

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

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COUNTY OF WYTHE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

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## INTRODUCTORY SECTION

**COUNTY OF WYTHE, VIRGINIA**

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**BOARD OF SUPERVISORS**

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Martha P. Umberger, Vice Chair Gary M. Houseman Coy L. McRoberts	Wythe B. Sharitz, Chair  R. Cellell Dalton, Clerk	Margaret O. Poole Danny C. McDaniel B. G. Horney, Jr.
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**COUNTY SCHOOL BOARD**

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Patricia S. Hines Walter C. White David W. Martin	Chalmer L. Frye, Chair  Sara F. Dickens, Clerk	William S. Kidd, Vice Chair Deborah M Crigger Stephen R. Sage
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**SOCIAL SERVICES BOARD**

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Ardelia Schriber Thomas DuPuis, Vice Chair	Betty Campbell, Chair  A. Michael Hall, Clerk	Rose M. Lester Danny C. McDaniel
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**OTHER OFFICIALS**

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Judge of the Circuit Court .....	Josiah T. Showalter, Jr.
Clerk of the Circuit Court.....	Hayden H. Horney
Judge of the General District Court .....	J.D. Bolt
Judge of the Juvenile & Domestic Relations Court .....	Howard D. Chitwood
Commonwealth's Attorney .....	Gerald Mabe
Commissioner of the Revenue .....	Mary (Sis) N. Cassell
Treasurer .....	Walter S. Crockett
Sheriff.....	Doug King
Superintendent of Schools .....	Dr. W. Lee Brannon
Director of Social Services .....	A. Michael Hall
County Administrator.....	R. Cellell Dalton
County Attorney .....	Scot S. Farthing

## FINANCIAL SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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To the Members of the Board of Supervisors  
County of Wythe, Virginia  
Wytheville, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the County of Wythe, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Wythe, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the County of Wythe, Virginia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2011, on our consideration of the County of Wythe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has elected to omit Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison information and the Schedule of Funding Progress for VRS and OPEB as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wythe, Virginia's basic financial statements. The introductory section and the other supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Wythe, Virginia. The schedule of expenditures of federal awards 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. The introductory section and other supplementary information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Fauner, Cox Associates*

Christiansburg, Virginia  
February 18, 2011

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## Basic Financial Statements

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,399,748	\$ 5,697,338	\$ 37,097,086	\$ 2,835,215
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,244,665	-	1,244,665	-
Other local taxes	237,346	-	237,346	-
Accounts receivable	70,791	472,105	542,896	65,168
Due from component unit	661,315	-	661,315	-
Due from other governmental units	1,601,855	7,172,957	8,774,812	1,717,094
Prepaid expenses	183,144	-	183,144	27,713
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	2,006,175	694,530	2,700,705	-
Other assets:				
Unamortized bond issue costs	-	126,572	126,572	-
Capital assets (net of accumulated depreciation):				
Land	2,742,336	160,991	2,903,327	708,696
Buildings and system	23,775,958	-	23,775,958	8,794,463
Machinery and equipment	1,100,626	5,720	1,106,346	3,141,974
Infrastructure	2,649,330	29,401,770	32,051,100	-
Construction in progress	12,871,309	1,313,884	14,185,193	546,311
Total assets	<u>80,544,598</u>	<u>45,045,867</u>	<u>125,590,465</u>	<u>17,836,634</u>
<b>LIABILITIES</b>				
Accounts payable	1,199,203	273,238	1,472,441	1,088,931
Salaries payable	-	-	-	2,814,373
Customers' deposits	-	59,007	59,007	-
Accrued interest payable	393,711	141,197	534,908	-
Due to primary government	-	-	-	661,315
Deferred revenue	495,720	-	495,720	-
Deposits held in escrow	16,000	-	16,000	-
Long-term liabilities:				
Due within one year	1,951,639	670,337	2,621,976	388,190
Due in more than one year	28,815,424	18,917,236	47,732,660	464,596
Total liabilities	<u>32,871,697</u>	<u>20,061,015</u>	<u>52,932,712</u>	<u>5,417,405</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	14,653,443	12,002,017	26,655,460	13,191,444
Restricted for:				
Law library	46,421	-	46,421	-
Property seizure	64,014	-	64,014	-
Police activity	-	-	-	-
Construction projects	-	-	-	-
Courtroom security	333,219	-	333,219	-
Clerk's records grant	21,092	-	21,092	-
School cafeterias	-	-	-	-
Unrestricted (deficit)	32,554,712	12,982,835	45,537,547	(772,215)
Total net assets	<u>\$ 47,672,901</u>	<u>\$ 24,984,852</u>	<u>\$ 72,657,753</u>	<u>\$ 12,419,229</u>

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

County of Wythe, Virginia  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,430,893	\$ 3,895	\$ 301,243	\$ -	\$ (1,125,755)	\$ -	\$ (1,125,755)
Judicial administration	1,121,160	17,017	826,052	-	(278,091)	-	(278,091)
Public safety	5,730,414	1,629,419	1,613,206	-	(2,487,789)	-	(2,487,789)
Public works	2,256,629	42,132	-	-	(2,214,497)	-	(2,214,497)
Health and welfare	6,611,511	-	4,801,263	-	(1,810,248)	-	(1,810,248)
Education	9,430,330	-	-	-	(9,430,330)	-	(9,430,330)
Parks, recreation, and cultural	525,341	63,142	5,000	-	(457,199)	-	(457,199)
Community development	1,005,579	-	-	439,800	(565,779)	-	(565,779)
Interest on long-term debt	1,348,458	-	-	-	(1,348,458)	-	(1,348,458)
Total governmental activities	\$ 29,460,316	\$ 1,755,605	\$ 7,546,764	\$ 439,800	\$ (19,718,147)	\$ -	\$ (19,718,147)
Business-type activities:							
Water and sewer department	\$ 2,570,803	\$ 2,482,712	\$ -	\$ 1,031,116	\$ -	\$ 943,025	\$ 943,025
Total primary government	\$ 32,031,119	\$ 4,238,317	\$ 7,546,764	\$ 1,470,916	\$ (19,718,147)	\$ 943,025	\$ (18,775,122)
<b>COMPONENT UNIT:</b>							
School Board	\$ 40,328,701	\$ 1,070,013	\$ 29,931,007	\$ 343,413	\$ -	\$ -	\$ (8,984,268)
General revenues:							
General property taxes					\$ 16,239,400	\$ -	\$ 16,239,400
Other local taxes:							
Local sales and use taxes					2,930,295	-	2,930,295
Consumers' utility taxes					672,406	-	672,406
Consumption tax					90,190	-	90,190
Communication sales and use tax					798,434	-	798,434
Motor vehicle licenses					375,277	-	375,277
Bank stock taxes					23,522	-	23,522
Taxes on recordation and wills					138,670	-	138,670
Hotel and motel room taxes					148,496	-	148,496
Restaurant food taxes					606,854	-	606,854
Unrestricted revenues from use of money and property					865,575	134,541	1,000,116
Miscellaneous					368,416	-	368,416
Payments from the County of Wythe					1,747,887	-	1,747,887
Grants and contributions not restricted to specific programs					(460,312)	460,312	-
Transfers							
Total general revenues					\$ 24,545,110	\$ 594,853	\$ 25,139,963
Change in net assets					\$ 4,826,963	\$ 1,537,878	\$ 6,364,841
Net assets - beginning, as restated					\$ 42,845,938	\$ 23,446,974	\$ 66,292,912
Net assets - ending					\$ 47,672,901	\$ 24,984,852	\$ 72,657,753

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,568,375	\$ 6,831,373	\$ 31,399,748
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	1,244,665	-	1,244,665
Other local taxes receivable	237,346	-	237,346
Accounts receivable	70,791	-	70,791
Due from component unit	661,315	-	661,315
Due from other governmental units	1,601,855	-	1,601,855
Prepaid items	183,144	-	183,144
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	2,006,175	2,006,175
Total assets	<u>28,567,491</u>	<u>8,837,548</u>	<u>37,405,039</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	1,142,685	-	1,142,685
Deferred revenue	1,439,268	-	1,439,268
Deposits held in escrow	16,000	-	16,000
Total liabilities	<u>2,597,953</u>	<u>-</u>	<u>2,597,953</u>
Fund balances:			
Reserved for:			
Law library	46,421	-	46,421
Property seizure	64,014	-	64,014
Construction projects	-	2,006,175	2,006,175
Courtroom security	333,219	-	333,219
Clerk's records grant	21,092	-	21,092
Unreserved:			
Undesignated, reported in:			
General fund	23,125,266	-	23,125,266
Designated, reported in:			
General fund	2,379,526	-	2,379,526
Capital projects funds	-	6,831,373	6,831,373
Total fund balances	<u>25,969,538</u>	<u>8,837,548</u>	<u>34,807,086</u>
Total liabilities and fund balances	<u>\$ 28,567,491</u>	<u>\$ 8,837,548</u>	<u>\$ 37,405,039</u>

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

County of Wythe, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 34,807,086
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,139,559
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	943,548
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(31,217,292)
Net assets of governmental activities	<u>\$ 47,672,901</u>

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 16,207,800	\$ -	\$ 16,207,800
Other local taxes	5,784,144	-	5,784,144
Permits, privilege fees, and regulatory licenses	96,092	-	96,092
Fines and forfeitures	1,299,841	-	1,299,841
Revenue from the use of money and property	663,521	202,054	865,575
Charges for services	359,672	-	359,672
Miscellaneous	324,467	43,949	368,416
Recovered costs	245,396	-	245,396
Intergovernmental revenues:			
Commonwealth	7,528,836	5,582	7,534,418
Federal	2,200,033	-	2,200,033
Total revenues	<u>34,709,802</u>	<u>251,585</u>	<u>34,961,387</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	1,504,404	-	1,504,404
Judicial administration	1,120,632	-	1,120,632
Public safety	5,683,068	-	5,683,068
Public works	2,055,263	-	2,055,263
Health and welfare	6,714,792	-	6,714,792
Education	14,845,626	-	14,845,626
Parks, recreation, and cultural	541,329	-	541,329
Community development	809,283	-	809,283
Nondepartmental	162,427	-	162,427
Capital projects	1,565,615	-	1,565,615
Debt service:			
Principal retirement	1,822,011	-	1,822,011
Interest and other fiscal charges	1,392,369	-	1,392,369
Total expenditures	<u>38,216,819</u>	<u>-</u>	<u>38,216,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,507,017)</u>	<u>251,585</u>	<u>(3,255,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,942,364	-	5,942,364
Transfers out	(460,312)	(5,942,364)	(6,402,676)
Sale of capital assets	57,144	-	57,144
Total other financing sources (uses)	<u>5,539,196</u>	<u>(5,942,364)</u>	<u>(403,168)</u>
Net change in fund balances	2,032,179	(5,690,779)	(3,658,600)
Fund balances - beginning	23,937,359	14,528,327	38,465,686
Fund balances - ending	<u>\$ 25,969,538</u>	<u>\$ 8,837,548</u>	<u>\$ 34,807,086</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (3,658,600)
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.	6,463,684
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	194,027
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,821,954
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.	5,898
Change in net assets of governmental activities	<u>\$ 4,826,963</u>

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



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

	Enterprise Fund <u>Water &amp; Sewer Department</u>
<b>ASSETS</b>	
Current assets:	
Unrestricted current assets:	
Cash and cash equivalents	\$ 5,697,338
Accounts receivable	472,105
Due from other governmental units	7,172,957
Total unrestricted current assets	<u>13,342,400</u>
Restricted current assets:	
Cash and cash equivalents (in custody of others)	694,530
Total restricted current assets	<u>694,530</u>
Total current assets	<u>14,036,930</u>
Noncurrent assets:	
Other assets:	
Unamortized bond issue costs	<u>126,572</u>
Capital assets:	
Land	160,991
Utility plant in service	37,472,744
Less: accumulated depreciation	(8,070,974)
Machinery and equipment	149,861
Less: accumulated depreciation	(144,141)
Construction in progress	1,313,884
Total capital assets	<u>30,882,365</u>
Total noncurrent assets	<u>31,008,937</u>
Total assets	<u>45,045,867</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 273,238
Customers' deposits	59,007
Accrued interest payable	141,197
Compensated absences - current portion	9,521
Bonds payable - current portion	660,816
Total current liabilities	<u>1,143,779</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 18,914,062
Compensated absences	3,174
Total noncurrent liabilities	<u>18,917,236</u>
Total liabilities	<u>20,061,015</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	12,002,017
Unrestricted	12,982,835
Total net assets	<u>\$ 24,984,852</u>

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

County of Wythe, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2010

	Enterprise Fund <u>Water &amp; Sewer Department</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 1,213,806
Sewer revenues	1,268,906
Total operating revenues	<u>2,482,712</u>
<b>OPERATING EXPENSES</b>	
Personal service	255,209
Fringe benefits	132,143
Professional services	98,014
Operating expenses	533,934
Depreciation	836,693
Total operating expenses	<u>1,855,993</u>
Operating income (loss)	<u>626,719</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	134,541
Interest expense	(714,810)
Total nonoperating revenues (expenses)	<u>(580,269)</u>
Income before contributions and transfers	46,450
Capital contributions and construction grants	1,031,116
Transfers in	460,312
Change in net assets	<u>1,537,878</u>
Total net assets - beginning, as restated	23,446,974
Total net assets - ending	<u>\$ 24,984,852</u>

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

County of Wythe, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010

	Enterprise Fund <u>Water &amp; Sewer Department</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 2,302,909
Payments to suppliers	(394,875)
Payments to and for employees	(386,673)
Net cash provided (used) by operating activities	<u>1,521,361</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	460,312
Net cash provided (used) by noncapital financing activities	<u>460,312</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	(1,249,589)
Construction grants received	652,762
Principal payments on bonds	(634,089)
Interest payments	(690,202)
Net cash provided (used) by capital and related financing activities	<u>(1,921,118)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	134,541
Net cash provided (used) by investing activities	<u>134,541</u>
Net increase (decrease) in cash and cash equivalents	195,096
Cash and cash equivalents - beginning (including \$1,198,806 of restricted deposits)	6,196,772
Cash and cash equivalents - ending (including \$694,530 of restricted deposits)	<u><u>6,391,868</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	626,719
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	836,693
(Increase) decrease in accounts receivable	(190,054)
Increase (decrease) in customer deposits	10,251
Increase (decrease) in operating accounts payable	237,073
Increase (decrease) compensated absences	679
Total adjustments	<u>894,642</u>
Net cash provided (used) by operating activities	<u>\$ 1,521,361</u>

Interest payments above include capitalized interest of \$136,765.

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

County of Wythe, Virginia  
 Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 529,703
Total assets	<u>\$ 529,703</u>
 <b>LIABILITIES</b>	
Amounts held for social services clients	\$ 529,703
Total liabilities	<u>\$ 529,703</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 1-Summary of Significant Accounting Policies:**

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

A. Reporting Entity:

The County of Wythe, Virginia (government) is a political subdivision governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units – The County has no blended component units.

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

The Wythe County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. Separate statements are not issued for the Component Unit – School Board.

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

Jointly Governed Organizations - The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2010, the County contributed \$261,927 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2010, the County contributed \$41,700 to the Airport.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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

B. Government-wide and fund financial statements:

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation:

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund and the Property Seizure Fund.

The *capital project fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the County Capital Projects Fund.

The government reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the County water and sewer system, which includes water distribution and sewage collections systems throughout the County.

Additionally, the government reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds consist of the special welfare fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund and the internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity:

1. Deposits and investments

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

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

2. Receivables and payables

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

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

3. Property Taxes

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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

D. Assets, liabilities, and net assets or equity: (Continued)

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$216,185 at June 30, 2010 and is comprised solely of property taxes.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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. Capitalized interest for 2009 was \$136,765 in the enterprise fund. No interest was capitalized for 2010.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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

D. Assets, liabilities, and net assets or equity: (Continued)

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting 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. The County accrues salary-related payments associated with the payment of compensated absences. The School Board and Social Services department accrue payments associated with sick leave upon retirement. The County does not pay for sick leave upon retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term obligations

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

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

9. Fund equity

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

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

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Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$31,217,292) and (\$852,786) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bonds payable	\$ (30,004,298)	\$ -
Arbitrage Liability	(56,518)	-
Accrued interest payable	(393,711)	-
Unamortized bond premium	(404,193)	-
Landfill accrued post-closure monitoring costs	(8,232)	-
Compensated absences	(266,540)	(517,586)
Net OPEB obligation	<u>(83,800)</u>	<u>(335,200)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (31,217,292)</u>	<u>\$ (852,786)</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$6,463,684 and \$528,652 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Capital outlays	\$ 7,686,392	\$ 1,461,402
Disposal of assets	-	(4,754)
Depreciation expenses	<u>(1,222,708)</u>	<u>(927,996)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 6,463,684</u>	<u>\$ 528,652</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,821,954 difference in the primary government are as follows:

Debt Issued or incurred:	
Increase in accrued landfill closure/postclosure costs	\$ (57)
Principal repayments:	
General obligation debt	<u>1,822,011</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,821,954</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$5,898 and \$(122,061) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Decrease (increase) in compensated absences	\$ 2,187	\$ 38,739
Decrease (increase) in arbitrage rebate liability	37,439	-
Decrease (increase) in accrued interest	38,695	-
Amortization of bond premium	(32,223)	-
(Increase) decrease in net OPEB obligation	(40,200)	(160,800)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	\$ 5,898	\$ (122,061)

Note 3-Stewardship, Compliance, and Accountability:

- A. Budgetary information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 3-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, and the Special Revenue Funds (except the School Fund). The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For fiscal year 2010, expenditures exceeded appropriations in the general fund.

C. Deficit fund equity

At June 30, 2010, there were no funds with deficit fund equity.

Note 4-Deposits and Investments:

Deposits:

All cash of the County is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments:

Statutes authorize local governments and other public bodies 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

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2010 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 4-Deposits and Investments: (Continued)

Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
First American Prime Obligation Fund	\$ 694,530
SNAP	2,512,229

Concentration of Credit Risk

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Interest Rate Risk

There are no interest rate risk disclosures required for the year ended June 30, 2010.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Local Government:</u>		
New River Valley Regional Water Authority	\$ 3,799,665	\$ -
Town of Wytheville	3,156,512	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	518,638	-
Local communication tax	134,770	-
State sales tax	-	638,547
Categorical aid	525,349	-
Non-categorical aid	73,981	-
Virginia public assistance funds	97,374	-
Community services act	305,971	-
<u>Federal Government:</u>		
Virginia public assistance funds	162,552	-
School grants	-	1,078,547
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 8,774,812</u>	<u>\$ 1,717,094</u>

Note 6-Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 5,942,364	\$ 460,312
Water and Sewer Fund	460,312	-
Capital Projects Fund	-	5,942,364
Total	<u>\$ 6,402,676</u>	<u>\$ 6,402,676</u>

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



COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2011	\$ 1,751,734	\$ 1,302,897
2012	6,607,754	1,144,927
2013	6,232,454	875,692
2014	1,192,327	730,659
2015	1,217,916	669,820
2016-2020	6,219,813	2,416,777
2021-2025	5,052,301	901,729
2026-2030	703,121	305,725
2031-2035	377,668	208,877
2036-2040	476,300	110,245
2041-2045	172,910	8,055
Totals	\$ 30,004,298	\$ 8,675,403

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

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
General obligation bonds	\$ 31,826,309	\$ -	\$ (1,822,011)	\$ 30,004,298
GO bond premium	371,970	32,223	-	404,193
Landfill postclosure liability	8,175	57	-	8,232
Compensated absences	268,727	199,358	(201,545)	266,540
Other post-employment benefits	43,600	40,200	-	83,800
Total	\$ 32,518,781	\$ 271,838	\$ (2,023,556)	\$ 30,767,063

\*Effective 7/1/2009, the County began using the straight-line method to amortize bond premiums and discounts. The effect of this change was applied during the current fiscal year.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 7-Long-Term Debt: (Continued)

Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
Rural Development GO bond	4.75%	7/8/1999	2023	\$ 3,311,000	\$ 1,870,433	\$ 101,108
GO bond	4.63%	8/7/1998	2014	5,000,000	707,827	378,459
GO bond	5.42%	10/22/1997	2013	1,400,000	313,481	121,968
GO bond	5.29%	1/29/2001	2016	700,000	346,095	50,509
GO bond	3.1-5.35%	11/6/2003	2024	7,435,478	5,436,656	348,729
Rural Development GO bond	4.75%	7/2/2002	2040	2,046,200	1,901,355	27,153
VPSA GO bond	2.35-5.1%	11/7/2002	2023	9,209,707	6,190,070	439,650
GO bond	6.4-7.1%	12/15/1990	2011	1,670,000	120,000	120,000
Bond anticipation note	3.41%	12/21/2007	2013	5,000,000	5,000,000	-
VPSA GO bond	4.255%-5.1%	10/24/2006	2027	3,593,557	3,118,381	164,158
Bond anticipation note	3.60%	10/31/2008	2012	5,000,000	5,000,000	-
Add: Unamortized premium on						
\$7,435,478 GO bond	n/a	11/6/2003	2024	476,903	317,141	-
\$3,593,557 GO bond	n/a	10/24/2006	2027	102,414	87,052	-
Total GO Bonds					<u>\$ 30,408,491</u>	<u>\$ 1,751,734</u>
Other Obligations:						
Landfill Postclosure						
Monitoring Costs	n/a	n/a	n/a	n/a	\$ 8,232	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	266,540	199,905
Other post-employment benefit	n/a	n/a	n/a	n/a	83,800	-
Total Other Obligations					<u>\$ 358,572</u>	<u>\$ 199,905</u>
Total Long-term debt					<u>\$ 30,767,063</u>	<u>\$ 1,951,639</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 7-Long-Term Debt: (Continued)

Primary Government - Enterprise Activity Indebtedness:

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 194,563	\$ 403,980	\$ 466,254	\$ 442,443
2012	203,310	395,232	485,655	423,819
2013	212,463	386,081	506,640	402,753
2014	222,038	376,505	527,541	381,052
2015	232,055	366,488	548,934	358,460
2016-2020	1,327,529	1,665,188	3,118,530	1,416,041
2021-2025	1,657,350	1,335,369	3,866,628	659,147
2026-2030	1,941,128	933,007	956,903	23,930
2031-2035	2,285,532	450,238	-	-
2036-2040	690,262	85,425	-	-
2041-2044	146,203	8,223	-	-
Totals	<u>\$ 9,112,433</u>	<u>\$ 6,405,736</u>	<u>\$ 10,477,085</u>	<u>\$ 4,107,645</u>

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Revenue bonds	\$ 9,299,804	\$ -	\$ (187,371)	\$ 9,112,433
General obligation bonds	10,923,803	-	(446,718)	10,477,085
General obligation bond discount	(15,560)	-	920	(14,640)
Compensated absences	12,016	(8,333)	9,012	12,695
Total	<u>\$ 20,220,063</u>	<u>\$ (8,333)</u>	<u>\$ (624,157)</u>	<u>\$ 19,587,573</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 7-Long-Term Debt: (Continued)

Primary Government - Enterprise Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Rural Development and VRA Bonds						
VRA revenue bond (interest imputed)	5.00%	2004	2025	\$ 110,100	\$ 78,591	\$ 5,239
Rural Development Bond	5.00%	9/13/1991	2026	343,000	217,217	9,581
Rural Development Bond	4.50%	10/10/1996	2034	1,650,700	1,319,162	32,181
Rural Development Bond	4.50%	6/12/1997	2036	310,900	261,849	5,457
Rural Development Bond	4.50%	6/12/1997	2036	17,200	14,487	302
Rural Development Bond	4.50%	7/24/1997	2037	2,521,100	2,127,496	43,964
Rural Development Bond	4.50%	10/22/1998	2038	221,000	190,888	3,659
Rural Development Bond	4.50%	4/26/2001	2040	75,000	67,502	1,123
Rural Development Bond	4.50%	4/26/2001	2040	71,700	64,513	1,077
Rural Development Bond	4.50%	10/3/1996	2036	3,991,000	3,333,932	71,159
Rural Development Bond	4.50%	10/31/2002	2042	497,100	457,876	6,908
Rural Development Bond	4.50%	10/31/2002	2042	547,700	504,507	7,606
Rural Development Bond	4.50%	3/5/2004	2035	500,000	474,413	6,307
Total Revenue Bonds					<u>\$ 9,112,433</u>	<u>\$ 194,563</u>
General Obligation Bonds:						
GO Bond	3.5-4.5%	1/5/2006	2026	\$ 6,180,000	\$ 5,370,000	\$ 245,000
GO Bond	4.36%	12/15/2005	2026	5,900,000	5,107,085	221,253
Less: Unamortized GO Bond discount					<u>(14,640)</u>	<u>-</u>
Total General Obligation Bonds					<u>\$ 10,462,445</u>	<u>\$ 466,253</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 12,695	\$ 9,521
Total Other Obligations					<u>\$ 12,695</u>	<u>\$ 9,521</u>
Total Long-term debt					<u>\$ 19,587,573</u>	<u>\$ 670,337</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 8-Long-Term Debt-Component Units:

Discretely Presented Component Unit – School Board Indebtedness:

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Compensated absences	\$ 556,325	\$ 378,505	\$ (417,244)	\$ 517,586
Other Postemployment Benefits	174,400	160,800	-	335,200
 Total	 <u>\$ 730,725</u>	 <u>\$ 539,305</u>	 <u>\$ (417,244)</u>	 <u>\$ 852,786</u>

Details of long-term indebtedness:

	<u>Interest</u> <u>Rates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Amount of</u> <u>Original</u> <u>Issue</u>	<u>Balance</u> <u>Governmental</u> <u>Activities</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 517,586	\$388,190
Other Postemployment Benefits	n/a	n/a	n/a	n/a	335,200	-
 Total Long-term debt					 <u>852,786</u>	 <u>388,190</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 9-Employee Retirement System and Pension Plans:

A. Plan Description

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

The County of Wythe, Virginia contributes to the Virginia Retirement System (VRS). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System at Chief Financial Officer, 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% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the County of Wythe, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Wythe, Virginia's contribution rate for the fiscal year ended 2010 was 7.51% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the County of Wythe, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Wythe, Virginia's contribution rate for the fiscal year ended 2010 was 8.14% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 9-Employee Retirement System and Pension Plans: (Continued)

C. Annual Pension Cost

For fiscal year 2010, the County of Wythe, Virginia’s annual pension cost of \$407,274 and \$128,027 was equal to the County of Wythe, Virginia’s required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2010	\$ 407,274	100.00%	\$ -
	6/30/2009	409,102	100.00%	-
	6/30/2008	371,726	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2010	\$ 128,027	100.00%	\$ -
	6/30/2009	125,363	100.00%	-
	6/30/2008	138,942	100.00%	-

<sup>1</sup> Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, and (c) 2.50% per year cost-of-living adjustments. Both the investment rate of return and the projected salary increase include an inflation component of 2.50%. The actuarial value of the County of Wythe, Virginia’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 of Wythe, Virginia’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 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 94.42% funded. The actuarial accrued liability for benefits was \$23,919,774, and the actuarial value of assets was \$22,585,519, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,334,255. The covered payroll (annual payroll of active employees covered by the plan) was \$5,503,641, and ratio of the UAAL to the covered payroll was 24.24%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 9-Employee Retirement System and Pension Plans: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 84.24% funded. The actuarial accrued liability for benefits was \$5,527,555, and the actuarial value of assets was \$4,656,354, resulting in an unfunded actuarial accrued liability (UAAL) of \$871,201. The covered payroll (annual payroll of active employees covered by the plan) was \$1,563,779, and ratio of the UAAL to the covered payroll was 55.71%. 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 for benefits.

E. Discretely Presented Component Unit - School Board (Professional Employees)

Plan Description

The Wythe County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. 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 to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$1,244,887, \$1,774,721, and \$1,984,751 for the fiscal years ended 2010, 2009, and 2008, respectively. Required employer contributions represented 8.81% of covered payroll for July 2009 through March 2010 and zero (0.00%) for April through June 2010 and 8.81% and 10.30% of covered payroll for the fiscal years ended 2009, 2008, respectively.

Note 10-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 totaling \$1,439,268 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$95,720 at June 30, 2010.



COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 10-Deferred Revenue: (Continued)

Uncollected Taxes – Property taxes receivable not collected within 60 days after year end are reflected as deferred revenues. These taxes totaled \$943,548.

Grant Revenue – Funds received from the Community Oriented Policing Services (COPS) grant in advance of related expenses. The grant amount totaled \$400,000.

Note 11-Capital Assets:

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,727,336	\$ 15,000	\$ -	\$ 2,742,336
Construction in progress	5,561,345	7,500,865	(190,901)	12,871,309
Total capital assets not being depreciated	<u>\$ 8,288,681</u>	<u>\$ 7,515,865</u>	<u>\$ (190,901)</u>	<u>\$ 15,613,645</u>
Capital assets, being depreciated:				
Buildings	\$ 29,457,470	\$ 222,106	\$ -	\$ 29,679,576
Infrastructure	3,311,662	-	-	3,311,662
Machinery and equipment	3,576,436	139,322	-	3,715,758
Total capital assets being depreciated	<u>\$ 36,345,568</u>	<u>\$ 361,428</u>	<u>\$ -</u>	<u>\$ 36,706,996</u>
Less: accumulated depreciation for:				
Buildings	\$ (5,146,750)	\$ (756,868)	\$ -	\$ (5,903,618)
Infrastructure	(496,749)	(165,583)	-	(662,332)
Machinery and equipment	(2,314,875)	(300,257)	-	(2,615,132)
Total accumulated depreciation	<u>\$ (7,958,374)</u>	<u>\$ (1,222,708)</u>	<u>\$ -</u>	<u>\$ (9,181,082)</u>
Total capital assets being depreciated, net	<u>\$ 28,387,194</u>	<u>\$ (861,280)</u>	<u>\$ -</u>	<u>\$ 27,525,914</u>
Governmental activities capital assets, net	<u>\$ 36,675,875</u>	<u>\$ 6,654,585</u>	<u>\$ (190,901)</u>	<u>\$ 43,139,559</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 11-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 160,991	\$ -	\$ -	\$ 160,991
Construction in progress	71,445	1,242,439	-	1,313,884
Total capital assets not being depreciated	<u>\$ 232,436</u>	<u>\$ 1,242,439</u>	<u>\$ -</u>	<u>\$ 1,474,875</u>
Capital assets, being depreciated:				
Utility plant in service	\$ 37,472,744	\$ -	\$ -	\$ 37,472,744
Machinery and equipment	142,711	7,150	-	149,861
Total capital assets being depreciated	<u>\$ 37,615,455</u>	<u>\$ 7,150</u>	<u>\$ -</u>	<u>\$ 37,622,605</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (7,235,711)	\$ (835,263)	\$ -	\$ (8,070,974)
Machinery and equipment	(142,711)	(1,430)	-	(144,141)
Total accumulated depreciation	<u>\$ (7,378,422)</u>	<u>\$ (836,693)</u>	<u>\$ -</u>	<u>\$ (8,215,115)</u>
Total capital assets being depreciated, net	<u>\$ 30,237,033</u>	<u>\$ (829,543)</u>	<u>\$ -</u>	<u>\$ 29,407,490</u>
Business-type activities capital assets, net	<u>\$ 30,469,469</u>	<u>\$ 412,896</u>	<u>\$ -</u>	<u>\$ 30,882,365</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 11-Capital Assets: (Continued)

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

Governmental activities:	
General government	\$ 50,172
Public safety	224,856
Public works	234,023
Health and welfare	2,227
Education	536,128
Parks, recreation, and culture	9,719
Community development	<u>165,583</u>
Total depreciation expense-governmental activities	<u>\$ 1,222,708</u>
Business type activities:	
Water and sewer department	<u>\$ 836,693</u>
Total depreciation expense-Primary Government	<u>\$ 2,059,401</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 11-Capital Assets: (Continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 708,696	\$ -	\$ -	\$ 708,696
Construction in progress	-	546,311	-	546,311
Total capital assets not being depreciated	<u>\$ 708,696</u>	<u>\$ 546,311</u>	<u>\$ -</u>	<u>\$ 1,255,007</u>
Capital assets, being depreciated:				
Buildings	\$ 19,305,373	\$ 21,153	\$ -	\$ 19,326,526
Machinery and equipment	6,294,631	893,938	(157,091)	7,031,478
Total capital assets being depreciated	<u>\$ 25,600,004</u>	<u>\$ 915,091</u>	<u>\$ (157,091)</u>	<u>\$ 26,358,004</u>
Less: accumulated depreciation for:				
Buildings	\$ (10,151,897)	\$ (380,166)	\$ -	\$ (10,532,063)
Machinery and equipment	(3,494,011)	(547,830)	152,337	(3,889,504)
Total accumulated depreciation	<u>\$ (13,645,908)</u>	<u>\$ (927,996)</u>	<u>\$ 152,337</u>	<u>\$ (14,421,567)</u>
Total capital assets being depreciated, net	<u>\$ 11,954,096</u>	<u>\$ (12,905)</u>	<u>\$ (4,754)</u>	<u>\$ 11,936,437</u>
Governmental activities capital assets, net	<u>\$ 12,662,792</u>	<u>\$ 533,406</u>	<u>\$ (4,754)</u>	<u>\$ 13,191,444</u>

Note 12-Risk Management:

The County and its component unit - School Board are exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County and its component unit – School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League Pool and public officials liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and its' component unit-School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 13-Commitments and Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no material matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The County had the following construction commitments at June 30, 2010:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Outstanding at June 30, 2010</u>
County		
Grahams Forge Sanitary Sewer, Phase II	\$ 1,118,721	\$ 112,379
School Board		
Wythe County Technology Center	814,317	306,247
Rural Retreat High School	8,505,753	879,417
Rural Retreat Middle School	2,452,223	397,283
Totals	<u>\$ 12,891,014</u>	<u>\$ 1,695,326</u>

Note 14-Surety Bonds:

Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Hayden H. Horney, Clerk of the Circuit Court	\$ 1,500,000
Water S. Crockett, Treasurer	400,000
Mary N. Cassell, Commissioner of the Revenue	3,000
Doug King, Sheriff	30,000
<u>Aetna Casualty and Surety - Surety:</u>	
All social services employees: blanket bond	\$ 100,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
R. Cellell Dalton, County Administrator	\$ 2,000
Martha Collins, Administrative Secretary	2,000
K. Hurst, Building Inspector	2,000
Stephen Bear, Assistant County Administrator	2,000

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 14-Surety Bonds: (Continued)

Component Unit – School Board:

United States Fire Insurance Company - Surety:	
<hr/>	
Sara Dickens, Clerk of the School Board	\$ 25,000
All school board employees: blanket bond	10,000

Note 15-Landfill Postclosure Care Costs:

State and federal laws and regulations require the County to clean up its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$8,232. This amount is based on what it would cost to perform all postclosure care in 2010. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill postclosure costs.

Note 16-Designated and Reserved Fund Balances:

Primary Government:

Reservations and Designations:

Reserved for law library expenditures	\$ 46,421
Reserved for construction	2,006,175
Reserved for courtroom security	333,219
Reserved for Clerk's records grant	21,092
Reserved for forfeited asset expenditures	64,014
Designated for police activities	2,379,526
Designated for capital projects	<u>6,831,373</u>
 Total Reservations and Designations	 <u>\$ 11,681,820</u>

Note 17-Due from other Governments:

The County constructed certain assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water/Sewer Fund of \$6,956,176 for repayment of shared construction costs. To date, no funds have been received and no timetable for repayment has been established. It is anticipated that repayment will occur over several fiscal years.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 18-Restatement of Beginning Fund Net Assets:

Beginning net assets of the Water/Sewer Fund were restated by (\$59,062) as receivables were overstated in the prior fiscal year.

	Previously Reported	Adjustments	As Adjusted
Primary Government:			
Water/Sewer Fund:			
Fund balance and Net assets, adjusted to correct receivables	\$ 23,506,036	(59,062)	\$ 23,446,974

Note 19-Other Postemployment Benefits (OPEB):

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

Primary Government

A. Plan Description

The County of Wythe administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the County and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 19-Other Postemployment Benefits (OPEB): (Continued)

Primary Government (continued)

B. Funding Policy

The County of Wythe, Virginia currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County of Wythe, Virginia currently has 156 employees that are eligible for the program. In addition, for retirees of the County of Wythe, Virginia, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

County Participants	Premiums		
	Key Advantage 200	Key Advantage 500	Dental
Employee	\$ 549.00	\$ 483.00	\$ 25.00
Employee / Spouse	1,016.00	894.00	40.42
Employee / Child	1,016.00	894.00	39.16
Family	1,482.00	1,304.00	76.92

The Board is required to contribute 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 costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost

For 2010, the Board's annual OPEB cost (expense) of \$85,400 equaled the ARC of \$85,400. The obligation calculation is as follows:

Annual required contribution	\$ 85,400
Interest on net OPEB obligation	1,800
Adjustment to annual required contribution	(1,800)
Annual OPEB cost (expense)	85,400
Contributions made	(45,200)
Increase in net OPEB obligation	40,200
Net OPEB obligation - beginning of year	43,600
Net OPEB obligation - ending of year	\$ 83,800



COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

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Note 19-Other Postemployment Benefits (OPEB): (Continued)

Primary Government (Continued)

C. Annual OPEB Cost (continued)

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

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 85,400	52.93%	\$ 83,800
6/30/2009	81,600	46.57%	43,600

\* Information has only been available for two years.

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2008 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 901,200
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 901,200
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,108,600
UAAL as a percentage of covered payroll	17.64%

D. Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 19-Other Postemployment Benefits (OPEB): (Continued)

Primary Government (Continued)

E. Actuarial methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.25%, and a health care trend rate of 10% graded to 5% over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010, was 28 years.

Component Unit: School Board

A. Plan Description

The Component Unit – Wythe County School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 year of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

Note 19-Other Postemployment Benefits (OPEB): (Continued)

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 625 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

School Board

Participants	Premiums		
	Anthem PPO	Anthem HMO	Dental
Employee	\$ 402.60	\$ 382.95	\$ 33.16
Employee / Spouse	885.65	842.49	60.70
Employee / Child	644.13	612.70	60.70
Family	1,149.36	1,091.37	104.43

The Board is required to contribute 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 costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost

For 2010, the Board's annual OPEB cost (expense) of \$341,600 equaled the ARC of \$341,600. The obligation calculation is as follows:

Annual required contribution	\$ 341,600
Interest on net OPEB obligation	7,200
Adjustment to annual required contribution	(7,200)
Annual OPEB cost (expense)	341,600
Contributions made	(180,800)
Increase in net OPEB obligation	160,800
Net OPEB obligation - beginning of year	174,400
Net OPEB obligation - ending of year	\$ 335,200

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

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Note 19-Other Postemployment Benefits (OPEB): (Continued)

Component Unit: School Board (Continued)

C. Annual OPEB Cost (Continued)

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

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 341,600	52.93%	\$ 335,200
6/30/2009	326,400	46.57%	174,400

\* Information has only been available for two years.

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2008 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 3,604,800
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 3,604,800
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 20,434,400
UAAL as a percentage of covered payroll	17.64%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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Note 19-Other Postemployment Benefits (OPEB): (Continued)

Component Unit: School Board (Continued)

E. Actuarial methods and Assumptions

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

In the July 1, 2008, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.25%, and a health care trend rate of 10% graded to 5% over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010, was 28 years.

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Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 14,738,300	\$ 14,738,300	\$ 16,207,800	\$ 1,469,500
Other local taxes	6,117,000	6,117,000	5,784,144	(332,856)
Permits, privilege fees, and regulatory licenses	73,000	73,000	96,092	23,092
Fines and forfeitures	1,150,000	1,150,000	1,299,841	149,841
Revenue from the use of money and property	726,000	726,000	663,521	(62,479)
Charges for services	286,800	286,800	359,672	72,872
Miscellaneous	98,750	468,084	324,467	(143,617)
Recovered costs	370,000	375,720	245,396	(130,324)
Intergovernmental revenues:				
Commonwealth	7,233,676	7,802,620	7,528,836	(273,784)
Federal	1,784,893	1,784,893	2,200,033	415,140
Total revenues	<u>32,578,419</u>	<u>33,522,417</u>	<u>34,709,802</u>	<u>1,187,385</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	1,669,318	1,843,182	1,504,404	338,778
Judicial administration	1,198,466	1,220,564	1,120,632	99,932
Public safety	7,768,900	9,022,548	5,683,068	3,339,480
Public works	2,125,898	4,544,153	2,055,263	2,488,890
Health and welfare	6,463,780	6,463,780	6,714,792	(251,012)
Education	10,357,262	18,226,483	14,845,626	3,380,857
Parks, recreation, and cultural	622,636	660,841	541,329	119,512
Community development	848,989	2,369,989	809,283	1,560,706
Nondepartmental	271,000	271,000	162,427	108,573
Capital projects	467,172	1,180,331	1,565,615	(385,284)
Debt service:				
Principal retirement	1,895,206	2,051,330	1,822,011	229,319
Interest and other fiscal charges	1,474,136	1,492,332	1,392,369	99,963
Total expenditures	<u>35,162,763</u>	<u>49,346,533</u>	<u>38,216,819</u>	<u>11,129,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,584,344)</u>	<u>(15,824,116)</u>	<u>(3,507,017)</u>	<u>12,317,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	5,942,364	5,942,364
Transfers out	(518,468)	(767,092)	(460,312)	306,780
Proceeds of general obligation bonds	2,075,240	2,075,240	-	(2,075,240)
Sale of capital assets	111,625	166,299	57,144	(109,155)
Total other financing sources and uses	<u>1,668,397</u>	<u>1,474,447</u>	<u>5,539,196</u>	<u>4,064,749</u>
Net change in fund balances	(915,947)	(14,349,669)	2,032,179	16,381,848
Fund balances - beginning	915,947	14,349,669	23,937,359	9,587,690
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,969,538</u>	<u>\$ 25,969,538</u>

County of Wythe, Virginia  
Schedule of Pension Funding Progress  
As of June 30, 2010

## Primary Government:

## County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 22,585,519	\$ 23,919,774	\$ 1,334,255	94.42%	\$ 5,503,641	24.24%
6/30/2008	22,048,879	22,583,544	534,665	97.63%	5,520,272	9.69%
6/30/2007	19,874,429	21,345,842	1,471,413	93.11%	5,314,604	27.69%

## Discretely Presented Component Unit:

## School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 4,656,354	\$ 5,527,555	\$ 871,201	84.24%	\$ 1,563,779	55.71%
6/30/2008	4,670,420	5,091,516	421,096	91.73%	1,479,871	28.45%
6/30/2007	4,261,015	4,828,136	567,121	88.25%	1,444,557	39.26%

## County Healthcare Plan\*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ -	\$ 901,200	\$ 901,200	0.00%	\$ 5,108,600	17.64%

## School Board Healthcare Plan\*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ -	\$ 3,604,800	\$ 3,604,800	0.00%	\$ 20,434,400	17.64%

\* Only one year of data available



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OTHER SUPPLEMENTARY INFORMATION SECTION

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 202,054	\$ 202,054
Miscellaneous	-	-	43,949	43,949
Intergovernmental revenues:				
Commonwealth	-	-	5,582	5,582
Total revenues	-	-	251,585	251,585
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	251,585	251,585
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(5,942,364)	(5,942,364)
Total other financing sources and uses	-	-	(5,942,364)	(5,942,364)
Net change in fund balances	-	-	(5,690,779)	(5,690,779)
Fund balances - beginning	-	-	14,528,327	14,528,327
Fund balances - ending	\$ -	\$ -	\$ 8,837,548	\$ 8,837,548

## FIDUCIARY FUNDS

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

County of Wythe, Virginia  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

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	<u>Agency Funds</u>
	<u>Special Welfare</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 529,703
Total assets	529,703
<b>LIABILITIES</b>	
Amounts held for social services clients	529,703
Total liabilities	\$ 529,703

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
MAJOR GOVERNMENTAL FUNDS

---

School Operating Fund - The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Wythe, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010

	<u>School Operating Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,835,215
Receivables (net of allowance for uncollectibles):	
Accounts receivable	65,168
Due from other governmental units	1,717,094
Prepaid items	27,713
Total assets	<u><u>4,645,190</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	1,088,931
Salaries payable	2,814,373
Due to primary government	661,315
Total liabilities	<u><u>4,564,619</u></u>
Fund balances:	
Total fund balances	<u>80,571</u>
Total liabilities and fund balances	<u><u>\$ 4,645,190</u></u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 80,571
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,191,444
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(852,786)
Net assets of governmental activities	<u><u>\$ 12,419,229</u></u>

County of Wythe, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2010

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 40,461
Charges for services	1,070,013
Miscellaneous	42,130
Recovered costs	653,478
Intergovernmental revenues:	
Local government	14,804,135
Commonwealth	22,831,807
Federal	7,442,613
Total revenues	<u>46,884,637</u>
<b>EXPENDITURES</b>	
Current:	
Education	41,619,059
Capital projects	5,185,007
Total expenditures	<u>46,804,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,571</u>
Fund balances - beginning	-
Fund balances - ending	<u>\$ 80,571</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	\$ 80,571
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.	528,652
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.	(122,061)
Change in net assets of governmental activities	<u>\$ 487,162</u>

County of Wythe, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 40,461	\$ 40,461
Charges for services	1,129,190	1,129,190	1,070,013	(59,177)
Miscellaneous	-	-	42,130	42,130
Recovered costs	377,273	377,273	653,478	276,205
Intergovernmental revenues:				
Local government	10,315,771	18,184,992	14,804,135	(3,380,857)
Commonwealth	24,831,572	24,841,784	22,831,807	(2,009,977)
Federal	7,129,368	7,129,368	7,442,613	313,245
Total revenues	<u>43,783,174</u>	<u>51,662,607</u>	<u>46,884,637</u>	<u>(4,777,970)</u>
<b>EXPENDITURES</b>				
Current:				
Education	43,883,174	44,112,698	41,619,059	2,493,639
Capital projects	-	7,649,909	5,185,007	2,464,902
Total expenditures	<u>43,883,174</u>	<u>51,762,607</u>	<u>46,804,066</u>	<u>4,958,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>80,571</u>	<u>180,571</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	100,000	100,000	-	(100,000)
Total other financing sources and uses	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balances	-	-	80,571	80,571
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,571</u>	<u>\$ 80,571</u>



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## Supporting Schedules

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

Schedule 1  
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,120,200	\$ 9,120,200	\$ 9,467,698	\$ 347,498
Real and personal public service corporation taxes	520,000	520,000	699,734	179,734
Personal property taxes	2,640,000	2,640,000	2,860,388	220,388
Mobile home taxes	89,000	89,000	100,194	11,194
Machinery and tools taxes	1,901,000	1,901,000	2,534,045	633,045
Merchant's capital taxes	352,100	352,100	344,023	(8,077)
Penalties	60,000	60,000	94,821	34,821
Interest	56,000	56,000	106,897	50,897
Total general property taxes	<u>\$ 14,738,300</u>	<u>\$ 14,738,300</u>	<u>\$ 16,207,800</u>	<u>\$ 1,469,500</u>
Other local taxes:				
Local sales and use taxes	\$ 3,300,000	\$ 3,300,000	\$ 2,930,295	\$ (369,705)
Consumers' utility taxes	720,000	720,000	672,406	(47,594)
Consumption tax (Utility license tax)	-	-	90,190	90,190
Communication sales and use tax	800,000	800,000	798,434	(1,566)
Motor vehicle licenses	370,000	370,000	375,277	5,277
Bank stock taxes	15,000	15,000	23,522	8,522
Taxes on recordation and wills	132,000	132,000	138,670	6,670
Hotel and motel room taxes	140,000	140,000	148,496	8,496
Restaurant food taxes	640,000	640,000	606,854	(33,146)
Total other local taxes	<u>\$ 6,117,000</u>	<u>\$ 6,117,000</u>	<u>\$ 5,784,144</u>	<u>\$ (332,856)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 10,037	\$ 37
Land use application fees	500	500	3,093	2,593
Transfer fees	100	100	802	702
Building permits	60,000	60,000	52,705	(7,295)
Other permits and licenses	2,400	2,400	29,455	27,055
Total permits, privilege fees, and regulatory licenses	<u>\$ 73,000</u>	<u>\$ 73,000</u>	<u>\$ 96,092</u>	<u>\$ 23,092</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,150,000	\$ 1,150,000	\$ 1,299,841	\$ 149,841
Total fines and forfeitures	<u>\$ 1,150,000</u>	<u>\$ 1,150,000</u>	<u>\$ 1,299,841</u>	<u>\$ 149,841</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 725,000	\$ 725,000	\$ 659,849	\$ (65,151)
Revenue from use of property	1,000	1,000	3,672	2,672
Total revenue from use of money and property	<u>\$ 726,000</u>	<u>\$ 726,000</u>	<u>\$ 663,521</u>	<u>\$ (62,479)</u>
Charges for services:				
Charges for sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,657	\$ 157
Charges for courthouse maintenance	32,000	32,000	42,132	10,132
Charges for animal control	5,200	5,200	5,682	482
Charges for Commonwealth's Attorney	500	500	2,084	1,584
Charges for courthouse security	200,000	200,000	224,806	24,806

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for jail processing	-	-	5,236	5,236
Excess fees of clerk	-	-	8,687	8,687
Charges for law library	7,600	7,600	6,246	(1,354)
Charges for parks and recreation	40,000	40,000	63,142	23,142
Total charges for services	<u>\$ 286,800</u>	<u>\$ 286,800</u>	<u>\$ 359,672</u>	<u>\$ 72,872</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 24,796	\$ 24,796
Local grants and contributions	98,750	468,084	299,671	(168,413)
Total miscellaneous revenue	<u>\$ 98,750</u>	<u>\$ 468,084</u>	<u>\$ 324,467</u>	<u>\$ (143,617)</u>
Recovered costs:				
Social services	\$ 150,000	\$ 150,000	\$ 95,060	\$ (54,940)
Police activity funds	20,000	20,000	48,469	28,469
Other recovered costs	200,000	205,720	101,867	(103,853)
Total recovered costs	<u>\$ 370,000</u>	<u>\$ 375,720</u>	<u>\$ 245,396</u>	<u>\$ (130,324)</u>
Total revenue from local sources	<u>\$ 23,559,850</u>	<u>\$ 23,934,904</u>	<u>\$ 24,980,933</u>	<u>\$ 1,046,029</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 33,762	\$ 33,762	\$ 47,582	\$ 13,820
Mobile home titling tax	60,000	60,000	61,189	1,189
Grantor's tax	25,000	25,000	35,712	10,712
State recordation tax	27,838	27,838	60,717	32,879
Personal property tax relief funds	1,500,000	1,500,000	1,500,814	814
Total noncategorical aid	<u>\$ 1,646,600</u>	<u>\$ 1,646,600</u>	<u>\$ 1,706,014</u>	<u>\$ 59,414</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 458,641	\$ 458,641	\$ 441,157	\$ (17,484)
Sheriff	1,327,532	1,327,532	1,202,925	(124,607)
Commissioner of revenue	130,456	130,831	124,519	(6,312)
Treasurer	138,666	138,666	130,242	(8,424)
Registrar/electoral board	60,670	60,670	46,482	(14,188)
Clerk of the Circuit Court	362,137	362,137	298,582	(63,555)
Total shared expenses	<u>\$ 2,478,102</u>	<u>\$ 2,478,477</u>	<u>\$ 2,243,907</u>	<u>\$ (234,570)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 2,856,974	\$ 2,856,974	\$ 1,281,081	\$ (1,575,893)
Comprehensive Services Act program	-	-	1,572,340	1,572,340
Emergency medical services	25,000	25,000	26,243	1,243
Litter control grant	5,000	5,000	7,981	2,981
Fire program grant	50,000	50,000	50,888	888
Wireless E-911 grant	24,000	24,000	37,437	13,437

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of environmental quality	-	37,976	-	(37,976)
Arts grant	5,000	5,000	5,000	-
Asset forfeiture collections	-	-	26,603	26,603
Emergency devices grant	-	40,150	35,636	(4,514)
VJCCA	43,000	43,000	31,293	(11,707)
Tobacco Commission Funding (Crossroads Lot 24)	-	-	439,800	439,800
Victim witness grant	-	-	55,020	55,020
Local law enforcement block grant	100,000	590,443	9,593	(580,850)
Total other categorical aid	<u>\$ 3,108,974</u>	<u>\$ 3,677,543</u>	<u>\$ 3,578,915</u>	<u>\$ (98,628)</u>
Total categorical aid	\$ 5,587,076	\$ 6,156,020	\$ 5,822,822	\$ (333,198)
Total revenue from the Commonwealth	\$ 7,233,676	\$ 7,802,620	\$ 7,528,836	\$ (273,784)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 50,000	\$ 50,000	\$ 36,291	\$ (13,709)
Total noncategorical aid	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 36,291</u>	<u>\$ (13,709)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,734,893	\$ 1,734,893	\$ 1,947,842	\$ 212,949
Emergency management grant	-	-	13,017	13,017
State homeland security grant	-	-	40,150	40,150
Justice assistance grant (JAG Grant)	-	-	87,914	87,914
Violence against women formula grant	-	-	39,672	39,672
State and community highway safety grants	-	-	35,147	35,147
Total categorical aid	<u>\$ 1,734,893</u>	<u>\$ 1,734,893</u>	<u>\$ 2,163,742</u>	<u>\$ 428,849</u>
Total revenue from the federal government	\$ 1,784,893	\$ 1,784,893	\$ 2,200,033	\$ 415,140
Total General Fund	<u>\$ 32,578,419</u>	<u>\$ 33,522,417</u>	<u>\$ 34,709,802</u>	<u>\$ 1,187,385</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 202,054	\$ 202,054
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,054</u>	<u>\$ 202,054</u>
Miscellaneous revenue:				
Industrial development funds	\$ -	\$ -	\$ 43,949	\$ 43,949
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,949</u>	<u>\$ 43,949</u>
Total revenue from local sources	\$ -	\$ -	\$ 246,003	\$ 246,003

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
DEQ funds	\$ -	\$ -	\$ 5,582	\$ 5,582
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,582</u>	<u>\$ 5,582</u>
Total revenue from the Commonwealth	\$ -	\$ -	\$ 5,582	\$ 5,582
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,585</u>	<u>\$ 251,585</u>
Total Primary Government	<u>\$ 32,578,419</u>	<u>\$ 33,522,417</u>	<u>\$ 34,961,387</u>	<u>\$ 1,438,970</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 40,461	\$ 40,461
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,461</u>	<u>\$ 40,461</u>
Charges for services:				
Cafeteria sales	\$ 862,440	\$ 862,440	\$ 765,452	\$ (96,988)
Transportation of pupils	36,000	36,000	40,010	4,010
Dual course credits	229,250	229,250	261,159	31,909
Charges for textbooks	1,500	1,500	3,392	1,892
Total charges for services	<u>\$ 1,129,190</u>	<u>\$ 1,129,190</u>	<u>\$ 1,070,013</u>	<u>\$ (59,177)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 4,931	\$ 4,931
Foundation for excellence	-	-	37,199	37,199
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,130</u>	<u>\$ 42,130</u>
Recovered costs:				
JROTC	\$ 54,000	\$ 54,000	\$ 54,305	\$ 305
E-rate	106,273	106,273	141,682	35,409
Medicaid reimbursements	100,000	100,000	328,005	228,005
CCEC reimbursements	22,000	22,000	25,100	3,100
Insurance recoveries	-	-	10,300	10,300
Payments from other localities	70,000	70,000	62,980	(7,020)
Sale of supplies	5,000	5,000	2,013	(2,987)
Other recovered costs	20,000	20,000	29,093	9,093
Total recovered costs	<u>\$ 377,273</u>	<u>\$ 377,273</u>	<u>\$ 653,478</u>	<u>\$ 276,205</u>
Total revenue from local sources	<u>\$ 1,506,463</u>	<u>\$ 1,506,463</u>	<u>\$ 1,806,082</u>	<u>\$ 299,619</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Wythe, Virginia	\$ 10,315,771	\$ 18,184,992	\$ 14,804,135	\$ (3,380,857)
Total revenues from local governments	<u>\$ 10,315,771</u>	<u>\$ 18,184,992</u>	<u>\$ 14,804,135</u>	<u>\$ (3,380,857)</u>

County of Wythe, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Adult secondary education	\$ 15,717	\$ 15,717	\$ 15,717	\$ -
Alternative education	106,166	106,166	61,476	(44,690)
At risk four-year olds	216,373	216,373	216,373	-
At risk payments	292,286	292,286	284,464	(7,822)
Basic school aid	14,059,000	14,069,212	12,678,403	(1,390,809)
Early reading intervention	62,914	62,914	52,067	(10,847)
English as second language	3,800	3,800	2,020	(1,780)
Enrollment loss	69,636	69,636	133,694	64,058
Gifted and talented	134,915	134,915	133,855	(1,060)
Governor's school	26,572	26,572	26,572	-
Group life insurance instructional	29,981	29,981	20,822	(9,159)
Homebound education	17,678	17,678	23,931	6,253
Other state funds	3,900	3,900	3,584	(316)
Mentor teacher program	1,584	1,584	6,449	4,865
Reading recovery	73,377	73,377	74,354	977
Regional program tuition	30,000	30,000	29,228	(772)
Primary class size	393,802	393,802	367,844	(25,958)
Regular foster care	16,800	16,800	29,053	12,253
Remedial education	365,769	365,769	362,896	(2,873)
Remedial summer education	49,214	49,214	31,962	(17,252)
Retirement	1,040,342	1,040,342	773,385	(266,957)
School food	29,960	29,960	30,891	931
Share of state sales tax	3,806,833	3,806,833	3,632,911	(173,922)
Social security fringe benefits	806,490	806,490	800,156	(6,334)
Special education	1,481,063	1,481,063	1,469,431	(11,632)
Special education - foster children	13,500	13,500	13,546	46
Standards of Learning algebra readiness	46,581	46,581	42,149	(4,432)
State lottery payments	272,438	272,438	343,413	70,975
National board certification	15,000	15,000	15,000	-
Technology resource	414,000	414,000	414,000	-
Textbook payment	355,335	355,335	164,723	(190,612)
Vocational education - adult	2,200	2,200	2,626	426
Vocational occupational preparedness	47,682	47,682	48,315	633
Vocational standards of quality payments	530,664	530,664	526,497	(4,167)
Total categorical aid	<u>\$ 24,831,572</u>	<u>\$ 24,841,784</u>	<u>\$ 22,831,807</u>	<u>\$ (2,009,977)</u>
Total revenue from the Commonwealth	<u>\$ 24,831,572</u>	<u>\$ 24,841,784</u>	<u>\$ 22,831,807</u>	<u>\$ (2,009,977)</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 96,000	\$ 96,000	\$ 90,374	\$ (5,626)
Title I	3,415,744	3,415,744	1,638,126	(1,777,618)
Title VI-B, special education flow-through	1,925,166	1,925,166	1,531,874	(393,292)
Vocational education	87,718	87,718	77,353	(10,365)
National school food program	937,600	937,600	1,113,022	175,422
Reading first	281,777	281,777	362,230	80,453
Drug free schools	18,000	18,000	17,288	(712)
Improving teacher quality	335,863	335,863	282,903	(52,960)
Literacy challenge grant	-	-	35,196	35,196
State Stabilization Funds	-	-	2,246,945	2,246,945
Summer food	31,500	31,500	47,302	15,802
Total categorical aid	<u>\$ 7,129,368</u>	<u>\$ 7,129,368</u>	<u>\$ 7,442,613</u>	<u>\$ 313,245</u>
Total revenue from the federal government	<u>\$ 7,129,368</u>	<u>\$ 7,129,368</u>	<u>\$ 7,442,613</u>	<u>\$ 313,245</u>
Total School Operating Fund	<u>\$ 43,783,174</u>	<u>\$ 51,662,607</u>	<u>\$ 46,884,637</u>	<u>\$ (4,777,970)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 43,783,174</u>	<u>\$ 51,662,607</u>	<u>\$ 46,884,637</u>	<u>\$ (4,777,970)</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 195,264	\$ 298,993	\$ 261,306	\$ 37,687
General and financial administration:				
County administrator	\$ 438,033	\$ 468,033	\$ 361,698	\$ 106,335
Commissioner of revenue	277,025	277,400	265,436	11,964
Treasurer	332,116	333,457	321,562	11,895
Financial administration	198,410	203,410	173,108	30,302
Assessors	75,000	75,000	-	75,000
Mapping	34,172	64,172	12,513	51,659
Total general and financial administration	<u>\$ 1,354,756</u>	<u>\$ 1,421,472</u>	<u>\$ 1,134,317</u>	<u>\$ 287,155</u>
Board of elections:				
Electoral board and officials	\$ 33,165	\$ 36,584	\$ 25,835	\$ 10,749
Registrar	86,133	86,133	82,946	3,187
Total board of elections	<u>\$ 119,298</u>	<u>\$ 122,717</u>	<u>\$ 108,781</u>	<u>\$ 13,936</u>
Total general government administration	<u>\$ 1,669,318</u>	<u>\$ 1,843,182</u>	<u>\$ 1,504,404</u>	<u>\$ 338,778</u>
Judicial administration:				
Courts:				
Circuit court	\$ 35,764	\$ 35,764	\$ 35,276	\$ 488
General district court	7,500	7,500	6,231	1,269
Juvenile & domestic relations court	7,200	9,400	7,621	1,779
Magistrates	1,900	1,900	1,264	636
Clerk of the circuit court	504,070	523,070	460,774	62,296
Commissioner of accounts	5,000	5,000	5,000	-
Law library	10,950	10,950	6,118	4,832
Total courts	<u>\$ 572,384</u>	<u>\$ 593,584</u>	<u>\$ 522,284</u>	<u>\$ 71,300</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 626,082	\$ 626,980	\$ 598,348	\$ 28,632
Total commonwealth's attorney	<u>\$ 626,082</u>	<u>\$ 626,980</u>	<u>\$ 598,348</u>	<u>\$ 28,632</u>
Total judicial administration	<u>\$ 1,198,466</u>	<u>\$ 1,220,564</u>	<u>\$ 1,120,632</u>	<u>\$ 99,932</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,423,912	\$ 4,053,032	\$ 3,142,529	\$ 910,503
Total law enforcement and traffic control	<u>\$ 3,423,912</u>	<u>\$ 4,053,032</u>	<u>\$ 3,142,529</u>	<u>\$ 910,503</u>
Fire and rescue services:				
Fire department	\$ 2,031,354	\$ 2,400,686	\$ 289,281	\$ 2,111,405
Ambulance and rescue services	119,995	124,664	120,584	4,080
Total fire and rescue services	<u>\$ 2,151,349</u>	<u>\$ 2,525,350</u>	<u>\$ 409,865</u>	<u>\$ 2,115,485</u>



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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 1,510,000	\$ 1,526,526	\$ 1,533,056	\$ (6,530)
Probation office	2,792	3,100	3,092	8
Total correction and detention	<u>\$ 1,512,792</u>	<u>\$ 1,529,626</u>	<u>\$ 1,536,148</u>	<u>\$ (6,522)</u>
Inspections:				
Building	\$ 199,208	\$ 206,658	\$ 158,741	\$ 47,917
Total inspections	<u>\$ 199,208</u>	<u>\$ 206,658</u>	<u>\$ 158,741</u>	<u>\$ 47,917</u>
Other protection:				
Animal control	\$ 126,121	\$ 227,815	\$ 121,567	\$ 106,248
Medical examiner	1,000	1,000	420	580
E-911 department	251,179	325,815	194,350	131,465
Wireless E-911 grant	31,075	31,165	20,707	10,458
Emergency services	72,264	122,087	98,741	23,346
Total other protection	<u>\$ 481,639</u>	<u>\$ 707,882</u>	<u>\$ 435,785</u>	<u>\$ 272,097</u>
Total public safety	<u>\$ 7,768,900</u>	<u>\$ 9,022,548</u>	<u>\$ 5,683,068</u>	<u>\$ 3,339,480</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road construction	\$ -	\$ 250,000	\$ 93,317	\$ 156,683
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,610,776	\$ 1,656,998	\$ 1,394,757	\$ 262,241
Total sanitation and waste removal	<u>\$ 1,610,776</u>	<u>\$ 1,656,998</u>	<u>\$ 1,394,757</u>	<u>\$ 262,241</u>
Maintenance of general buildings and grounds:				
Courthouse building	\$ 276,456	\$ 376,456	\$ 260,576	\$ 115,880
Health center	1,880	1,880	703	1,177
County administrative building	124,283	2,137,118	226,471	1,910,647
Sixth Street building	2,579	2,579	1,336	1,243
Building and grounds maintenance	103,524	112,722	74,799	37,923
Library building	3,814	3,814	3,020	794
Spiller Annex Building	1,600	1,600	-	1,600
Other properties	986	986	284	702
Total maintenance of general buildings and grounds	<u>\$ 515,122</u>	<u>\$ 2,637,155</u>	<u>\$ 567,189</u>	<u>\$ 2,069,966</u>
Total public works	<u>\$ 2,125,898</u>	<u>\$ 4,544,153</u>	<u>\$ 2,055,263</u>	<u>\$ 2,488,890</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Total health	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>

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

**Schedule 2**  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
<b>Health and welfare: (Continued)</b>				
Mental health and mental retardation:				
Community services board	\$ 119,583	\$ 119,583	\$ 119,583	\$ -
Total mental health and mental retardation	<u>\$ 119,583</u>	<u>\$ 119,583</u>	<u>\$ 119,583</u>	<u>\$ -</u>
Welfare:				
Public assistance	\$ 6,014,757	\$ 6,014,757	\$ 6,265,769	\$ (251,012)
Family resource center	3,750	3,750	3,750	-
District III coop	25,690	25,690	25,690	-
Total welfare	<u>\$ 6,044,197</u>	<u>\$ 6,044,197</u>	<u>\$ 6,295,209</u>	<u>\$ (251,012)</u>
Total health and welfare	<u>\$ 6,463,780</u>	<u>\$ 6,463,780</u>	<u>\$ 6,714,792</u>	<u>\$ (251,012)</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 41,491	\$ 41,491	\$ 41,491	\$ -
Contribution to County School Board	10,315,771	18,184,992	14,804,135	3,380,857
Total education	<u>\$ 10,357,262</u>	<u>\$ 18,226,483</u>	<u>\$ 14,845,626</u>	<u>\$ 3,380,857</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Commission	\$ 170,662	\$ 172,132	\$ 107,162	\$ 64,970
Rural Retreat Lake campground	93,821	117,717	107,479	10,238
Rural Retreat Lake swimming pool	47,637	47,637	34,376	13,261
Ager Park	11,589	24,428	11,066	13,362
Total parks and recreation	<u>\$ 323,709</u>	<u>\$ 361,914</u>	<u>\$ 260,083</u>	<u>\$ 101,831</u>
Cultural enrichment:				
Festivals/tourism	\$ 37,000	\$ 37,000	\$ 19,319	\$ 17,681
Total cultural enrichment	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 19,319</u>	<u>\$ 17,681</u>
Library:				
Contribution to regional library	\$ 261,927	\$ 261,927	\$ 261,927	\$ -
Total library	<u>\$ 261,927</u>	<u>\$ 261,927</u>	<u>\$ 261,927</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 622,636</u>	<u>\$ 660,841</u>	<u>\$ 541,329</u>	<u>\$ 119,512</u>
Community development:				
Planning and community development:				
Planning commission	\$ 75,277	\$ 75,277	\$ 71,679	\$ 3,598
Regional water	512,049	2,033,049	500,039	1,533,010
Wythe county joint IDA	141,408	141,408	141,408	-
Small business incubator	10,000	10,000	10,000	-
Smyth/Wythe airport commission	41,700	41,700	41,700	-
New River/Highlands RC&D	700	700	700	-
Total planning and community development	<u>\$ 781,134</u>	<u>\$ 2,302,134</u>	<u>\$ 765,526</u>	<u>\$ 1,536,608</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water district	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Total environmental management	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 56,855	\$ 56,855	\$ 32,757	\$ 24,098
Total cooperative extension program	<u>\$ 56,855</u>	<u>\$ 56,855</u>	<u>\$ 32,757</u>	<u>\$ 24,098</u>
Total community development	<u>\$ 848,989</u>	<u>\$ 2,369,989</u>	<u>\$ 809,283</u>	<u>\$ 1,560,706</u>
Nondepartmental:				
Revenue refunds	\$ 271,000	\$ 271,000	\$ 162,427	\$ 108,573
Total nondepartmental	<u>\$ 271,000</u>	<u>\$ 271,000</u>	<u>\$ 162,427</u>	<u>\$ 108,573</u>
Capital projects: (1)				
Fort Chiswell emergency services building	\$ 275,000	\$ 275,000	\$ 128,470	\$ 146,530
Progress park improvements	192,172	905,331	1,437,145	(531,814)
Total capital projects	<u>\$ 467,172</u>	<u>\$ 1,180,331</u>	<u>\$ 1,565,615</u>	<u>\$ (385,284)</u>
Debt service:				
Principal retirement	\$ 1,895,206	\$ 2,051,330	\$ 1,822,011	\$ 229,319
Interest and other fiscal charges	1,474,136	1,492,332	1,392,369	99,963
Total debt service	<u>\$ 3,369,342</u>	<u>\$ 3,543,662</u>	<u>\$ 3,214,380</u>	<u>\$ 329,282</u>
Total General Fund	<u>\$ 35,162,763</u>	<u>\$ 49,346,533</u>	<u>\$ 38,216,819</u>	<u>\$ 11,129,714</u>
Total Primary Government	<u>\$ 35,162,763</u>	<u>\$ 49,346,533</u>	<u>\$ 38,216,819</u>	<u>\$ 11,129,714</u>

(1) Budgeted within departmental budgets

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,084,592	\$ 1,084,592	\$ 983,321	\$ 101,271
Total administration of schools	<u>\$ 1,084,592</u>	<u>\$ 1,084,592</u>	<u>\$ 983,321</u>	<u>\$ 101,271</u>
Instruction costs:				
Instruction	\$ 33,317,818	\$ 33,544,777	\$ 31,495,776	\$ 2,049,001
Technology instruction	1,325,176	1,325,176	1,273,031	52,145
Total instruction costs	<u>\$ 34,642,994</u>	<u>\$ 34,869,953</u>	<u>\$ 32,768,807</u>	<u>\$ 2,101,146</u>
Operating costs:				
Pupil transportation	\$ 2,668,512	\$ 2,668,512	\$ 2,370,642	\$ 297,870
Operation and maintenance of school plant	3,625,576	3,625,576	3,708,464	(82,888)
Total operating costs	<u>\$ 6,294,088</u>	<u>\$ 6,294,088</u>	<u>\$ 6,079,106</u>	<u>\$ 214,982</u>
School food services:				
Administration of school food program	\$ 1,861,500	\$ 1,864,065	\$ 1,787,825	\$ 76,240
Total school food services	<u>\$ 1,861,500</u>	<u>\$ 1,864,065</u>	<u>\$ 1,787,825</u>	<u>\$ 76,240</u>
Total education	<u>\$ 43,883,174</u>	<u>\$ 44,112,698</u>	<u>\$ 41,619,059</u>	<u>\$ 2,493,639</u>
Capital projects:				
School capital projects	\$ -	\$ 7,649,909	\$ 5,185,007	\$ 2,464,902
Total capital projects	<u>\$ -</u>	<u>\$ 7,649,909</u>	<u>\$ 5,185,007</u>	<u>\$ 2,464,902</u>
Total School Fund	<u>\$ 43,883,174</u>	<u>\$ 51,762,607</u>	<u>\$ 46,804,066</u>	<u>\$ 4,958,541</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 43,883,174</u>	<u>\$ 51,762,607</u>	<u>\$ 46,804,066</u>	<u>\$ 4,958,541</u>

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## Other Statistical Information

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water/Sewer Department	Total
2009-10	\$ 1,430,893	\$ 1,121,160	\$ 5,730,414	\$ 2,256,629	\$ 6,611,511	\$ 9,430,330	\$ 525,341	\$ 1,005,579	\$ 1,348,458	\$ 2,570,803	32,031,119
2008-09	1,638,876	1,037,073	5,364,813	2,457,234	6,391,877	10,236,820	585,718	538,549	1,308,787	2,595,395	32,155,142
2007-08	1,102,068	1,130,051	5,241,651	2,212,679	5,936,838	11,084,184	583,244	1,139,697	1,398,504	2,326,133	32,155,049
2006-07	1,173,193	992,656	4,980,926	4,663,802	5,908,253	11,026,573	583,031	3,016,335	1,391,274	1,979,890	35,715,933
2005-06	1,360,376	813,383	4,522,067	2,560,585	5,091,607	9,807,061	570,524	4,407,878	1,185,422	1,853,986	32,172,889
2004-05	1,266,445	500,504	4,091,425	2,125,423	4,438,493	9,408,235	534,905	2,423,396	1,275,969	1,787,290	27,852,085
2003-04	1,258,218	446,885	4,181,721	1,776,941	4,228,680	8,141,075	553,592	1,286,266	1,354,490	1,542,077	24,769,945
2002-03	1,254,009	442,169	3,824,191	906,144	3,968,780	8,746,890	547,460	731,107	1,234,396	1,720,255	23,375,401

(1) Information has only been available for 8 years.

Table 2

County of Wythe, Virginia  
Government-Wide Revenues  
Last Eight Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2009-10	\$ 4,238,317	\$ 7,546,764	\$ 1,470,916	\$ 16,239,400	\$ 5,784,144	\$ 1,000,116	\$ 368,416	\$ 1,747,887	\$ 38,395,960		
2008-09	4,670,134	7,341,206	18,525	16,095,756	5,992,791	1,423,635	-	1,805,916	37,347,963		
2007-08	5,422,562	8,501,323	56,287	15,190,799	6,455,989	1,542,199	477,152	1,759,298	39,405,609		
2006-07	4,336,231	9,338,190	214,941	12,958,011	6,432,895	2,100,588	82,238	1,875,583	37,338,677		
2005-06	3,040,194	8,475,098	1,483,543	12,882,908	6,190,995	1,876,830	6,427	1,924,510	35,880,505		
2004-05	3,173,548	5,501,294	1,877,284	12,881,627	5,907,406	410,629	282,181	1,621,395	31,655,364		
2003-04	2,795,267	6,628,887	-	11,754,967	5,613,402	250,305	1,165,179	2,727,203	30,935,210		
2002-03	2,266,760	6,513,103	-	11,589,801	5,229,303	334,888	384,362	1,965,594	28,283,811		

(1) Information has only been available for 8 years.

Table 3

County of Wythe, Virginia  
Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2009-10	1,504,404	1,120,632	5,683,068	2,055,263	6,714,792	41,660,550	541,329	809,283	162,427	3,214,380	1,565,615	\$ 65,031,743
2008-09	1,539,578	1,035,285	5,276,627	2,307,558	6,538,139	40,489,013	580,323	972,300	-	3,284,554	5,615,252	67,638,629
2007-08	1,417,942	1,128,376	5,307,665	2,025,909	6,073,447	39,972,881	575,398	973,616	-	6,898,299	277,555	64,651,088
2006-07	1,512,851	991,921	5,094,918	4,616,524	5,903,223	38,670,937	582,594	2,246,726	82	7,278,191	1,447,785	68,345,752
2005-06	1,381,442	818,211	4,967,687	2,705,898	5,080,497	36,059,821	562,903	4,407,734	-	3,187,705	4,645,650	63,817,548
2004-05	1,256,423	500,504	4,831,747	2,478,911	4,454,674	33,635,234	529,734	2,422,935	-	4,018,460	972,280	55,100,902
2003-04	1,251,024	446,885	4,396,199	1,969,733	4,109,237	31,528,248	545,846	1,325,692	-	11,373,044	2,379,069	59,324,977
2002-03	1,223,807	442,169	3,908,194	2,030,428	4,007,536	30,246,276	542,834	731,675	-	11,448,097	6,596,555	61,177,571
2001-02	1,484,388	391,601	4,083,087	1,603,754	4,482,599	27,870,447	574,227	1,596,503	-	2,374,220	14,326,582	58,787,408
2000-01	1,095,470	398,926	4,064,216	1,484,142	4,231,864	27,459,624	574,772	672,538	-	1,587,705	2,588,055	44,157,312

(1) Includes General, Special Revenue Funds and Capital Projects Funds of the Primary Government and Discretely Presented Component Unit School Board.

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



County of Wythe, Virginia  
 Governmental Revenues by Source (1)  
 Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2009-10	\$ 16,207,800	5,784,144	96,092	1,299,841	906,036	1,429,685	410,546	898,874	40,008,871	67,041,889
2008-09	15,725,637	5,992,791	87,501	1,203,414	1,334,434	1,418,220	2,675	1,152,933	40,335,213	67,252,818
2007-08	15,330,577	6,455,989	112,693	1,483,167	1,470,255	1,453,423	479,077	1,062,904	39,295,486	67,143,571
2006-07	13,318,383	6,432,895	185,507	1,329,058	1,451,377	1,389,051	348,783	1,163,702	39,356,996	64,975,752
2005-06	12,947,597	6,190,995	148,733	1,086,467	1,525,668	1,203,806	370,215	348,218	37,295,408	61,117,107
2004-05	12,662,170	5,907,406	116,878	1,109,379	425,078	1,004,725	803,882	347,332	33,460,859	55,837,709
2003-04	11,722,580	5,613,402	112,148	898,631	246,714	850,728	1,737,464	233,301	31,081,509	52,496,477
2002-03	11,577,642	5,229,303	109,233	730,508	334,029	740,384	715,219	416,833	28,470,281	48,323,432
2001-02	11,198,731	4,947,156	144,131	603,685	1,101,642	843,497	266,387	822,291	28,967,078	48,894,598
2000-01	11,385,166	4,461,256	126,480	563,394	1,489,031	828,982	570,871	507,198	27,114,783	47,047,161

(1) Includes General, Special Revenue and Capital Projects Funds of the Primary Government and includes discretely presented Component Unit School Board.

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 16,032,364	\$ 15,492,730	96.63%	\$ 513,352	\$ 16,006,082	99.84%	\$ 1,460,821	9.11%
2008-09	15,632,362	15,152,408	96.93%	363,918	15,516,326	99.26%	1,465,066	9.37%
2007-08	15,389,398	14,878,139	96.68%	269,190	15,147,329	98.43%	1,336,406	8.68%
2006-07	15,261,404	14,444,360	94.65%	298,517	14,742,877	96.60%	1,297,569	8.50%
2005-06	14,288,119	14,034,766	98.23%	304,216	14,338,982	100.36%	1,200,460	8.40%
2004-05	14,059,147	13,259,515	94.31%	615,516	13,875,031	98.69%	1,255,928	8.93%
2003-04	13,063,042	12,695,723	97.19%	313,349	13,009,072	99.59%	986,877	7.55%
2002-03	12,813,683	12,545,435	97.91%	300,457	12,845,892	100.25%	955,915	7.46%
2001-02	12,793,362	12,320,571	96.30%	211,739	12,532,310	97.96%	946,619	7.40%
2000-01	12,346,899	11,978,579	97.02%	214,307	12,192,886	98.75%	829,295	6.72%

(1) Exclusive of penalties and interest, includes penalty beginning fiscal year 2005-06. Reduced for tax remittances to Crossroads Regional IFA.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia. Years thereafter include the amount due under the personal property tax relief act.

Table 6

County of Wythe, Virginia  
Assessed Value of Taxable Property (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service Companies	Total
2009-10	\$ 2,210,517,580	\$ 500,123,110	\$ 162,428,985	2,873,069,675
2008-09	2,181,140,120	503,080,112	143,965,550	2,828,185,782
2007-08	2,137,176,630	440,104,314	179,339,116	2,756,620,060
2006-07	1,478,984,752	422,437,107	120,231,024	2,021,652,883
2005-06	1,403,938,970	387,025,032	138,305,024	1,929,269,026
2004-05	1,372,932,485	382,561,623	131,674,744	1,887,168,852
2003-04	1,332,331,545	328,379,094	116,826,731	1,777,537,370
2002-03	1,314,437,851	325,942,084	114,286,219	1,754,666,154
2001-02	965,835,469	321,798,499	82,484,524	1,370,118,492
2000-01	946,377,076	304,036,483	77,596,980	1,328,010,539

(1) Assessed at 100% of fair market value.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2009-10	\$ 0.43	\$ 2.08	\$ 1.50	0.56
2008-09	0.43	2.08	1.50	0.56
2007-08	0.43	2.08	1.50	0.56
2006-07	0.54	2.08	1.50	0.56
2005-06	0.54	2.08	1.50	0.56
2004-05	0.54	2.08	1.50	0.56
2003-04	0.54	2.08	1.50	0.56
2001-03	0.54	2.08	1.50	0.56
2001-02	0.71	2.27	1.50	0.56
2000-01	0.71	2.27	1.50	0.56

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	\$ 29,235	\$ 2,873,069,675	\$ 40,481,384	1.41%	1,385
2008-09	27,599	2,828,185,782	42,750,112	1.51%	1,549
2007-08	27,599	2,756,620,060	40,072,092	1.45%	1,452
2006-07	27,599	2,021,652,883	40,928,550	2.02%	1,483
2005-06	27,599	1,929,269,026	43,599,986	2.26%	1,580
2004-05	27,599	1,887,168,852	29,773,651	1.58%	1,079
2003-04	27,599	1,777,537,370	27,696,308	1.56%	1,004
2002-03	27,599	1,754,666,154	30,571,989	1.74%	1,108
2001-02	27,599	1,370,118,492	31,054,716	2.27%	1,125
2000-01	27,599	1,328,010,539	32,986,566	2.48%	1,195

(1) United States Bureau of the Census

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/postclosure care liability, capital leases, and compensated absences.

County of Wythe, Virginia  
 Ratio of Annual Debt Service Expenditures for General Bonded  
 Debt to Total General Governmental Expenditures (1)  
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 1,822,011	\$ 1,392,369	3,214,380	\$ 65,031,743	4.943%
2008-09	1,889,349	1,395,205	3,284,554	67,638,629	4.856%
2007-08(4)	5,443,269	1,455,030	6,898,299	64,651,088	10.670%
2006-07(3)	1,854,614	1,323,577	3,178,191	68,345,752	4.650%
2005-06	1,777,483	1,410,222	3,187,705	63,817,548	4.995%
2004-05	2,425,698	1,592,762	4,018,460	55,100,902	7.293%
2003-04	10,100,013	1,273,031	11,373,044	59,324,977	19.171%
2002-03	10,259,879	1,188,218	11,448,097	61,177,571	18.713%
2001-02	939,834	1,434,386	2,374,220	58,787,408	4.039%
2000-01	1,020,821	566,884	1,587,705	44,157,312	3.596%

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

(2) Capital project expenditures are included in 97-98 and subsequent years

(3) Excludes temporary loans

(4) Includes early redemption of the County's \$3,820,000 bond

## COMPLIANCE SECTION

# ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

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

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### Independent Auditors' Opinion

To the Members of the Board of Supervisors  
County of Wythe, Virginia  
Wytheville, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and the major funds of the County of Wythe, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County of Wythe, Virginia's basic financial statements, and have issued our report thereon dated February 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specification for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Wythe, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Wythe, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Wythe, Virginia's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2010-1, 2010-2, and 2010-3).

#### Compliance and Other Matters

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



We noted certain other matters that we reported to management of the County of Wythe, Virginia in a separate letter dated February 18, 2011.

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

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

*Robinson, Fauser, Co. Associates*

Christiansburg, Virginia  
February 18, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

### Independent Auditors' Report

To the Members of the Board of Supervisors  
County of Wythe, Virginia  
Wytheville, Virginia

#### Compliance

We have audited the County of Wythe, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Wythe, Virginia's major federal programs for the year ended June 30, 2010. The County of Wythe, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Wythe, Virginia's management. Our responsibility is to express an opinion on the County of Wythe, Virginia's compliance based on our audit.

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

As described in item 2010-4 in the accompanying schedule of findings and questioned costs, the County of Wythe, Virginia did not comply with requirements regarding Davis Bacon wage compliance that are applicable to its ARRA State Fiscal Stabilization Grant. Additionally, as described in item 2010-5 in the accompanying schedule of findings and questioned costs, the County of Wythe, Virginia did not comply with requirements regarding documentation of expenditures for its ARRA State Fiscal Stabilization Grant. Compliance with such requirements is necessary, in our opinion, for the County of Wythe, Virginia to comply with requirements applicable to those programs.

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

## Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified two deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-4 and 2010-5 to be material weaknesses.

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

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

*Robinson, Fauner, Co. Associates*

Christiansburg, Virginia  
February 18, 2011

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE:</b>			
Pass Through Payments:			
<i>State Department of Agriculture:</i>			
Food Distribution-Schools (Note C)	10.555	00070	\$ 119,543
Food Distribution-Summer School (Note C)	10.559	80285	47,302
<i>Department of Social Services:</i>			
<i>SNAP Program Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561	376,167
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561	9,498
<i>Department of Education:</i>			
Child Nutrition Discretionary Grants Limited Availability	10.579	10579	32,753
Schools and Roads - Grants to States	10.665	10665	90,374
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	40591	207,725
National School Lunch Program	10.555	40623	753,001
Total Department of Agriculture			<u>\$ 1,636,363</u>
<b>DEPARTMENT OF THE INTERIOR:</b>			
Direct Payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	N/A	<u>\$ 36,291</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	93556	\$ 23,805
Temporary Assistance for Needy Families (TANF)	93.558	93558	323,036
Refugee and Entrant Assistance - State Administered Programs	93.566	93566	847
Low-Income Home Energy Assistance	93.568	93568	17,589
Chafee Education and Training Vouchers Program	93.599	93599	2,754
Child Welfare Services-State Grants	93.645	93645	1,065
Social Services Block Grant	93.667	93667	137,294
Chafee Foster Care Independence Program	93.674	93674	7,554
Children's Health Insurance Program	93.767	93767	16,557
Medical Assistance Program	93.778	93778	222,772
<i>Child Care and Development Funds Cluster:</i>			
Child Care and Development Block Grant	93.575	93575	166,364
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596	127,728
ARRA - Child Care and Development Block Grant	93.713	93713	61,268
<i>Foster Care Cluster:</i>			
Foster Care	93.658	93658	332,767
ARRA - Foster Care	93.658	93658	31,914
<i>Adoption Assistance Cluster:</i>			
Adoption Assistance	93.659	93659	80,074
ARRA - Adoption Assistance	93.659	93659	8,789
Total Department of Health and Human Services			<u>\$ 1,562,177</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>			
Pass Through Payments:			
<i>Department of Emergency Management:</i>			
Emergency Management Performance Grant	97.042	97042	\$ 13,017
State Fire Training Systems Grants	97.043	97043	40,150
Total Department of Homeland Security			<u>\$ 53,167</u>

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF TRANSPORTATION:</b>			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	20600	\$ 10,908
Alcohol Open Container Requirements	20.607	59131	24,239
Total Department of Transportation			\$ 35,147
<b>DEPARTMENT OF EDUCATION:</b>			
Pass Through Payments:			
<i>Department of Education:</i>			
Career and Technical Education-Basic Grants to States	84.048	86647	\$ 77,353
Reading First State Grants	84.357	86755	362,230
Improving Teacher Quality State Grants	84.367	86739	282,904
Safe and Drug-Free Schools and Communities-State Grants	84.186	86670	17,287
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	62532	2,246,945
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	84.010	86595	1,112,409
ARRA - Title I Grants to Local Educational Agencies	84.389	42913	525,717
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States (Title VI-B)	84.027	87007A	968,771
ARRA - Special Education-Grants to States (Title VI-B)	84.391	61245	505,040
Special Education-Preschool Grants	84.173	87063A	30,035
ARRA - Special Education-Preschool Grants	84.392	61247	28,028
<i>Education Technology Cluster:</i>			
Education Technology State Grants	84.318	86747B	10,803
ARRA - Education Technology State Grants	84.386	60897	24,393
Total Department of Education			\$ 6,191,915
<b>DEPARTMENT OF JUSTICE:</b>			
Pass Through Payments:			
<i>Department of Criminal Justice Service:</i>			
Violence against women - formula grants	16.588	66500	\$ 39,672
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	16738	16,742
<i>State Compensation Board</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	62200	71,172
Total Department of Justice			\$ 127,586
<b>ENVIRONMENTAL PROTECTION AGENCY:</b>			
Pass Through Payments:			
<i>Virginia Resource Authority:</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	VCWSTM 016	\$ 1,006,342
Total Expenditure of Federal Awards			\$ 10,648,988

See accompanying notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Note A -- Basis of Presentation

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

Note B -- Summary of Significant Accounting Policies

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

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

Note C -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 2,200,033
Proprietary Funds	1,006,342
Component Unit Schools:	
School Operating Fund	<u>\$ 7,442,613</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 10,648,988</u></u>

County of Wythe, Virginia

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

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weakness(es) identified? Yes  
 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:  
 Material weakness(es) identified? Yes  
 Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? Yes

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
93.575/93.596/93.713	Child Care and Development Block Grant (CCDF Cluster)
93.658	Foster Care Program - Including ARRA Funds
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants
84.010/84.389	Title 1 Part A Cluster
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)
10.561	SNAP Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$319,469

Auditee qualified as low-risk auditee? No

County of Wythe, Virginia

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

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Section II - Financial Statement Findings

2010-1

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Condition: The County's financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles.

Criteria: Per Statement on Auditing Standards 115, identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.

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

Management's  
Response:

To comply with standards established by Statement on Auditing Standards 115, the County employed an external accounting firm to prepare all necessary year-end accounting adjustments and to assist in the selection and application of accounting principles for the fiscal year ending June 30, 2010. As the County's consultant becomes more familiar with the County's financial records, the potential for misstatements in the annual financial report should decrease significantly.

2010-2

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Condition: During the fiscal year, the County lacked proper segregation of duties over the billing and collection of water and sewer revenues. In addition, the County did not perform monthly reconciliations of the revenues reported in the system for the fiscal year.

Criteria: A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.

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



County of Wythe, Virginia

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

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Section II - Financial Statement Findings (continued)

2010-2 - Continued

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Management's Response: Management acknowledges that internal controls over the billing and collection function lacked proper segregation of duties for the fiscal year. The County continues to explore the possibility of moving the collection function to another department.

2010-3

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Condition: The County purchased a new accounting system two years ago. County Administration maintains the new system, while the Treasurer's Office maintains a general ledger that is reconciled on the cash basis with the County's bank accounts. The County did not reconcile the accounting system to the Treasurer's bank reconciliations during the fiscal year. After year end, the County hired a consultant to reconcile the accounting system to underlying documentation. The County did not post all transactions related to the consultant's work until late January of 2011.

Criteria: Detailed revenue and expenditure reports should be accurately reconciled to the Treasurer's records monthly to ensure financial information is correct. These reconciliations should be prepared monthly within 30 days each of month's end.

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

Management's Response: The County continues to experience problems in reconciling the new accounting system to the bank statements. The County has hired a new Finance Director and her primary task will be to reconcile the books monthly.

Section III - Federal Award Findings and Questioned Costs

2010-4 Funding Source - Department of Education

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State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act  
CFDA Number 84.394 - Year ending June 30, 2010

Criteria: All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, and 3147).

Section III - Federal Award Findings and Questioned Costs (continued)

2010-4 - Continued

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Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act (Act) a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

Condition: The School Board hired a contractor for school renovations and used SFSF funds to pay for a portion of the contract. The School Board did not have procedures in place to monitor compliance requirements; and therefore, did not require the contractor to pay wages in accordance with the Act as required under the SFSF program.

Questioned Costs: Undetermined

Context: A review of the contract for school renovations and inquiry of management found that the requirements of the Act were not followed.

Effect: Wages paid by the contractor may not have been in compliance with the Act; therefore, additional funds may be necessary to fully compensate the contractor's employees as required under the Act.

Cause: The School Board did not have controls in place to ensure compliance with grant requirements. In addition, the School Board's oversight agency did not advise the School Board of the Davis-Bacon grant requirement.

Recommendation: The School Board should perform a detailed review of all new grants awarded to the School System to determine if new compliance monitoring will be required. Once the School Board determines that new compliance requirements exist; controls should be developed to monitor adherence with same. In relation to the school renovations, the School Board should seek guidance from their oversight agency for appropriate action.

Response: The School Board agrees with the audit recommendation and will perform a detailed review of new grants in the future. In addition, the School Board will request that the Virginia Department of Education review the finding and make a recommendation for any corrective action.

County of Wythe, Virginia

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

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Section III - Federal Award Findings and Questioned Costs (continued)

2010-5	Funding Source - Department of Education
	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act CFDA Number 84.394 - Year ending June 30, 2010
Criteria:	Under section 14003(a) of the American Recovery and Reinvestment Act, a Local Educational Agency is required to use funds for activities authorized under The Elementary and Secondary Education Act of 1965 (ESEA), the Individuals with Disabilities Education Act (IDEA), The Adult Education and Family Literacy Act (AEFLA), The Carl D. Perkins Career and Technical Education Act of 2006 or for the modernization, renovation, and/or repair of public school facilities consistent with certain building requirements.
Condition:	The School Board divided their total allocation for State Fiscal Stabilization Funding by the number of periods remaining in the fiscal year to determine the reimbursement they would receive each month. The Board did not tie their reimbursement request(s) to any specific expenditures.
Questioned Costs:	Undetermined
Context:	A review of reimbursement requests found that the requirements of the Act were not followed.
Effect:	Amounts requested by the School Board may not have been in compliance with the Act; however, the School Board's total allowable expenditures did exceed State Fiscal Stabilization Funds received.
Cause:	The School Board did not have controls in place to ensure compliance with grant requirements.
Recommendation:	The School Board should tie their reimbursement request(s) to specific expenditures and maintain documentation of same in their records.
Response:	The School Board agrees with the audit recommendation and will provide documentation of specific expenditures for which funds are requested in the future. In addition, the School Board will request that the Virginia Department of Education review the finding and make a recommendation for any corrective action.

Section IV - Status of Prior Audit Findings and Questioned Costs

All of the financial statement findings listed above were present in the prior fiscal year.