigned for:					
Landfill construction	-	-	-	-	-
Recreation capital projects	-	-	-	-	-
Reserved	-	-	-	-	-
Unreserved, reported in:					
Capital projects funds	<u>1,190,891</u>	<u>1,622,573</u>	<u>1,649,621</u>	<u>806,100</u>	<u>129,375</u>
Total all other governmental funds	<u>\$ 1,190,891</u>	<u>\$ 1,622,573</u>	<u>\$ 1,649,621</u>	<u>\$ 806,100</u>	<u>\$ 129,375</u>

(1) The County implemented GASB 54 in fiscal year 2011.

Table 4

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,899
-	-	-	-	399
-	-	-	-	9,603,023
8,074	11,486	12,078	1,106	-
<u>8,765,971</u>	<u>8,788,927</u>	<u>9,207,233</u>	<u>8,774,360</u>	<u>-</u>
<u>\$ 8,774,045</u>	<u>\$ 8,800,413</u>	<u>\$ 9,219,311</u>	<u>\$ 8,775,466</u>	<u>\$ 9,617,321</u>
\$ -	\$ -	\$ -	\$ -	\$ 529,233
-	-	-	-	898,059
-	-	-	-	27,002
61,153	174,097	289,712	408,069	-
<u>425,644</u>	<u>77,047</u>	<u>377,012</u>	<u>639,629</u>	<u>-</u>
<u>\$ 486,797</u>	<u>\$ 251,144</u>	<u>\$ 666,724</u>	<u>\$ 1,047,698</u>	<u>\$ 1,454,294</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2002	2003	2004	2005
Revenues				
General property taxes	\$ 6,079,463	\$ 6,054,082	\$ 6,330,673	\$ 6,386,661
Other local taxes	2,808,410	2,917,859	3,127,167	3,208,158
Permits, privilege fees and regulatory licenses	63,239	50,306	56,590	51,368
Fines and forfeitures	15,312	79,411	107,077	85,142
Revenue from use of money and property	598,207	454,866	422,119	427,756
Charges for services	807,846	813,667	813,430	628,264
Miscellaneous	34,931	176,139	84,915	167,979
Recovered costs	28,050	900	46,437	44,837
Intergovernmental:				
Commonwealth	4,344,252	4,720,867	4,403,526	5,043,573
Federal	1,019,173	951,214	1,259,490	1,156,441
Total revenues	\$ 15,798,883	\$ 16,219,311	\$ 16,651,424	\$ 17,200,179
Expenditures				
General government administration	\$ 1,078,789	\$ 1,110,602	\$ 1,136,088	\$ 1,243,224
Judicial administration	1,046,627	1,084,838	1,091,812	1,266,333
Public safety	2,271,557	2,056,274	2,252,676	2,343,621
Public works	1,230,497	1,318,370	1,958,893	1,582,784
Health and welfare	2,250,466	2,386,741	2,872,126	3,356,131
Education	5,215	6,157,120	6,433,828	6,270,528
Parks, recreation and cultural	157,526	166,063	252,780	189,991
Community development	321,141	339,302	600,203	455,360
Capital projects	368,481	296,641	893,222	1,381,092
Nondepartmental	-	-	-	-
Debt service				
Principal	527,039	531,491	540,477	339,822
Interest and other fiscal charges	351,881	339,055	321,694	309,616
Total expenditures	\$ 9,609,219	\$ 15,786,497	\$ 18,353,799	\$ 18,738,502
Excess of revenues over (under) expenditures	\$ 6,189,664	\$ 432,814	\$ (1,702,375)	\$ (1,538,323)
Other financing sources (uses)				
Transfers in	\$ 14,000	\$ 13,625	\$ 13,250	\$ 11,163
Transfers out	(5,985,525)	(13,625)	(13,250)	(11,163)
Issuance of debt	304,035	225,000	-	-
Total other financing sources (uses)	\$ (5,667,490)	\$ 225,000	\$ -	\$ -
Net change in fund balances	\$ 522,174	\$ 657,814	\$ (1,702,375)	\$ (1,538,323)
Debt service as a percentage of noncapital expenditures	9.51%	5.62%	4.94%	3.74%

Note: Does not include discretely presented component unit.

Table 5

	2006	2007	2008	2009	2010	2011
\$	8,201,124	\$ 8,781,315	\$ 9,869,179	\$ 10,097,051	\$ 9,911,626	\$ 10,548,439
	3,405,363	3,672,974	3,994,668	3,815,476	3,349,561	3,519,926
	93,202	107,344	100,805	106,200	86,207	67,681
	59,473	46,112	29,824	44,006	47,822	38,770
	493,044	593,477	639,211	450,348	329,506	374,912
	762,506	818,345	985,037	869,431	839,822	809,785
	45,126	1,674,879	201,265	1,041,105	231,167	216,177
	60,363	51,218	236,973	99,018	45,111	266,220
	5,171,085	5,079,154	5,744,492	5,674,148	5,432,928	5,594,185
	1,190,522	1,392,823	1,290,645	1,313,858	1,458,448	1,956,056
\$	<u>19,481,808</u>	<u>\$ 22,217,641</u>	<u>\$ 23,092,099</u>	<u>\$ 23,510,641</u>	<u>\$ 21,732,198</u>	<u>\$ 23,392,151</u>
\$	1,238,135	\$ 1,416,441	\$ 1,626,034	\$ 1,620,699	\$ 1,453,038	\$ 1,443,953
	1,404,563	1,084,329	1,178,889	1,382,779	1,482,540	1,494,170
	2,651,956	2,815,986	3,020,666	2,846,153	2,516,411	2,672,181
	1,688,418	1,723,931	2,033,140	1,864,186	1,786,034	1,776,525
	3,377,252	3,714,420	4,061,932	3,915,282	3,890,975	4,398,020
	6,600,608	6,669,651	7,749,894	7,446,574	7,451,833	7,955,280
	237,633	243,368	230,159	307,159	293,159	274,659
	449,727	501,123	1,018,825	1,409,598	478,134	526,537
	1,062,351	324,432	1,675,064	3,911,158	592,857	533,202
	-	-	1,517	-	136,046	126,189
	330,766	323,958	431,078	438,613	589,253	552,298
	305,828	277,705	274,186	309,311	390,686	390,686
\$	<u>19,347,237</u>	<u>\$ 19,095,344</u>	<u>\$ 23,301,384</u>	<u>\$ 25,451,512</u>	<u>\$ 21,060,966</u>	<u>\$ 22,143,700</u>
\$	<u>134,571</u>	<u>\$ 3,122,297</u>	<u>\$ (209,285)</u>	<u>\$ (1,940,871)</u>	<u>\$ 671,232</u>	<u>\$ 1,248,451</u>
\$	-	\$ 60,425	\$ 310,153	\$ 332,153	\$ 110,153	\$ 110,153
	-	(60,425)	(310,153)	(356,804)	(964,256)	(110,153)
	-	-	-	2,800,000	120,000	-
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,775,349</u>	<u>(734,103)</u>	<u>-</u>
\$	<u>134,571</u>	<u>\$ 3,122,297</u>	<u>\$ (209,285)</u>	<u>\$ 834,478</u>	<u>\$ (62,871)</u>	<u>\$ 1,248,451</u>
	3.48%	3.21%	3.17%	3.06%	4.89%	4.47%

This page intentionally left blank

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)(2)	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Gross Receipts Tax	Total
2011	\$ 10,548,439	\$ 2,558,209	-	\$ 300,823	\$ 475,995	\$ 109,777	-	\$ 75,122	\$ 14,068,365
2010	9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
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

(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.

(2) Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

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
2011	\$ 1,554,835,140	\$ 99,133,100	\$ 9,618,210	\$ 791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925
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

(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
\$	60,034,150	\$ 67,442,018	\$ 1,791,854,443	\$ 1,791,854,443	100.00%
	65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%
	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%

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
2011	\$ 0.42	\$ 4.50	\$ 0.42	\$ 4.20	\$ 0.70
2010	0.40	4.50	0.40	4.20	0.70
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

(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
2011	\$ 11,893,196	\$ 11,192,840	94.11%	\$ 725,383	\$ 11,918,223	100.21%	\$ 1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
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%

(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 2011		Fiscal Year 2002	
	2010 Assessed Valuation	% of Total Assessed Valuation	2001 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$ 4,549,700	0.36%	\$ 2,571,520	N/A
Southside Community Nursing	14,485,100	1.12%	6,712,400	N/A
Statewide Realty Co.	1,828,400	0.15%	1,536,300	N/A
Southgate Associates II	5,729,200	0.48%	4,182,600	N/A
Wright, Shelton	3,749,900	0.32%	1,166,000	N/A
Davis, Clyde J.	4,649,800	0.40%	3,380,400	N/A
Garnett, James	2,101,900	0.25%	1,222,500	N/A
Landon G. Atkins Revocable Trust	362,900	0.04%	3,852,000	N/A
Longwood Village Shopping Center	7,742,700	0.96%	7,091,700	N/A
Farmville Partners, LLC	6,934,300	0.88%	-	N/A
	<u>\$ 52,133,900</u>	<u>4.96%</u>	<u>\$ 31,715,420</u>	<u>N/A</u>

Note: Information regarding total assessment for 2001 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			
2011	\$ 5,157,837	\$ -	\$ 7,696,025	\$ -	\$ 3,750,000	\$ 16,603,862	3.33%	711
2010	5,778,724	-	8,181,343	-	2,500,000	16,460,067	4.06%	736
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

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)
2011	\$ 10,316,777	\$ 529,233	\$ 9,787,544	0.55%	419
2010	11,170,767	406,089	10,764,678	0.61%	481
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

(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
2011	23,368	\$ 498,422,000	\$ 21,329	31.5	2,494	9.50%
2010	22,370	\$ 405,000,000	18,105	31.4	2,607	10.90%
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%

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

(1) Information is not updated annually

(2) School enrollment includes pre-K

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Function	2002	2003	2004	2005	2006
General government	18.0	18.0	18.0	18.0	19.0
Judicial administration	19.0	18.0	19.0	21.0	23.0
Public safety					
Sheriffs department	22.0	25.0	25.0	25.0	26.0
Animal control	1.0	1.0	2.0	2.0	2.0
Building official	-	-	-	-	-
Public works					
General maintenance	7.0	7.0	7.0	7.0	7.0
Refuse Collection & Disposal	2.0	2.0	2.0	2.0	2.0
Biosolids	-	-	-	-	-
Health and welfare					
Department of social services	30.0	32.0	31.0	30.0	31.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	1.0	1.0	1.0	1.0	1.0
Economic Development	-	-	1.0	1.0	1.0
Cannery	-	-	1.5	1.5	1.5
Extension	1.0	1.0	-	-	-
Totals	102.0	105.0	108.5	109.5	114.5

Source: Individual County departments

Table 14

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
17.0	17.0	17.0	17.0	17.0
25.0	25.0	25.0	22.5	22.5
30.5	30.5	30.5	31.0	31.0
2.0	2.0	2.0	2.0	2.0
2.0	2.0	2.0	2.0	2.0
7.5	7.5	7.5	6.5	6.5
15.5	15.5	15.5	13.0	13.0
1.0	1.0	1.0	1.0	1.0
31.0	31.0	31.0	32.0	32.0
-	-	-	-	-
-	-	-	-	-
2.0	2.0	2.0	2.0	2.0
1.5	2.0	2.0	2.0	2.0
1.5	1.5	1.5	1.5	1.5
1.0	1.0	1.0	1.0	1.0
<u>137.5</u>	<u>138.0</u>	<u>138.0</u>	<u>133.5</u>	<u>133.5</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2002	2003	2004	2005	2006
Public safety					
Sheriffs department:					
Physical arrests	-	-	628.0	825.0	1,167.0
Civil papers	-	-	13,894.0	9,982.0	9,660.0
Building inspections:					
Permits issued (2)	386.0	301.0	360.0	322.0	430.0
Public works					
Landfill:					
Refuse collected (tons/day)	78.3	80.6	90.0	70.5	76.9
Recycling (tons/day)	5.1	4.3	9.3	10.3	12.0
Health and welfare					
Department of Social Services:					
Caseload	-	3,835.0	4,735.0	5,194.0	5,114.0
Community development					
Planning:					
Zoning permits issued	-	-	-	266.0	246.0
Component Unit - School Board					
Education:					
Number of teachers	216.0	212.0	211.0	232.0	238.0
Local expenditures per pupil	-	-	-	-	2,506.2

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

2007	2008	2009	2010	2011
1,127.0	1,629.0	2,164.0	1,396.0	1,325.0
9,700.0	7,718.0	9,890.0	9,124.0	8,812.0
416.0	558.0	784.0	642.0	438.0
91.0	89.0	80.0	78.0	71.0
11.0	9.0	13.0	13.0	39.0
5,298.0	7,065.0	8,100.0	8,817.0	8,058.0
242.0	194.0	119.0	112.0	93.0
229.5	235.7	228.0	224.0	224.0
2,623.0	2,840.0	2,718.0	2,858.0	2,927.0

This page intentionally left blank

Compliance

This page intentionally left blank

**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 County of Prince Edward, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Prince Edward, Virginia's basic financial statements and have issued our report thereon dated December 23, 2011. 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 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 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Robinson, Farmer Cox Associates
Charlottesville, Virginia
December 23, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133

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

Compliance

We have audited County of Prince Edward, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Prince Edward, Virginia's major federal programs for the year ended June 30, 2011. County of Prince Edward, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Prince Edward, Virginia's management. Our responsibility is to express an opinion on County of Prince Edward, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Prince Edward, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of County of Prince Edward, Virginia's compliance with those requirements.

In our opinion, County of Prince Edward, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of County of Prince Edward, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered County of Prince Edward, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Prince Edward, Virginia's internal control over compliance.

Internal Control Over Compliance: (Continued)

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

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

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

Robinson, Farmer Cox Associates
(Charlottesville, Virginia
December 23, 2011

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950110/0950111	\$ 6,476
Temporary Assistance to Needy Families (TANF)	93.558	0400110/0400111	233,183
Refugee and Entrant Assistance - state administered programs	93.566	0500110/0500111	592
Low-income Home Energy Assistance	93.568	0600410/0600411	18,696
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	0770110/0770111	73,412
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	82,670
ARRA - Child care and development block grant	93.713	0740110/0780110	8,550
Chafee Education and Training Vouchers Program	93.599	09160109	1,164
Stephanie Tubbs Jones - Child Welfare Services Programs	93.645	0900110/0900111	846
Foster Care - Title IV-E	93.658	1100110/1100111	131,931
ARRA - Foster Care - Title IV-E	93.658	1100110/1100111	4,704
Subtotal CFDA 93.658			<u>\$ 136,635</u>
Adoption Assistance	93.659	1120110/1120111	43,725
ARRA - Adoption Assistance	93.659	1120110/1120111	2,522
Subtotal CFDA 93.659			<u>\$ 46,247</u>
Social Services Block Grant	93.667	1000110/1000111	127,091
Chafee Foster Care Independence Program	93.674	9150110/9150111	3,470
Children's Health Insurance Program	93.767	0540110/0540111	9,402
Medical Assistance Program	93.778	1200110/1200111	185,600
Total Department of Health and Human Services			<u>\$ 934,034</u>
Pass Through Payments:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	10.555/2011/2010	\$ 76,616
Department of Education:			
National school lunch program - Child Nutrition Cluster	10.555	10.555/2011/2010	603,223
Subtotal CFDA 10.555			<u>\$ 679,839</u>
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553	10.553/2011/2010	184,968
Summer feeding program	10.559	10.559/2011/2010	494
Fresh fruits and vegetables program	10.582	10.582/2011/2010	71,111
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0010111	315,075
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0010111	4,486
Subtotal CFDA 10.561			<u>\$ 319,561</u>
Total Department of Agriculture			<u>\$ 1,255,973</u>
Department of Energy:			
Pass through payments:			
Department of Mines, Mineral and Energy:			
ARRA - Energy efficiency and conservation block grant program	81.128		<u>\$ 668,002</u>
Total Department of the Energy			<u>\$ 668,002</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Defense			
Direct Payments			
JROTC	12.000		\$ <u>42,176</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ <u>1,704</u>
Total Department of Justice			\$ <u>1,704</u>
Department of Transportation:			
Pass through payments:			
National Highway Traffic Safety Administration (NHTSA):			
State and community highway safety	20.600	SC2010501093729	\$ 6,314
Alcohol open container requirements	20.607	154AL 10 50100	<u>11,030</u>
Total Department of Transportation - pass-through			\$ <u>17,344</u>
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grant	97.042	n/a	\$ <u>9,436</u>
Total Department of Homeland Security			\$ <u>9,436</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, part A Cluster:			
Title I: Grants to local educational agencies	84.010	S010A090046	\$ 735,239
ARRA - Title I: Grants to local educational agencies	84.389	S389A090046	252,660
Title I: State agency program for neglected and delinquent children	84.013	S013A100046	39,548
Special Education Cluster:			
Special education grants to states	84.027	H027A090107	417,617
ARRA - Special education grants to states	84.391	H391A090107	433,488
Special education - preschool grants	84.173	H173A100112	19,722
ARRA - Special education - preschool grants	84.392	H392A090112	12,304
School Improvement Cluster:			
School improvement grants	84.377	S377A080047	47,011
ARRA - School improvement grants	84.388	S388A090047	486,232
Career and Technical Education: Basic grants to states	84.048	V048A100046	41,388
Twenty-first century community learning centers	84.287	S287C090047	86,394
ARRA - Education jobs funds	84.410	S410A100047	67,210
Reading first state grants	84.318	S318X080046	2,490
Rural education	84.358	S358B100046	174,258
Improving teacher quality state grant	84.367	S367A090044	152,243
ARRA - State fiscal stabilization fund - education state grants	84.394	S394A090047	<u>324,485</u>
Total Department of Education			\$ <u>3,292,289</u>
Total Expenditures of Federal Awards			\$ <u><u>6,220,958</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince Edward, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Prince Edward, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Prince Edward, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-81, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 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	\$ 1,956,056
Less: Amounts not recorded on Schedule of Expenditures of Federal Awards	
Payment in Lieu of Taxes	<u>(5,975)</u>
Total primary government	<u>\$ 1,950,081</u>

Component Unit Public Schools:

School Operating Fund	\$ 3,334,465
School Cafeteria Fund	<u>936,412</u>
Total component unit public schools	<u>\$ 4,270,877</u>

Total federal expenditures per basic financial statements	<u>\$ 6,220,958</u>
---	---------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 6,220,958</u></u>
---	----------------------------

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

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

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
81.128	ARRA - Energy efficiency and conservation block grants
	Title I, part A Cluster:
84.010	Title I: Grants to local educational agencies
84.389	ARRA - Title I: Grants to local educational agencies
	Special Education Cluster:
84.027	Special education grants to states
84.391	ARRA - Special education grants to states
84.173	Special education - preschool grants
84.392	ARRA - Special education - preschool grants
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants
	School Improvement Cluster:
84.377	School improvement program
84.388	ARRA - school improvement program

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

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.