

County of Warren, Virginia

Financial Report

Year Ended June 30, 2011



COUNTY OF WARREN, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Archie A. Fox, Chair
Glenn L. White, Vice-Chair
Tony F. Carter
Linda P. Glavis
Richard H. Traczyck

County School Board

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Joanne F. Cherefko, Vice-Chair
Kimberly M. Athey
Catherine R. Bower
James S. Wells

Advisory Board for Warren County Social Services

Staige Miller, Chair
Christine Hartman, Vice-Chair
Bill Crawford
Mary Ellen South
Robert Cullers

Other Officials

Judge of Circuit Court..... Dennis L. Hupp
Judge of Circuit Court..... John E. Wetsel, Jr.
Judge of Circuit Court..... Thomas J. Wilson, IV
Judge of Circuit Court..... James V. Lane
Clerk of Circuit Court Jennifer Sims
Chief Judge of General District Court N. deV Morrison
Judge of Juvenile and Domestic..... William W. Sharp
Judge of Juvenile and Domestic..... Ronald L. Napier
Commonwealth's Attorney Brian M. Madden
Commissioner of Revenue John H. Smedley, Sr.
Treasurer Wanda F. Bryant
Sheriff Daniel T. McEathron
Superintendent of Schools..... Pamela M. McInnis
Director of Social Services..... Beth Reavis
County Attorney..... Blair D. Mitchell
County Administrator Douglas P. Stanley
Director of Finance Carolyn W. Stimmel

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

**To The Honorable Members of the Board of Supervisors
County of Warren, Virginia
Front Royal, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Warren, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Warren, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority which represent 35 percent of the assets, 34 percent of the net assets and 1 percent of total operating revenues of the aggregated discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority, is based on the report of the other auditors.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the County of Warren, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia)
November 30, 2011

Management's Discussion and Analysis

As management of the County of Warren, we offer readers of the County of Warren's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

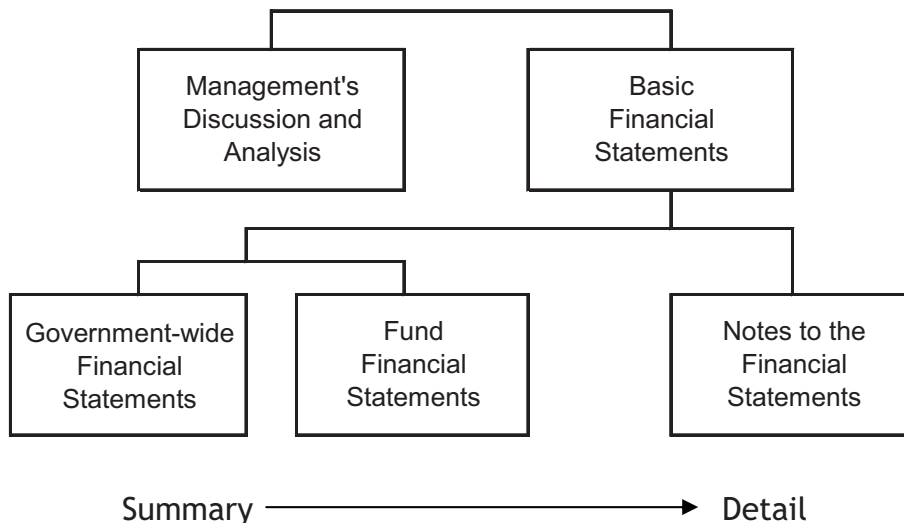
- The assets of the County of Warren exceeded its liabilities at the close of the fiscal year by \$76,082,957 (net assets), an increase of \$3,979,075.
- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported combined ending fund balances of \$41,936,847, a decrease of \$2,282,619 from the prior year. The majority of the balance or \$41,531,941 is available for spending at the government's discretion (unassigned, assigned or committed).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,566,706.
- The County of Warren's total debt decreased by \$4,594,482 during the current fiscal year. The County's total bonds decreased by \$5,403,780 due to regular principal payments. The County entered into a capital lease purchase in the amount of \$318,628.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to County of Warren's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County of Warren.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 11 through 13) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Pages 14 through 22) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's individual funds.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The second category is the component unit. Although legally separate from the County, the Industrial Development Authority is important to the County because the County exercises control over the Board by appointing its members. The Industrial Development Authority issues separate financial statements.

Although the School Board is a component unit, approximately 31% of the budget for the County of Warren is designated for the public schools. The members of the School Board are elected.

The government-wide financial statements are on Pages 11 through 13 of this report.

Fund Financial Statements

The fund financial statements (Pages 14 through 22) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Warren, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. All of the funds of County of Warren are categorized as governmental funds.

Fund Financial Statements: (Continued)

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County of Warren adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 through 57 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 58 through 60 of this report.

Government-Wide Financial Analysis

The presentation of government-wide financial statements for the fiscal year ended June 30, 2003, was the beginning of a new era in financial reporting for the County of Warren, and many other units of government across the United States. Prior to that year, the County of Warren maintained their governmental fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the County of Warren. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the County of Warren's financial reports as well as those of many other units of government. While the County of Warren was required to implement these changes for the fiscal year ended June 30, 2003, other units were not required to implement until 2004.

The County of Warren's Net Assets

Figure 2

	Governmental Activities	
	2011	2010
Current and other assets	\$ 75,563,761	\$ 83,736,931
Capital assets	146,078,468	136,361,577
Total assets	\$ 221,642,229	\$ 220,098,508
Long-term liabilities outstanding	\$ 121,327,314	\$ 125,921,796
Other liabilities	24,231,958	22,072,830
Total liabilities	\$ 145,559,272	\$ 147,994,626
Net assets:		
Invested in capital assets, net of related debt	\$ 33,051,889	\$ 28,433,137
Restricted	404,906	404,906
Unrestricted	42,626,162	43,265,839
Total net assets	\$ 76,082,957	\$ 72,103,882

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the County of Warren exceeded liabilities by \$76,082,957 as of June 30, 2011, compared to \$72,103,882 as of June 30, 2010. Forty-three percent of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets (\$42,626,162) may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net assets:

- Change from annual tax billing to semi-annual tax billings resulting in an additional one-half year tax billing in FY 2010.
- Collection of real property and personal property taxes exceeded the amount budgeted by \$879,208 and \$535,320, respectively.
- Revenue from use of money came in under the budgeted amount by \$429,173 in FY 2011, due to continued lower interest rates experienced in the economic downturn.
- Receipts from machinery and tools tax was under budget by \$51,500.
- Sales tax revenue was lower than projected by \$168,550 due to decreased sales.
- Revenue from building permits came in under budget by \$139,319 due to the continued faltering housing sector of the economy.
- With fewer home sales, recordation taxes were under budget by \$181,927.
- Revenue from business licenses was under budget by \$280,514.

County of Warren Changes in Net Assets

Figure 3

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 4,748,930	\$ 4,784,697
Operating grants and contributions	8,784,738	8,915,568
Capital grants and contributions	630,340	234,304
General revenues:		
Property taxes	33,922,049	49,583,450
Other taxes	6,069,185	6,036,056
Grants and contributions not restricted to specific programs	5,312,483	5,458,531
Other	4,658,954	1,071,423
Total revenues	\$ 64,126,679	\$ 76,084,029
Expenses:		
General government	\$ 3,911,301	\$ 3,151,069
Judicial administration	1,377,697	1,422,107
Public safety	11,302,344	11,282,726
Public works	5,226,893	4,742,144
Health and welfare	7,072,800	7,701,920
Parks, recreation and cultural	3,681,010	2,755,644
Community development	1,200,522	1,194,165
Non-departmental	136,821	139,412
Education	20,702,750	19,142,956
Interest and other fiscal charges	5,535,466	5,407,080
Total expenses	\$ 60,147,604	\$ 56,939,223
Increase in net assets	\$ 3,979,075	\$ 19,144,806
Net assets, July 1	72,103,882	52,959,076
Net assets, June 30	\$ 76,082,957	\$ 72,103,882

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County of Warren's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County of Warren's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial Analysis of the County's Funds: (Continued)

The general fund is the chief operating fund of the County of Warren. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$13,566,706, a decrease of \$3,415,576 from last year. This decrease resulted from planned expenditures which were funded from the fund balance. These expenditures included a return of the School's FY2009 surplus in the amount of \$1,191,450 and the School's FY2010 surplus of \$538,483, a budgeted use of fund balance (\$400,000) for various capital projects, payments to Samuels Public Library in the amount of \$273,464, and the purchase of vehicles (\$111,491). At June 30, 2010, a portion of the proceeds (\$1,124,975) from the issuance of general obligation refunding bonds was held in an escrow account to pay the remaining debt service on the original bonds which was due in July 2010. In addition, \$322,526 from collections for the 2010 first half taxes which was included in the fund balance as of June 20, 2010, has since been transferred to the Special Projects Fund.

At June 30, 2011, the governmental funds of County of Warren reported a combined fund balance of \$46,526,643, a decrease of \$10,242,363 from last year. This change resulted from the planned expenditures detailed above and a decrease of \$7,959,744 in the School Bond Construction fund balance for payment of construction costs for the renovation of the Warren County Middle School and the construction of the public safety building.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were less than budgeted primarily due to a continued slump in residential construction which resulted in fewer building permit fees (\$139,319 less than budgeted) and a decrease in recordation taxes (\$181,927 less than budgeted) due to fewer home sales.

Revenue from the use of money was under budget by \$429,173 due to the further decline in interest rates paid by financial institutions.

Since sales have been down due to the economy, sales tax revenue came in under budget by \$168,550.

Capital Asset and Debt Administration

Capital assets. The County of Warren's investment in capital assets for its governmental activities as of June 30, 2011, totals \$146,078,468 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, a new high school, renovation of an existing school for a second high school and renovation of the former high school for a middle school.

Capital Asset and Debt Administration: (Continued)

County of Warren's Capital Assets

Figure 4

County of Warren Capital Assets
(net of depreciation)

	Governmental Activities	
	2011	2010
Land	\$ 10,830,169	\$ 10,572,227
Buildings and improvements	100,819,236	102,497,375
Machinery and equipment	1,758,737	1,455,529
Non-depreciable capital assets	387,070	387,070
Construction in progress	32,283,256	21,449,376
Total	\$ 146,078,468	\$ 136,361,577

Additional information on the County's capital assets can be found in Note 6 - Capital Assets of the Basic Financial Statements.

Long-term Debt. As of June 30, 2011, the County of Warren had total bonded debt outstanding of \$115,396,197. General obligation bond debt is backed by the full faith and credit of the County. The table below includes both revenue and general obligation bonds.

County of Warren's Outstanding Debt
General Obligation and Revenue Bonds

Figure 3

	Governmental Activities	
	2011	2010
General obligation and lease revenue bonds	\$ 115,396,197	\$ 120,799,977
Total	\$ 115,396,197	\$ 120,799,977

As part of a multi-year school construction funding plan, in FY 2004, the County was reviewed by the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's and FITCH IBCA, Inc. Discussions with each of the agencies covered financial, economic, debt-related and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of Staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies. (Moody's: A2, S&P: A+ (recently upgraded to AA-), FITCH: A+) These credit ratings helped the County secure favorable long-term financing for the Phase 1 school projects and will help to ensure that the County is able to maximize its borrowing ability in the future. Given the magnitude of recent and future proposed borrowings, the County Board of Supervisors has formally adopted a series of Fiscal Policy Guidelines so as to better manage and measure fiscal matters.

Additional information regarding the County of Warren's long-term debt can be found in Note 7 - Debt of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- Unemployment. Warren County's unemployment rate as of June 2011 was 6.4%, slightly higher than the State average of 6.3%.
- New jobs. The County added approximately 100 new jobs last year.
- Commercial development. The County currently has two new shopping centers (Crooked Run and Riverton Commons) where stores have been opening since July 2007. The Crooked Run Shopping Center has been completed with Target as the anchor store. The last pad site was developed this year with a BB&T branch bank. The County has approved Phase II of the Crooked Run Shopping Center and Cedarville Center for additional retail and restaurant pads. The Riverton Commons Shopping Center includes a Wal-Mart Supercenter and Lowe's as anchors. The strip center is at approximately 80% occupancy and all but three of the pad sites have been completed.
- Industrial development. The County, in conjunction with the Front Royal-Warren County Economic Development Authority, continues to market the community to several large industrial prospects. It is anticipated that the County will be able to attract some additional industrial investment into the County in the 2011-2012 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: The FY 2011-2012 budget process again proved to be a difficult one given the slowdown in construction in the area and continued State budget cuts. Projected revenues for the General Fund and School Operating Fund (excluding use of Fund Balance) are slightly more (1.46%) than those of FY 2010-2011. The increase results mainly from "one-time" federal funds. Real estate values were reassessed for calendar year 2011 which resulted in an average decline of 21.4%. The FY2012 Budget was adopted with an equalized real estate tax rate of \$0.59 per \$100 of assessed value, which yielded approximately the same real estate tax revenue in calendar year 2011 as in calendar year 2010. Other tax rates remained the same. The County has had no major reductions in services but has had to reduce the hours at the solid waste collection facilities and could not provide salary increases for County or School Board employees.

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to \$37,657,140.

The General Fund budget also includes \$1,146,838 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements, including debt service on the 2004 bonds.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	School Board	Industrial Development Authority
ASSETS			
Cash and cash equivalents	\$ 40,750,841	\$ 8,549,767	\$ 810,344
Investments in property	-	-	8,030,543
Receivables (net of allowance for uncollectibles):			
Taxes receivable	22,300,458	-	-
Accounts receivable	356,330	-	110
Notes receivable	-	-	349,587
Interest receivable	94,016	-	-
Due from other funds	533,363	-	-
Due from component unit	2,997,536	-	-
Due from other governmental units	1,645,291	2,344,072	-
Prepaid expenses	-	-	46,553
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	5,394,702	-	152,676
Other assets:			
Unamortized bond issue costs	1,491,224	-	-
Capital assets (net of accumulated depreciation):			
Land	10,830,169	1,656,064	128,578
Non-depreciable assets	387,070	-	-
Buildings and system	99,322,050	2,973,041	602,686
Improvements other than buildings	1,497,186	-	-
Machinery and equipment	1,758,737	961,185	-
Vehicles	-	2,098,672	-
Construction in progress	32,283,256	-	-
Total assets	\$ 221,642,229	\$ 18,582,801	\$ 10,121,077
LIABILITIES			
Accounts payable	\$ 3,483,538	\$ 201,255	\$ 8,953
Accrued liabilities	154,669	5,049,357	4,837
Customers' deposits	9,005	-	6,300
Accrued interest payable	1,710,334	-	6,673
Due to primary government	-	2,997,536	-
Deferred revenue	18,874,412	-	150,900
Long-term liabilities:			
Due within one year	4,956,338	235,670	2,226,367
Due in more than one year	116,370,976	1,943,919	3,502,476
Total liabilities	\$ 145,559,272	\$ 10,427,737	\$ 5,906,506
NET ASSETS			
Invested in capital assets, net of related debt	\$ 33,051,889	\$ 7,299,063	\$ 3,032,964
Restricted for:			
Scholarships	-	-	2,676
Industrial development	-	-	150,000
Proffers	404,906	-	-
Unrestricted (deficit)	42,626,162	856,001	1,028,931
Total net assets	\$ 76,082,957	\$ 8,155,064	\$ 4,214,571

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,911,301	\$ 489,179	\$ 355,720	\$ -
Judicial administration	1,377,697	375,716	660,402	-
Public safety	11,302,344	1,919,051	3,101,075	487,041
Public works	5,226,893	951,891	35,927	-
Health and welfare	7,072,800	250,371	4,174,402	-
Education	20,702,750	-	-	-
Parks, recreation, and cultural	3,681,010	549,381	-	-
Community development	1,200,522	213,341	457,212	62,396
Nondepartmental	136,821	-	-	-
Interest on long-term debt	5,535,466	-	-	80,903
Total governmental activities	<u>\$ 60,147,604</u>	<u>\$ 4,748,930</u>	<u>\$ 8,784,738</u>	<u>\$ 630,340</u>
Total primary government	<u>\$ 60,147,604</u>	<u>\$ 4,748,930</u>	<u>\$ 8,784,738</u>	<u>\$ 630,340</u>
COMPONENT UNITS:				
School Board	\$ 46,261,191	\$ 1,272,716	\$ 27,296,909	\$ -
Industrial Development Authority	794,726	3,005	72,246	-
Total component units	<u>\$ 47,055,917</u>	<u>\$ 1,275,721</u>	<u>\$ 27,369,155</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Business licenses				
Meals tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Payment from Warren County				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets		
Primary Government	Component Unit	
Governmental Activities	School Board	Industrial Development Authority
\$ (3,066,402)		
(341,579)		
(5,795,177)		
(4,239,075)		
(2,648,027)		
(20,702,750)		
(3,131,629)		
(467,573)		
(136,821)		
(5,454,563)		
<u>\$ (45,983,596)</u>		
\$		
	(17,691,566)	-
	-	(719,475)
	<u>(17,691,566)</u>	<u>(719,475)</u>
\$ 33,922,049	-	-
2,931,450	-	-
683,604	-	-
569,485	-	-
690,672	-	-
1,193,974	-	-
459,208	2,056	32,756
4,199,746	253,758	109,267
-	19,019,010	377,292
5,312,483	-	-
<u>\$ 49,962,671</u>	<u>\$ 19,274,824</u>	<u>\$ 519,315</u>
<u>\$ 3,979,075</u>	<u>\$ 1,583,258</u>	<u>\$ (200,160)</u>
72,103,882	6,571,806	4,414,731
<u>\$ 76,082,957</u>	<u>\$ 8,155,064</u>	<u>\$ 4,214,571</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2011

	General	Special Projects	School Bond Construction	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 11,145,482	\$ 27,258,884	\$ -	\$ 751,958	\$ 39,156,324
Receivables (net of allowance for uncollectibles):					
Taxes receivable	21,192,623	-	-	1,107,835	22,300,458
Accounts receivable	356,330	-	-	-	356,330
Interest receivable	94,016	-	-	-	94,016
Due from other funds	533,683	-	-	-	533,683
Due from component unit	2,997,536	-	-	-	2,997,536
Due from other governmental units	1,645,291	-	-	-	1,645,291
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	4,989,796	404,906	5,394,702
Total assets	<u>\$ 37,964,961</u>	<u>\$ 27,258,884</u>	<u>\$ 4,989,796</u>	<u>\$ 2,264,699</u>	<u>\$ 72,478,340</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,029,557	\$ -	\$ 400,000	\$ 53,981	\$ 3,483,538
Customers' deposits	9,005	-	-	-	9,005
Due to other funds	-	-	-	320	320
Deferred revenue	21,359,693	-	-	1,099,141	22,458,834
Total liabilities	<u>\$ 24,398,255</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 1,153,442</u>	<u>\$ 25,951,697</u>
Fund balances:					
Restricted for:					
Construction	\$ -	\$ -	\$ 4,589,796	\$ 404,906	\$ 4,994,702
Committed for:					
Capital improvements (Note 14)	-	27,258,884	-	-	27,258,884
Sanitary districts - roads, etc.	-	-	-	462,179	462,179
Public safety	-	-	-	48,207	48,207
Assigned to:					
Capital improvements	-	-	-	195,965	195,965
Unassigned	13,566,706	-	-	-	13,566,706
Total fund balances	<u>\$ 13,566,706</u>	<u>\$ 27,258,884</u>	<u>\$ 4,589,796</u>	<u>\$ 1,111,257</u>	<u>\$ 46,526,643</u>
Total liabilities and fund balances	<u>\$ 37,964,961</u>	<u>\$ 27,258,884</u>	<u>\$ 4,989,796</u>	<u>\$ 2,264,699</u>	<u>\$ 72,478,340</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2011

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 46,526,643

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

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

Capital assets, cost	\$ 164,372,425	
Less: accumulated depreciation	<u>(18,293,957)</u>	146,078,468

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

Deferred revenue	\$ 3,584,420	
Unamortized bond issue costs	<u>1,491,224</u>	5,075,644

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,439,850

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

Bonds and loans payable, net of discount and premium on bonds	(117,651,530)	
Interest payable	(1,710,334)	
Capital lease obligations	(742,336)	
Compensated absences	(1,103,955)	
Landfill closure & postclosure liability	(570,793)	
Other post employment benefits liability	<u>(1,258,700)</u>	<u>(123,037,648)</u>

Net assets of governmental activities \$ 76,082,957

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

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

	General	Special Projects	School Bond Construction	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 32,484,702	\$ -	\$ -	\$ 1,393,421	\$ 33,878,123
Other local taxes	6,069,186	-	-	-	6,069,186
Permits, privilege fees, and regulatory licenses	555,982	-	-	-	555,982
Fines and forfeitures	49,216	-	-	-	49,216
Revenue from the use of money and property	424,507	-	34,701	-	459,208
Charges for services	2,237,108	-	-	-	2,237,108
Miscellaneous	4,176,201	-	-	23,543	4,199,744
Recovered costs	17,463	-	299,959	-	317,422
Intergovernmental revenues:					
Commonwealth	11,780,579	-	-	6,821	11,787,400
Federal	2,940,161	-	-	-	2,940,161
Total revenues	<u>\$ 60,735,105</u>	<u>\$ -</u>	<u>\$ 334,660</u>	<u>\$ 1,423,785</u>	<u>\$ 62,493,550</u>
EXPENDITURES					
Current:					
General government administration	\$ 3,023,745	\$ -	\$ -	\$ -	\$ 3,023,745
Judicial administration	1,387,022	-	-	-	1,387,022
Public safety	10,159,898	-	-	33,089	10,192,987
Public works	3,060,627	-	-	1,066,974	4,127,601
Health and welfare	6,688,564	-	-	-	6,688,564
Education	20,687,963	-	-	-	20,687,963
Parks, recreation, and cultural	2,779,555	-	-	-	2,779,555
Community development	781,834	-	-	-	781,834
Nondepartmental	197,336	-	-	-	197,336
Capital projects	8,145,863	-	5,391,839	-	13,537,702
Debt service:					
Principal retirement	4,490,955	-	-	-	4,490,955
Interest and other fiscal charges	5,231,529	-	-	-	5,231,529
Total expenditures	<u>\$ 66,634,891</u>	<u>\$ -</u>	<u>\$ 5,391,839</u>	<u>\$ 1,100,063</u>	<u>\$ 73,126,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,899,786)</u>	<u>\$ -</u>	<u>\$ (5,057,179)</u>	<u>\$ 323,722</u>	<u>\$ (10,633,243)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 8,667,257	\$ 6,467,577	\$ 302,848	\$ 355,634	\$ 15,793,316
Transfers out	(6,501,675)	(5,685,674)	(3,205,413)	(328,302)	(15,721,064)
Issuance of capital leases	318,628	-	-	-	318,628
Total other financing sources (uses)	<u>2,484,210</u>	<u>781,903</u>	<u>(2,902,565)</u>	<u>27,332</u>	<u>390,880</u>
Net change in fund balances	\$ (3,415,576)	\$ 781,903	\$ (7,959,744)	\$ 351,054	\$ (10,242,363)
Fund balances - beginning (Note 18)	16,982,282	26,476,981	12,549,540	760,203	56,769,006
Fund balances - ending	<u>\$ 13,566,706</u>	<u>\$ 27,258,884</u>	<u>\$ 4,589,796</u>	<u>\$ 1,111,257</u>	<u>\$ 46,526,643</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds \$ (10,242,363)

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

Capital asset additions	\$ 12,669,747	
Depreciation expense	<u>(2,944,084)</u>	9,725,663

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (8,772)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 43,926

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.

Issuance of long-term debt	\$ (318,628)	
(Increase) decrease in landfill closure & postclosure liability	(570,793)	
Principal payments and premium amortization	<u>5,880,233</u>	4,990,812

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 following are the details of these adjustments:

Amortization of bond issue costs	(81,856)	
(Increase) decrease accrued interest payable	1,931	
(Increase) decrease in other post employment benefits liability	(431,900)	
(Increase) decrease in compensated absences	<u>35,570</u>	(476,255)

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Insurance premiums, internal service fund - reported as charges for services on Exhibit 2	1,906,624	
Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2	(1,885,308)	
Transfer out, internal service fund - reported as expense in the respective fund on Exhibit 2	<u>(75,252)</u>	<u>(53,936)</u>

Change in net assets of governmental activities \$ 3,979,075

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

Statement of Net Assets
 Internal Service Fund
 June 30, 2011

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,594,519
Total assets	<u>\$ 1,594,519</u>
LIABILITIES	
Current liabilities:	
Claims and judgments - Incurred but not reported	\$ 154,669
Total liabilities	<u>\$ 154,669</u>
NET ASSETS	
Unrestricted	\$ 1,439,850
Total net assets	<u><u>\$ 1,439,850</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Assets
 Internal Service Fund
 For the Year Ended June 30, 2011

	<u>Self- Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 1,906,624
Total operating revenues	<u>\$ 1,906,624</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 1,885,308
Total operating expenses	<u>\$ 1,885,308</u>
Operating income (loss)	<u>\$ 21,316</u>
Income before contributions and transfers	21,316
Transfers out	<u>\$ (75,252)</u>
Change in net assets	<u>\$ (53,936)</u>
Total net assets - beginning	<u>1,493,786</u>
Total net assets - ending	<u><u>\$ 1,439,850</u></u>

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

Statement of Cash Flows
 Internal Service Fund
 For the Year Ended June 30, 2011

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 1,906,624
Payments for claims	<u>(1,861,513)</u>
Net cash provided (used by) operating activities	<u>\$ 45,111</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>(75,252)</u>
Net cash provided (used) by noncapital financing activities	<u>(75,252)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (30,141)</u>
Cash and cash equivalents - beginning	<u>1,624,660</u>
Cash and cash equivalents - ending	<u><u>\$ 1,594,519</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 21,316</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in IBNR	<u>\$ 23,795</u>
Total adjustments	<u>\$ 23,795</u>
Net cash provided (used) by operating activities	<u><u>\$ 45,111</u></u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	Private- Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 224,942	\$ 45,865
Due from other governments	-	654,523
Total assets	\$ 224,942	\$ 700,388
LIABILITIES		
Reconciled overdraft	\$ 500	\$ -
Accounts payable	-	126,159
Amounts held for social services clients	-	29,227
Due to other funds	-	533,364
Amounts held for others	-	11,638
Total liabilities	\$ 500	\$ 700,388
NET ASSETS		
Held in trust for scholarships	\$ 224,442	

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

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2011

	<u>Private- Purpose Trust</u>
ADDITIONS	
Revenue from the use of money	\$ 10,175
Miscellaneous	11,500
Transfer from other funds	<u>3,000</u>
Total additions	<u>\$ 24,675</u>
DEDUCTIONS	
Scholarships	<u>\$ 24,500</u>
Total deductions	<u>\$ 24,500</u>
Change in net assets	\$ 175
Net assets - beginning	<u>224,267</u>
Net assets - ending	<u><u>\$ 224,442</u></u>

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

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COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Warren, Virginia operates under a traditional form of government with a Board of Supervisors, county administrator, and elected constitutional officers. It provides its citizens with services relating to public safety, public works, health and welfare services, education, community and economic development, and judicial and general administrative services.

The financial statements of the County of Warren, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

These financial statements present the County (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Warren County Public Schools:

Warren County Public Schools (the "Schools") is responsible for elementary and secondary education within the County. The Schools are fiscally dependent on the County because the Schools' operational and capital budgets are approved by the County Board of Supervisors. In addition, the Schools are prohibited from issuing bonded debt without the approval of the County Board of Supervisors.

The Schools report four special revenue funds (school operating, cafeteria, textbook, and vocational building funds), two capital projects funds (school construction fund and school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund.

Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia:

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. County contributions accounted for approximately 67% percent of the Industrial Development Authority's operating revenues during fiscal year 2011. The Authority is accounted for as a proprietary fund and uses the accrual basis of accounting.

Complete financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia may be obtained at the Authority's administrative offices.

A. Government-wide and Fund Financial Statements

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Government-wide and Fund Financial Statements: (Continued)

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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.

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

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual report including the government's original budget to the current comparison of final budget and actual results.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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 within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures are either recognized when earned, at the time other specific expenditures are recognized 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 cash is received by the government.

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

Proprietary funds (internal service funds) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the general fund as a major governmental fund.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

1. Governmental Funds: (Continued)

Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County reports the general capital projects fund as a non-major capital project fund.

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds: Drug Forfeitures, Proffers, and Sanitary District. All of the above funds are reported as non-major funds.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, the Winnie Nicholls Scholarship Fund, and the Thompson Scholarship Fund. The following agency funds are reported: Special Welfare Fund, Undistributed Local Sales Tax Fund, Flexible Spending Fund and the Northern Warren Fire Department Building Fund.

Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds of the County consist of Internal Service Funds.

Internal Service Funds - account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal Service Funds consist of Self Insurance Funds reported by the Primary Government and the Component Unit-School Board.

D. Budgets and Budgetary Accounting:

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Budgets and Budgetary Accounting: (Continued)

2. Public hearings are conducted to obtain citizen comments.
3. The budget is legally enacted through passage of appropriation resolutions.
4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County Departments.
7. Both the original and amended budget are presented in the accompanying financial statements.

The following General Fund departments reported actual expenditures in excess of appropriations:

- General properties
- Parks and recreation
- Various capital projects

E. Cash and Cash Equivalents:

The County's cash and cash equivalents consist of demand deposits and certificates of deposits with an initial maturity date of less than three months.

F. Allowance for Uncollectible Accounts:

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to \$1,825,499 at June 30, 2011.

G. Capital Assets:

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$5,000 and an estimated useful life of multiple years. Such assets are recorded at historical cost or estimated historical cost using the consumer price inflationary index.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Capital Assets: (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

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

Buildings and improvements	50 years
Vehicles	5 years
School buses	12 years
Equipment	5 to 7 years

H. Deferred Charges:

Deferred charges, primarily bond-related costs, are amortized over the life of the related bond issue using the straight-line method.

I. Compensated Absences:

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2011, leave liabilities of the County amounted to \$658,055 of outstanding vacation accruals, \$277,697 of outstanding compensatory time and \$168,203 of outstanding sick accruals, representing a net decrease of \$35,571. At June 30, 2011, leave liabilities of the Schools amounted to \$733,211 of outstanding vacation accruals, \$332,138 of outstanding compensatory time and \$371,141 of outstanding sick accruals, representing a net increase of \$109,677.

J. Long-term Obligations:

In the government-wide financial statements, long-term debt and other long-term and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond issuance costs in the current period.

K. Net Assets/Fund Equity:

Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other government or imposed by law through state statute.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Net Assets/Fund Equity: (Continued)

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

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

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

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

L. Property Taxes Receivable:

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

M. Restricted Assets:

The County reports restricted net assets in the amount of \$404,906 (Exhibit 1). The net assets are restricted for specific capital projects as a result of proffers received. The restricted amounts are reported in separate funds in the fund financial statements.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Restricted Assets:

The Industrial Development Authority reports restricted net assets in the amount of \$152,676. The net assets are restricted by outside donors to be used for scholarships in the amount of \$2,676 and for future industrial development in the amount of \$150,000.

The County reports restricted assets from unspent bond proceeds in the amount of \$5,394,702 to be used for construction.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

The County does not have an investment policy that addresses the various types of risks related to investments.

Credit Risk of Debt Securities

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

Locality's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
Local Government Investment Pool	\$ 1,453,215	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 1,453,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

The fair values of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2011 were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
Major funds:		
General	\$ 533,683	\$ -
Nonmajor governmental funds:		
Sanitary districts	-	320
Agency funds:		
Undistributed local sales tax fund	-	528,363
Flexible spending fund	-	5,000
	<u> </u>	<u> </u>
Total	<u>\$ 533,683</u>	<u>\$ 533,683</u>

Interfund transfers for the year ended June 30, 2011 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major funds:		
General	\$ 8,667,257	\$ 6,501,675
Special projects	6,467,577	5,685,674
School bond construction fund	302,848	3,205,413
Nonmajor governmental funds:		
Sanitary districts	355,634	328,302
Private-purpose trust fund:		
Warren County Education Foundation	3,000	-
Internal service fund:		
County self-insurance fund	-	75,252
	<u> </u>	<u> </u>
Total	<u>\$ 15,796,316</u>	<u>\$ 15,796,316</u>

Transfers between major funds and other nonmajor governmental funds were primarily to support operations of the funds.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:

Due from/to balances between the County and its component units at June 30, 2011, were as follows:

	<u>Due From</u>	<u>Due To</u>
Primary government:		
General	\$ <u> -</u>	\$ <u> 2,997,536</u>
Component units:		
Warren County School Board	\$ <u> 2,997,536</u>	\$ <u> -</u>

Contributions from the Primary Government to the School Board Component Unit for the year ended June 30, 2011 were as follows:

	<u>Contributions To</u>	<u>Contributions From</u>
Primary government:		
General	\$ -	\$ 20,651,781
School Board component unit:		
Operating fund	20,267,901	-
School textbook fund	<u> 383,880</u>	<u> -</u>
	\$ <u> 20,651,781</u>	\$ <u> 20,651,781</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2011:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>General Fund</u>	<u>Agency Fund</u>	<u>School Board</u>
Commonwealth of Virginia:			
Virginia Public Assistance funds	\$ 137,369	\$ -	\$ -
State sales tax	-	-	884,054
Constitutional officer reimbursements	287,311	-	-
Recordation tax refunds	30,306	-	-
Miscellaneous grants	17,839	-	70,986
Comprehensive services act	318,360	-	-
E-911 wireless	81,988	-	-
Rolling stock	3,307	-	-
Aviation grant	1,970	-	-
Confinement reimbursement	76,880	-	-
Communication tax	141,301	-	-
Local sales tax	-	654,523	-
Federal Government:			
Virginia Public Assistance funds	161,596	-	-
Record improvement grant	36,493	-	-
Criminal justice grant	26,250	-	-
Gang grant	12,869	-	-
Local law enforcement block grant	1,028	-	-
Airport improvement grant	8,424	-	-
Homeland security grant	302,000	-	-
School fund grants	-	-	1,106,230
School food	-	-	282,802
	<u> </u>	<u> </u>	<u> </u>
Total due from other governments	<u>\$ 1,645,291</u>	<u>\$ 654,523</u>	<u>\$ 2,344,072</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 6—CAPITAL ASSETS:

Primary Government:

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 10,572,227	\$ 257,942	\$ -	\$ 10,830,169
Construction in progress	21,449,376	11,092,520	258,640	32,283,256
Other non-depreciable assets	<u>387,070</u>	<u>-</u>	<u>-</u>	<u>387,070</u>
Total capital assets not being depreciated	<u>\$ 32,408,673</u>	<u>\$ 11,350,462</u>	<u>\$ 258,640</u>	<u>\$ 43,500,495</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 112,814,424	\$ 677,736	\$ -	\$ 113,492,160
Improvements other than buildings	1,776,036	12,100	-	1,788,136
Equipment	<u>4,770,734</u>	<u>888,089</u>	<u>67,189</u>	<u>5,591,634</u>
Total capital assets being depreciated	<u>\$ 119,361,194</u>	<u>\$ 1,577,925</u>	<u>\$ 67,189</u>	<u>\$ 120,871,930</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 11,891,542	\$ 2,278,568	\$ -	\$ 14,170,110
Improvements other than buildings	201,543	89,407	-	290,950
Equipment	<u>3,315,205</u>	<u>576,109</u>	<u>58,417</u>	<u>3,832,897</u>
Total accumulated depreciation	<u>\$ 15,408,290</u>	<u>\$ 2,944,084</u>	<u>\$ 58,417</u>	<u>\$ 18,293,957</u>
Net capital assets primary government	<u>\$ 136,361,577</u>	<u>\$ 9,984,303</u>	<u>\$ 267,412</u>	<u>\$ 146,078,468</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board: (Continued)

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Total capital assets not being depreciated	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Capital assets being depreciated:				
Buildings	\$ 6,405,041	\$ -	\$ -	\$ 6,405,041
Vehicles	4,096,386	603,632	87,004	4,613,014
Equipment	2,002,851	246,172	-	2,249,023
Total capital assets being depreciated	\$ 12,504,278	\$ 849,804	\$ 87,004	\$ 13,267,078
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,381,820	\$ 50,180	\$ -	\$ 3,432,000
Vehicles	2,244,078	356,428	86,164	2,514,342
Equipment	1,083,548	204,290	-	1,287,838
Total accumulated depreciation	\$ 6,709,446	\$ 610,898	\$ 86,164	\$ 7,234,180
Net capital assets component unit school board	\$ 7,450,896	\$ 238,906	\$ 840	\$ 7,688,962

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Warren, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$108,298,540 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government	\$	207,683
Judicial administration		66,195
Public safety		463,394
Public works		64,043
Health and welfare		12,946
Education		1,887,392
Parks, recreation and cultural		137,259
Community Development		<u>105,172</u>
Total Governmental activities	\$	<u><u>2,944,084</u></u>
Component Unit School Board	\$	<u><u>610,898</u></u>

Component Unit-Industrial Development Authority:

A summary of changes in the industrial development authority's capital assets is as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ <u>128,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>128,578</u>
Total capital assets not being depreciated	\$ <u>128,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>128,578</u>
Capital assets being depreciated:				
Buildings and systems	\$ 653,567	\$ 51,754	\$ -	\$ 705,321
Equipment	<u>134,158</u>	<u>1,399</u>	<u>6,311</u>	<u>129,246</u>
Total capital assets being depreciated	\$ <u>787,725</u>	\$ <u>53,153</u>	\$ <u>6,311</u>	\$ <u>834,567</u>
Less accumulated depreciation	\$ <u>207,715</u>	\$ <u>30,381</u>	\$ <u>6,215</u>	\$ <u>231,881</u>
Net capital assets component unit industrial development authority	\$ <u><u>708,588</u></u>	\$ <u><u>22,772</u></u>	\$ <u><u>96</u></u>	\$ <u><u>731,264</u></u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

The following is a summary of changes in general obligation and lease revenue bonds payable, loans payable, and other long-term liabilities for the primary government and school board for the year ended June 30, 2011.

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Primary Government:					
General obligation and lease revenue bonds	\$ 120,799,977	\$ -	\$ 5,403,780	\$ 115,396,197	\$ 4,432,184
Claims, judgments and compensated absences payable	1,139,526	-	35,571	1,103,955	110,396
Other post employment benefits	826,800	431,900	-	1,258,700	-
Landfill postclosure costs	-	570,793	-	570,793	
Loans payable	510,067	-	27,415	482,652	28,507
Capital leases	729,453	318,628	305,745	742,336	246,186
Totals	<u>\$ 124,005,823</u>	<u>\$ 1,321,321</u>	<u>\$ 5,772,511</u>	<u>\$ 119,554,633</u>	<u>\$ 4,817,273</u>
Discount on bonds	\$ (37,356)	-	\$ (3,390)	\$ (33,966)	\$ (3,270)
Premium on bonds	<u>1,953,329</u>	<u>-</u>	<u>146,682</u>	<u>1,806,647</u>	<u>142,335</u>
Total for financial statement presentation - Primary Government	<u>\$ 125,921,796</u>	<u>\$ 1,321,321</u>	<u>\$ 5,915,803</u>	<u>\$ 121,327,314</u>	<u>\$ 4,956,338</u>
Component Unit - School Board:					
Capital lease	\$ 478,508	-	\$ 88,609	\$ 389,899	\$ 92,021
Compensated absences payable	1,546,167	-	109,677	1,436,490	143,649
Other post employment benefits	<u>233,200</u>	<u>120,000</u>	<u>-</u>	<u>353,200</u>	<u>-</u>
Total School Board	<u>\$ 2,257,875</u>	<u>\$ 120,000</u>	<u>\$ 198,286</u>	<u>\$ 2,179,589</u>	<u>\$ 235,670</u>
Total Governmental Obligations	<u>\$ 128,179,671</u>	<u>\$ 1,441,321</u>	<u>\$ 6,114,089</u>	<u>\$ 123,506,903</u>	<u>\$ 5,192,008</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of the primary government's debt at June 30, 2011 are as follows:

	<u>Amount Outstanding</u>
<u>General obligation bonds</u>	
\$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the \$3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	\$ 3,531,400
\$7,500,000 public facility bonds through Build America Bonds, issued May 25, 2010. The bonds were issued in anticipation of a literary loan to finance school construction. Interest is payable through March 2014 when the outstanding balance (\$7.5 million) is payable. Interest is payable at 4.02%. The County will receive a Build America Bond subsidy to effectively reduce interest to a rate of 2.61%.	7,500,000
\$1,053,240 general obligation school bonds issued July 13, 1991, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	68,329
\$23,620,000 general obligation school bonds issued September 12, 1995, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	<u>5,920,000</u>
Total general obligation bonds	<u>\$ 17,019,729</u>
<u>Lease Revenue Bonds and Notes:</u>	
\$68,265,000 school lease revenue bonds series 2004B, issued October 1, 2004, payable in variable amounts and interest rates (3.00% to 5.00%) through 2035.	\$ 65,320,000
\$13,416,124 (including premium of \$686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	11,055,482
\$23,775,450 series 2009 refunding lease revenue bonds issued April 29, 2009, payable in variable amounts; interest rate of 4.49% through August 1, 2028. The bonds were issued in a current refunding of the series 2008 lease revenue bonds issued November 11, 2008.	<u>22,000,986</u>
Total lease revenue bonds and notes	<u>\$ 98,376,468</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>Loans payable</u>	
\$650,000 note payable, issued January 17, 2004, payable in monthly installments of \$3,908.11, included interest at a rate of 3.91% through July 2014 at which time the entire remaining balance of principal and accrued interest are payable in full.	\$ <u>482,652</u>
Total loans payable	\$ <u><u>482,652</u></u>

Annual requirements to amortize general obligation bonds and related interest are as follows:

Year Ending June 30,	County Obligations					
	Bonds & Notes Payable		Loans Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 4,432,184	\$ 5,384,446	\$ 28,507	\$ 18,390	\$ 246,186	\$ 19,529
2013	4,470,615	5,188,060	29,642	17,256	188,205	8,838
2014	12,084,545	4,979,162	424,503	17,361	63,275	1,508
2015	4,724,414	4,447,036	-	-	53,493	318
2016	4,876,681	4,209,573			31,863	-
2017-2021	20,809,061	18,179,808	-	-	159,314	-
2022-2026	24,156,939	13,147,583	-	-	-	-
2027-2031	23,196,758	7,171,425	-	-	-	-
2032-2035	16,645,000	2,131,000	-	-	-	-
Total	\$ <u>115,396,197</u>	\$ <u>64,838,093</u>	\$ <u>482,652</u>	\$ <u>53,007</u>	\$ <u>742,336</u>	\$ <u>30,193</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Annual requirements to amortize long-term debt of the Component Unit—School Board for the year ended June 30, 2011 are as follows:

Year Ending June 30,	School Board Obligations	
	Capital Lease	
	Principal	Interest
2012	\$ 92,021	\$ 15,016
2013	95,565	11,472
2014	99,246	7,791
2015	103,067	3,970
Total	\$ <u>389,899</u>	\$ <u>38,249</u>

The following is a summary of changes in long-term debt for the Component Unit Industrial Development Authority for the year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Industrial Development Authority:					
Notes payable	\$ <u>4,371,575</u>	\$ <u>1,487,510</u>	\$ <u>130,242</u>	\$ <u>5,728,843</u>	\$ <u>2,226,367</u>
Total IDA	\$ <u>4,371,575</u>	\$ <u>1,487,510</u>	\$ <u>130,242</u>	\$ <u>5,728,843</u>	\$ <u>2,226,367</u>

NOTE 8—LEASES:

Primary Government:

Capital leases

The County has entered into various lease agreements as the lessee for financing the acquisition of vehicles for use in the sheriff's department, recreation and parks, and the general government; equipment for county administration and the recreation and parks department; and lease purchase of a building. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The school board has entered into a lease agreement for financing the acquisition of school buses.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 8—LEASES: (CONTINUED)

Primary Government: (Continued)

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

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
2012	\$ 265,715	\$ 107,037
2013	197,043	107,037
2014	64,783	107,037
2015	53,811	107,037
2016	31,863	-
2017	159,314	-
Total minimum lease payments	\$ 772,529	\$ 428,148
Less: amount representing interest	30,193	38,249
Present value of minimum lease payments	<u>\$ 742,336</u>	<u>\$ 389,899</u>

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION:

A. Plan Description: (Continued)

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

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

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

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was 9.85% of annual covered payroll. The School Board's contribution rates for fiscal year 2011 were 3.93% for professional employees and 8.24% for non-professional employees. The County and School Board contribution rates do not include the employee's share of 5.00%.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

B. Funding Policy: (Continued)

For the three years ended June 30, 2011, 2010 and 2009, total employer contributions made to the VRS statewide teacher pool for professional employees by the School Board were \$1,003,596, \$2,343,739 and \$2,330,590 and represented 3.93%, 8.81% (rate was 8.81% for July 2010 - March 2010 and 0% April 2010 - June 2010) and 8.81% of annual covered payroll, respectively, and 100% of the required contributions for 2011, 2010 and 2009.

C. Annual Pension Cost

For fiscal year 2011, the County's and School Board's (non-professional) annual pension cost, not including the employee share was \$871,030 (employee share paid by County was \$442,147) and \$227,414 (employee share paid by School Board was \$137,994) which were equal to the County and School Board's required and actual contributions, respectively.

Three-Year Trend Information for County - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 740,799	\$ 100%	-
June 30, 2010	741,264	100%	-
June 30, 2011	871,030	100%	-

¹ Employer portion only.

Three-Year Trend Information for School Board - Non-professional

Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 216,375	\$ 100%	-
June 30, 2010	214,598	100%	-
June 30, 2011	227,414	100%	-

¹ Employer portion only.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

C. Annual Pension Cost: (Continued)

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County/City/Town'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. County/City/Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

County

As of June 30, 2010, the most recent actuarial valuation date, the plan was 80.96% funded. The actuarial accrued liability for benefits was \$29,561,953, and the actuarial value of assets was \$23,933,504, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,628,449. The covered payroll (annual payroll of active employees covered by the plan) was \$8,729,573, and ratio of the UAAL to the covered payroll was 64.48%.

School Board

As of June 30, 2010, the most recent actuarial valuation date, the plan was 86.71% funded. The actuarial accrued liability for benefits was \$7,594,774, and the actuarial value of assets was \$6,585,346, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,009,428. The covered payroll (annual payroll of active employees covered by the plan) was \$2,861,402, and ratio of the UAAL to the covered payroll was 35.28%.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

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 \$22,458,834 is comprised of the following:

Primary Government-Deferred Property Taxes - Deferred revenue representing deferred property tax revenues totaled \$21,581,740.

General fund:	
Delinquent taxes not collected within 60 days	\$ 3,230,283
2nd half property tax assessments	17,277,087
Sanitary districts:	
Delinquent taxes not collected within 60 days	354,137
2nd half property tax assessments	<u>720,233</u>
Total	<u>\$ 21,581,740</u>

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$870,396 at June 30, 2011.

Miscellaneous Revenue - Revenue received in advance as of June 30, 2011 totaled \$6,698.

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

At June 30, 2011 the County had the following material construction contracts outstanding:

<u>Project</u>	<u>Outstanding at June 30, 2011</u>
Public Safety Building	\$ 6,462,900

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 11—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

Series 1996 Bond - Route 340/522 Water and Sewer Project - Support Agreement

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (“IDA”) issued revenue bonds dated November 26, 1996 in the amount of \$4,125,000 to finance construction of a water and sewer project located near Route 340/522. The bonds were subsequently refinanced with the issuance of the Refunding Bonds on March 1, 2005 in the amount of \$3,300,000. The Town of Front Royal (“Town”) is the owner and operator of the water and sewer assets constructed.

The County and Town entered into a debt support agreement with the IDA whereby pledging financial support to satisfy the annual bond debt service payments. The County and Town agreed to provide support equal to 80% and 20%, respectively, of the annual debt service. In accordance with the Support Agreement and Bond Documents, the County is to budget annually the payment to the IDA. However, in any year the County does not budget and provide the annual financial support, the IDA is liable for 100% of the bond debt service payment. Therefore, the County has not recorded the annual support agreement as a long-term liability in the financial statements.

Details of the IDA bond, including the County’s related support obligation are as follows:

Fiscal Year	IDA Long-term Debt		County Commitment - 80%	
	Principal	Interest	Principal	Interest
2012	\$ 280,000	\$ 60,312	\$ 224,000	\$ 48,250
2013	285,000	50,170	228,000	40,136
2014	300,000	39,670	240,000	31,736
2015	305,000	28,810	244,000	23,048
2016	320,000	17,591	256,000	14,073
2017	330,000	5,924	264,000	4,739

NOTE 12—SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for after closure. The \$570,793 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2011, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund. The liability the County provides financial assurance is different than the actual liability reported in the financial statements due to actual costs expended.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 13—SURETY BONDS:

	<u>Amount</u>
VA Department of General Services:	
Jennifer Sims, Clerk of the Circuit Court	\$ 400,000
Wanda Bryant, Treasurer	400,000
John Smedley, Commissioner of the Revenue	3,000
Daniel T. McEathron, Sheriff	30,000
All Social Service Employees - Blanket Bond	100,000
Virginia School Board Association Pool:	
All School Board Employees - Blanket Bond	50,000
Fidelity and Deposit Company of Maryland:	
Pamela M. McInnis, Superintendent, Deputy Clerk of the School Board	10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board	10,000

NOTE 14—COMMITTED FUND BALANCE—SPECIAL PROJECTS FUND:

	<u>Amount</u>
Special Projects Fund:	
Public Safety Building	\$ 7,942,691
FY2009-2010 Windfall Reserves	6,961,114
Enterprise Zone Set Aside	4,458,155
School Capital Improvements	1,579,223
Police, Fire and Rescue	743,364
Buildings & Grounds - Improvements	736,293
VDOT (Revenue Sharing)	605,415
Regional Jail	594,000
Sanitary Districts	552,988
Miscellaneous	451,981
Reassessment	301,877
Sanitation	271,460
Elections	240,882
Courthouse Security	205,478
Parks & Recreation	179,373
E-911 System	154,436
Groundwater Study	137,500
Vehicles	97,560
Gypsy Moth Program	89,539
Circuit Court Equipment	70,000
Planning	68,948
Juvenile detention facility	34,705
Total Special Projects Fund	<u>\$ 26,476,981</u>
Capital Projects Fund	<u>\$ 195,965</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 15—RISK MANAGEMENT:

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverage, which management considers prudent for the protection of the County’s assets and operations. Coverage currently includes \$5,000,000 commercial general liability, \$5,000,000 automobile liability, and \$3,000,000 public officials liability. The property policy provides insurance coverage for all of the County’s real and personal property up to the replacement cost value of the asset.

Effective July 1, 2005, the County established a self-insurance health care benefit for all County employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$80,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The County uses information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2011 is \$154,669, and calculated as follows:

<u>Fiscal Year</u>	<u>Liability beginning of year</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Liability end of year</u>
2009	\$ 128,577	\$ 1,495,137	\$ 1,471,981	\$ 151,733
2010	151,733	1,664,307	1,685,166	130,874
2011	130,874	1,885,308	1,861,513	154,669

Schools Component Unit

Effective October 1, 1993, Warren County Public Schools established a self-insurance health care benefit for all school employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$100,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The Schools use information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2011 is \$307,150, and calculated as follows:

<u>Fiscal Year</u>	<u>Liability beginning of year</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Liability end of year</u>
2009	\$ 362,000	\$ 4,051,124	\$ 4,047,809	\$ 365,315
2010	365,315	4,790,060	4,824,654	330,721
2011	365,315	4,875,229	4,933,394	307,150

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 15—RISK MANAGEMENT: (CONTINUED)

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$2,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

Background

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

County:

A. Plan Description:

In addition to the pension benefits described in Note 9, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 10 years of service with the County, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance premium until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 50%, 75%, or 100% of the health insurance premium for retirees with 10-14, 15-19, or 20 plus years of service, respectively. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$573,500 for fiscal year 2011. The County has paid \$141,600 towards this obligation during the fiscal year. The County 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments, County contributions and credit for the implicit rate subsidy made during the year for the retirees by the County. The following table shows the components of the County's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	\$	574,200
Interest on net OPEB obligation		33,100
Adjustment to annual required contribution		<u>(33,800)</u>
Annual OPEB cost (expense)	\$	573,500
Estimated contributions made		<u>(141,600)</u>
Increase in net OPEB obligation	\$	431,900
Net OPEB obligation, beginning of year		<u>826,800</u>
Net OPEB obligation, end of year	\$	<u><u>1,258,700</u></u>

For 2011, the County's expected cash payment of \$141,600 was \$431,900 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 561,000	24%	\$ 429,000
June 30, 2010	659,880	40%	826,800
June 30, 2011	573,500	25%	1,258,700

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County: (Continued)

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

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 5,099,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	5,099,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	8,234,200
UAAL as a percentage of covered payroll	61.92%

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

Actuarial Methods and Assumptions

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

Cost Method

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County: (Continued)

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

Cost Method: (Continued)

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

Assumptions

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Health care trend rates	9% - 5%

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

School Board:

A. Plan Description:

In addition to the pension benefits described in Note 9, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) including 5 years of service with the School Board are eligible for health insurance benefits under the School Board's plan for active employees. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$257,100 for fiscal year 2011. The School Board has paid \$137,100 towards this obligation during the fiscal year. The School 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the School Board's net OPEB obligation.

Annual required contribution	\$ 257,300
Interest on net OPEB obligation	9,300
Adjustment to annual required contribution	<u>(9,500)</u>
Annual OPEB cost (expense)	\$ 257,100
Estimated contributions made	<u>(137,100)</u>
Increase in net OPEB obligation	120,000
Net OPEB obligation, beginning of year	<u>233,200</u>
Net OPEB obligation, end of year	<u><u>\$ 353,200</u></u>

For 2011, the School Board's expected cash payment of \$137,100 was \$120,000 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 251,000	52%	\$ 121,000
June 30, 2010	186,720	40%	233,200
June 30, 2011	257,100	47%	353,200

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

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

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	2,613,800
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		2,613,800
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		17,607,400
UAAL as a percentage of covered payroll		14.84%

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

Actuarial Methods and Assumptions

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

Cost Method

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board: (Continued)

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

Cost Method: (Continued)

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

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Healthcare Trend Rate	9% - 5%

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

Health Insurance Credit Program

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$153,221, \$207,504 and \$285,704, respectively and equaled the required contributions for each year.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

NOTE 17—SUBSEQUENT EVENTS:

In preparing these financial statements, management of the County has evaluated events and transactions for potential recognition or disclosure through November 30, 2011, the date the financial statements were available to be issued.

NOTE 18—RECLASSIFICATION OF FUND BALANCE:

The County merged reported funds in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The following reclassifications of fund balance were necessary to report the merged funds:

	<u>Merged Funds</u>				
	<u>General Fund</u>	<u>Law Library</u>	<u>Courthouse Maintenance</u>	<u>Weapon Permits</u>	<u>Front Royal Golf Club</u>
Fund balance, June 30, 2010	\$ 17,208,243	\$ 37,742	\$ 121,961	\$ 46,351	\$ (432,015)
Net reclassification	<u>(225,961)</u>	<u>(37,742)</u>	<u>(121,961)</u>	<u>(46,351)</u>	<u>432,015</u>
Fund balance, July 1, 2010, reclassified	<u>\$ 16,982,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 30,589,238	\$ 30,733,551	\$ 32,484,702	\$ 1,751,151
Other local taxes	6,605,000	6,670,672	6,069,186	(601,486)
Permits, privilege fees, and regulatory licenses	656,950	658,539	555,982	(102,557)
Fines and forfeitures	50,000	50,000	49,216	(784)
Revenue from the use of money and property	868,160	869,005	424,507	(444,498)
Charges for services	2,433,674	2,529,101	2,237,108	(291,993)
Miscellaneous	133,228	4,135,367	4,176,201	40,834
Recovered costs	20,000	20,000	17,463	(2,537)
Intergovernmental revenues:				
Commonwealth	12,671,930	12,824,168	11,780,579	(1,043,589)
Federal	2,271,021	3,295,561	2,940,161	(355,400)
Total revenues	<u>\$ 56,299,201</u>	<u>\$ 61,785,964</u>	<u>\$ 60,735,105</u>	<u>\$ (1,050,859)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,757,061	\$ 3,151,006	\$ 3,023,745	\$ 127,261
Judicial administration	1,523,313	1,551,137	1,387,022	164,115
Public safety	9,613,959	10,186,918	10,159,898	27,020
Public works	3,273,258	3,168,167	3,060,627	107,540
Health and welfare	7,724,967	7,664,966	6,688,564	976,402
Education	20,706,751	20,926,390	20,687,963	238,427
Parks, recreation, and cultural	2,486,595	2,734,240	2,779,555	(45,315)
Community development	1,805,446	838,205	781,834	56,371
Nondepartmental	360,783	198,092	197,336	756
Capital projects	2,444,437	7,728,859	8,145,863	(417,004)
Debt service:				
Principal retirement	4,491,058	4,490,955	4,490,955	-
Interest and other fiscal charges	757,795	5,201,063	5,231,529	(30,466)
Total expenditures	<u>\$ 57,945,423</u>	<u>\$ 67,839,998</u>	<u>\$ 66,634,891</u>	<u>\$ 1,205,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,646,222)</u>	<u>\$ (6,054,034)</u>	<u>\$ (5,899,786)</u>	<u>\$ 154,248</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 54,772	\$ 8,665,477	\$ 8,667,257	\$ 1,780
Transfers out	-	(6,501,675)	(6,501,675)	-
Issuance of capital leases	-	-	318,628	318,628
Total other financing sources and uses	<u>\$ 54,772</u>	<u>\$ 2,163,802</u>	<u>\$ 2,484,210</u>	<u>\$ 320,408</u>
Net change in fund balances	\$ (1,591,450)	\$ (3,890,232)	\$ (3,415,576)	\$ 474,656
Fund balances - beginning	1,591,450	3,890,232	16,982,282	13,092,050
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,566,706</u>	<u>\$ 13,566,706</u>

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

County:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAL
			Actuarial Accrued (UAAL) (c)			as % of Payroll (f) (c) / (e)
			(b) - (a)			
6/30/2010	\$ 23,933,504	\$ 29,561,953	\$ 5,628,449	80.96%	\$ 8,729,573	64.48%
6/30/2009	23,387,173	26,922,454	3,535,281	86.87%	8,849,900	39.95%
6/30/2008	22,607,424	24,960,625	2,353,201	90.57%	8,649,690	27.21%

School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAL
			Actuarial Accrued (UAAL) (c)			as % of Payroll (f) (c) / (e)
			(b) - (a)			
6/30/2010	\$ 6,585,346	\$ 7,594,774	\$ 1,009,428	86.71%	\$ 2,861,402	35.28%
6/30/2009	6,462,071	6,794,443	332,372	95.11%	2,890,208	11.50%
6/30/2008	6,188,779	6,301,374	112,595	98.21%	2,759,985	4.08%

Required Supplementary Information
 Schedule of Funding Progress for Other Post-Employment Benefits
 Last Two Valuation Periods

County:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL as % of Payroll (f)
			Actuarial Accrued (UAAL) (c)			(b) - (a)
1/1/2009	\$ -	\$ 4,510,000	\$ 4,510,000	0.00%	\$ 7,942,800	56.78%
1/1/2011	-	5,099,000	5,099,000	0.00%	8,234,200	61.92%

School Board:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)	Funded Ratio (d) (a) / (b)	Annual Covered Payroll (e)	UAAL as % of Payroll (f)
			Actuarial Accrued (UAAL) (c)			(b) - (a)
1/1/2009	\$ -	\$ 2,363,000	\$ 2,363,000	0.00%	\$ 19,310,900	12.24%
1/1/2011	-	2,613,800	2,613,800	0.00%	17,607,400	14.84%

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 555,993	\$ 195,965	\$ 751,958
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,107,835	-	1,107,835
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	404,906	-	404,906
Total assets	<u>\$ 2,068,734</u>	<u>\$ 195,965</u>	<u>\$ 2,264,699</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 53,981	\$ -	\$ 53,981
Due to other funds	320	-	320
Deferred revenue	1,099,141	-	1,099,141
Total liabilities	<u>\$ 1,153,442</u>	<u>\$ -</u>	<u>\$ 1,153,442</u>
Fund balances:			
Restricted for:			
Construction	\$ 404,906	\$ -	\$ 404,906
Committed for:			
Sanitary districts - roads, etc.	462,179	-	462,179
Assigned to:			
Public safety	48,207	-	48,207
Capital improvements	-	195,965	195,965
Total fund balances	<u>\$ 915,292</u>	<u>\$ 195,965</u>	<u>\$ 1,111,257</u>
Total liabilities and fund balances	<u>\$ 2,068,734</u>	<u>\$ 195,965</u>	<u>\$ 2,264,699</u>

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
General property taxes	\$ 1,393,421	\$ -	\$ 1,393,421
Permits, privilege fees, and regulatory licenses	-	-	-
Revenue from the use of money and property	-	-	-
Charges for services	-	-	-
Miscellaneous	23,543	-	23,543
Intergovernmental revenues:			
Commonwealth	6,821	-	6,821
Total revenues	<u>\$ 1,423,785</u>	<u>\$ -</u>	<u>\$ 1,423,785</u>
EXPENDITURES			
Current:			
Public safety	\$ 33,089	\$ -	\$ 33,089
Public works	1,066,974	-	1,066,974
Education	-	-	-
Parks, recreation, and cultural	-	-	-
Total expenditures	<u>\$ 1,100,063</u>	<u>\$ -</u>	<u>\$ 1,100,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 323,722</u>	<u>\$ -</u>	<u>\$ 323,722</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 355,634	\$ -	\$ 355,634
Transfers out	(328,302)	-	(328,302)
Total other financing sources and uses	<u>\$ 27,332</u>	<u>\$ -</u>	<u>\$ 27,332</u>
Net change in fund balances	\$ 351,054	\$ -	\$ 351,054
Fund balances - beginning	564,238	195,965	760,203
Fund balances - ending	<u><u>\$ 915,292</u></u>	<u><u>\$ 195,965</u></u>	<u><u>\$ 1,111,257</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2011

	<u>Drug Forfeiture</u>	<u>Proffers</u>	<u>Sanitary Districts</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 48,207	\$ -	\$ 507,786	\$ 555,993
Receivables (net of allowance for uncollectibles):				
Taxes receivable	-	-	1,107,835	1,107,835
Accounts receivable	-	-	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	404,906	-	404,906
Total assets	<u>\$ 48,207</u>	<u>\$ 404,906</u>	<u>\$ 1,615,621</u>	<u>\$ 2,068,734</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ -	-
Accounts payable	-	-	53,981	53,981
Due to other funds	-	-	320	320
Deferred revenue	-	-	1,099,141	1,099,141
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,442</u>	<u>\$ 1,153,442</u>
Fund balances:				
Restricted for:				
Construction	\$ -	\$ 404,906	\$ -	\$ 404,906
Committed for:				
Sanitary districts - roads, etc.	-	-	462,179	462,179
Public safety	48,207	-	-	48,207
Total fund balances	<u>\$ 48,207</u>	<u>\$ 404,906</u>	<u>\$ 462,179</u>	<u>\$ 915,292</u>
Total liabilities and fund balances	<u>\$ 48,207</u>	<u>\$ 404,906</u>	<u>\$ 1,615,621</u>	<u>\$ 2,068,734</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2011

	<u>Drug Forfeiture</u>	<u>Proffers</u>	<u>Sanitary Districts</u>	<u>Total</u>
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,393,421	\$ 1,393,421
Miscellaneous	-	-	23,543	23,543
Intergovernmental revenues:				
Commonwealth	6,821	-	-	6,821
Total revenues	<u>\$ 6,821</u>	<u>\$ -</u>	<u>\$ 1,416,964</u>	<u>\$ 1,423,785</u>
EXPENDITURES				
Current:				
Public safety	\$ 33,089	\$ -	\$ -	\$ 33,089
Public works	-	-	1,066,974	1,066,974
Total expenditures	<u>\$ 33,089</u>	<u>\$ -</u>	<u>\$ 1,066,974</u>	<u>\$ 1,100,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (26,268)</u>	<u>\$ -</u>	<u>\$ 349,990</u>	<u>\$ 323,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 355,634	\$ 355,634
Transfers out	-	-	(328,302)	(328,302)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,332</u>	<u>\$ 27,332</u>
Net change in fund balances	\$ (26,268)	\$ -	\$ 377,322	\$ 351,054
Fund balances - beginning	74,475	404,906	84,857	564,238
Fund balances - ending	<u>\$ 48,207</u>	<u>\$ 404,906</u>	<u>\$ 462,179</u>	<u>\$ 915,292</u>

COUNTY OF WARREN, VIRGINIA

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

	Drug Forfeiture			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	6,821	6,821
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,821</u>	<u>\$ 6,821</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 33,089	\$ (33,089)
Public works	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,089</u>	<u>\$ (33,089)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,268)</u>	<u>\$ (26,268)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (26,268)	\$ (26,268)
Fund balances - beginning	-	-	74,475	74,475
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 48,207</u></u>	<u><u>\$ 48,207</u></u>

Proffers				Sanitary Districts			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 1,208,628	\$ 1,271,879	\$ 1,393,421	\$ 121,542
-	-	-	-	-	21,533	23,543	2,010
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,628</u>	<u>\$ 1,293,412</u>	<u>\$ 1,416,964</u>	<u>\$ 123,552</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,256,765	2,439,452	1,066,974	1,372,478
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,256,765</u>	<u>\$ 2,439,452</u>	<u>\$ 1,066,974</u>	<u>\$ 1,372,478</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,048,137)</u>	<u>\$ (1,146,040)</u>	<u>\$ 349,990</u>	<u>\$ 1,496,030</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,634	\$ 355,634	\$ -
-	-	-	-	(54,772)	(326,522)	(328,302)	(1,780)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,772)</u>	<u>\$ 29,112</u>	<u>\$ 27,332</u>	<u>\$ (1,780)</u>
\$ -	\$ -	\$ -	\$ -	\$ (1,102,909)	\$ (1,116,928)	\$ 377,322	\$ 1,494,250
-	-	404,906	404,906	-	14,020	84,857	70,837
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,906</u>	<u>\$ 404,906</u>	<u>\$ (1,102,909)</u>	<u>\$ (1,102,908)</u>	<u>\$ 462,179</u>	<u>\$ 1,565,087</u>

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Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2011

	<u>General Capital Projects</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 195,965	\$ 195,965
Total assets	<u>\$ 195,965</u>	<u>\$ 195,965</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances:		
Assigned to:		
Capital projects	\$ 195,965	\$ 195,965
Total fund balances	<u>\$ 195,965</u>	<u>\$ 195,965</u>
Total liabilities and fund balances	<u>\$ 195,965</u>	<u>\$ 195,965</u>

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

	<u>General Capital Projects</u>	<u>Total</u>
REVENUES		
Revenue from the use of money and property	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES		
Capital projects	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -
Fund balances - beginning	195,965	195,965
Fund balances - ending	<u><u>\$ 195,965</u></u>	<u><u>\$ 195,965</u></u>

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

	General Capital Projects			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	195,965	195,965
Fund balances - ending	\$ -	\$ -	\$ 195,965	\$ 195,965

Combining Statement of Fiduciary Net Assets
 Private-purpose Trust Funds
 June 30, 2011

	Private-purpose Trust Funds						
	Woodward Cook	Louise Bolling	Elizabeth P. Denny	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls	Total
ASSETS							
Cash and cash equivalents	\$ 1,928	\$ 9,280	\$ 61,618	\$ 149,366	\$ 2,750	\$ -	\$ 224,942
Total assets	<u>\$ 1,928</u>	<u>\$ 9,280</u>	<u>\$ 61,618</u>	<u>\$ 149,366</u>	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ 224,942</u>
LIABILITIES							
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>
NET ASSETS							
Held in trust for:							
Reserved for scholarships	\$ 1,928	\$ 9,280	\$ 61,618	\$ 149,366	\$ 2,750	\$ (500)	\$ 224,442
Total net assets	<u>\$ 1,928</u>	<u>\$ 9,280</u>	<u>\$ 61,618</u>	<u>\$ 149,366</u>	<u>\$ 2,750</u>	<u>\$ (500)</u>	<u>\$ 224,442</u>

Combining Statement of Changes in Fiduciary Net Assets
 Private-purpose Trust Funds
 June 30, 2011

	Private-purpose Trust Funds						Total
	Woodward Cook	Louise Bolling	Elizabeth P. Denny	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls	
ADDITIONS							
Revenue from the use of money	\$ 1	\$ 4	\$ 544	\$ 18	\$ 9,608	\$ -	\$ 10,175
Miscellaneous	-	-	-	11,500	-	-	11,500
Transfer from other funds	-	-	-	3,000	-	-	3,000
Total additions	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 544</u>	<u>\$ 14,518</u>	<u>\$ 9,608</u>	<u>\$ -</u>	<u>\$ 24,675</u>
DEDUCTIONS							
Scholarships	\$ 500	\$ 500	\$ 3,000	\$ 5,000	\$ 15,000	\$ 500	\$ 24,500
Total deductions	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 3,000</u>	<u>\$ 5,000</u>	<u>\$ 15,000</u>	<u>\$ 500</u>	<u>\$ 24,500</u>
Change in net assets	\$ (499)	\$ (496)	\$ (2,456)	\$ 9,518	\$ (5,392)	\$ (500)	\$ 175
Total net assets - beginning	2,427	9,776	64,074	139,848	8,142	-	224,267
Total net assets - ending	<u>\$ 1,928</u>	<u>\$ 9,280</u>	<u>\$ 61,618</u>	<u>\$ 149,366</u>	<u>\$ 2,750</u>	<u>\$ (500)</u>	<u>\$ 224,442</u>

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

	Agency Funds				Total
	Special Welfare	Undistributed Local Sales Tax Fund	Flexible Spending Fund	Northern Warren Fire Department Building Fund	
ASSETS					
Cash and cash equivalents	\$ 29,227	\$ -	\$ 10,173	\$ 6,465	\$ 45,865
Due from other governments	-	654,523	-	-	654,523
Total assets	<u>\$ 29,227</u>	<u>\$ 654,523</u>	<u>\$ 10,173</u>	<u>\$ 6,465</u>	<u>\$ 700,388</u>
LIABILITIES					
Accounts payable	\$ -	\$ 126,159	\$ -	\$ -	\$ 126,159
Amounts held for social services clients	29,227	-	-	-	29,227
Due to other funds	-	528,364	5,000	-	533,364
Amounts held for others	-	-	5,173	6,465	11,638
Total liabilities	<u>\$ 29,227</u>	<u>\$ 654,523</u>	<u>\$ 10,173</u>	<u>\$ 6,465</u>	<u>\$ 700,388</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 37,289	\$ 37,953	\$ 46,015	\$ 29,227
Total assets	<u>\$ 37,289</u>	<u>\$ 37,953</u>	<u>\$ 46,015</u>	<u>\$ 29,227</u>
LIABILITIES				
Amounts held for social services clients	\$ 37,289	\$ 37,953	\$ 46,015	\$ 29,227
Total liabilities	<u>\$ 37,289</u>	<u>\$ 37,953</u>	<u>\$ 46,015</u>	<u>\$ 29,227</u>
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governments	\$ 649,035	\$ 3,625,916	\$ 3,620,428	\$ 654,523
Total assets	<u>\$ 649,035</u>	<u>\$ 3,625,916</u>	<u>\$ 3,620,428</u>	<u>\$ 654,523</u>
LIABILITIES				
Accounts payable	\$ 133,701	\$ 699,953	\$ 707,495	\$ 126,159
Due to other funds	515,334	2,931,451	2,918,421	528,364
Total liabilities	<u>\$ 649,035</u>	<u>\$ 3,631,404</u>	<u>\$ 3,625,916</u>	<u>\$ 654,523</u>
Flexible spending fund:				
ASSETS				
Cash and cash equivalents	\$ 9,296	\$ 877	\$ -	\$ 10,173
Total assets	<u>\$ 9,296</u>	<u>\$ 877</u>	<u>\$ -</u>	<u>\$ 10,173</u>
LIABILITIES				
Due to other funds	\$ 5,000	\$ -	\$ -	\$ 5,000
Amounts held for others	4,296	877	-	5,173
Total liabilities	<u>\$ 9,296</u>	<u>\$ 877</u>	<u>\$ -</u>	<u>\$ 10,173</u>
Northern Warren Fire Department Building:				
ASSETS				
Cash and cash equivalents	\$ 6,324	\$ 29,071	\$ 28,930	\$ 6,465
Total assets	<u>\$ 6,324</u>	<u>\$ 29,071</u>	<u>\$ 28,930</u>	<u>\$ 6,465</u>
LIABILITIES				
Amounts held for others	\$ 6,324	\$ 29,071	\$ 28,930	\$ 6,465
Total liabilities	<u>\$ 6,324</u>	<u>\$ 29,071</u>	<u>\$ 28,930</u>	<u>\$ 6,465</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 52,909	\$ 67,901	\$ 74,945	\$ 45,865
Due from other governments	649,035	3,625,916	3,620,428	654,523
Total assets	<u>\$ 701,944</u>	<u>\$ 3,693,817</u>	<u>\$ 3,695,373</u>	<u>\$ 700,388</u>
LIABILITIES				
Accounts payable	\$ 133,701	\$ 699,953	\$ 707,495	\$ 126,159
Amounts held for social services clients	37,289	37,953	46,015	29,227
Due to other funds	520,334	2,931,451	2,918,421	533,364
Amounts held for others	10,620	29,948	28,930	11,638
Total liabilities	<u>\$ 701,944</u>	<u>\$ 3,699,305</u>	<u>\$ 3,700,861</u>	<u>\$ 700,388</u>

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

	School Operating Fund	School Cafeteria Fund	School Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,441,635	\$ 668,892	\$ 1,254	\$ 103,069	\$ 430,343	\$ 6,645,193
Due from other funds	-	83,015	-	-	-	83,015
Due from other governmental units	2,344,072	-	-	-	-	2,344,072
Total assets	<u>\$ 7,785,707</u>	<u>\$ 751,907</u>	<u>\$ 1,254</u>	<u>\$ 103,069</u>	<u>\$ 430,343</u>	<u>\$ 9,072,280</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 78,502	\$ 122,753	\$ -	\$ -	\$ -	\$ 201,255
Accrued liabilities	4,626,654	115,553	-	-	-	4,742,207
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	2,997,536	-	-	-	-	2,997,536
Total liabilities	<u>\$ 7,785,707</u>	<u>\$ 238,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,024,013</u>
Fund balances:						
Committed for:						
Education - capital improvements	\$ -	\$ -	\$ 1,254	\$ 103,069	\$ -	\$ 104,323
Assigned to:						
Education	-	513,601	-	-	430,343	943,944
Total fund balances	<u>-</u>	<u>513,601</u>	<u>1,254</u>	<u>103,069</u>	<u>430,343</u>	<u>1,048,267</u>
Total liabilities and fund balances	<u>\$ 7,785,707</u>	<u>\$ 751,907</u>	<u>\$ 1,254</u>	<u>\$ 103,069</u>	<u>\$ 430,343</u>	<u>\$ 9,072,280</u>

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

Total fund balances per above \$ 1,048,267

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

Capital assets	\$ 14,923,142	
Less: accumulated depreciation	<u>(7,234,180)</u>	7,688,962

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,597,424

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

Capital lease	\$ (389,899)	
Compensated absences	(1,436,490)	
Other post employment benefits liability	<u>(353,200)</u>	<u>(2,179,589)</u>

Net assets of governmental activities \$ 8,155,064

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

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	1,272,716	-	-	-	1,272,716
Miscellaneous	253,020	-	819	-	-	253,839
Intergovernmental revenues:						
Local government	20,267,901	-	-	-	383,880	20,651,781
Commonwealth	21,890,375	-	-	-	-	21,890,375
Federal	5,406,534	-	-	-	-	5,406,534
Total revenues	\$ 47,817,830	\$ 1,272,716	\$ 819	\$ -	\$ 383,880	\$ 49,475,245
EXPENDITURES						
Current:						
Education	\$ 45,159,127	\$ 2,475,092	\$ -	\$ 9,589	\$ 56,057	\$ 47,699,865
Capital projects	-	-	86,405	-	-	86,405
Debt service:						
Principal retirement	1,334,595	-	-	-	-	1,334,595
Interest and other fiscal charges	299,176	-	-	-	-	299,176
Total expenditures	\$ 46,792,898	\$ 2,475,092	\$ 86,405	\$ 9,589	\$ 56,057	\$ 49,420,041
Excess (deficiency) of revenues over (under) expenditures	\$ 1,024,932	\$ (1,202,376)	\$ (85,586)	\$ (9,589)	\$ 327,823	\$ 55,204
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 1,024,932	\$ -	\$ -	\$ -	\$ 1,024,932
Transfers out	(1,024,932)	-	-	-	-	(1,024,932)
Total other financing sources and uses	\$ (1,024,932)	\$ 1,024,932	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (177,444)	\$ (85,586)	\$ (9,589)	\$ 327,823	\$ 55,204
Fund balances - beginning	-	691,045	86,840	112,658	102,520	993,063
Fund balances - ending	\$ -	\$ 513,601	\$ 1,254	\$ 103,069	\$ 430,343	\$ 1,048,267
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						\$ 55,204
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 following are adjustments related to capital assets reported in the current period.						
Capital asset additions					849,804	
Loss on disposal of asset					(839)	
Depreciation expense					(610,898)	238,067
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.						
Principal payments on capital leases					\$ 88,609	88,609
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.						
(Increase) decrease in other post employment benefits liability					(120,000)	
(Increase) decrease in compensated absences					109,677	(10,323)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.						
						1,211,701
Change in net assets of governmental activities						\$ 1,583,258

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	263,890	264,890	253,020	(11,870)
Intergovernmental revenues:				
Local government	20,291,725	20,506,328	20,267,901	(238,427)
Commonwealth	22,328,893	22,360,986	21,890,375	(470,611)
Federal	2,770,401	4,232,171	5,406,534	1,174,363
Total revenues	<u>\$ 45,654,909</u>	<u>\$ 47,364,375</u>	<u>\$ 47,817,830</u>	<u>\$ 453,455</u>
EXPENDITURES				
Current:				
Education	\$ 44,021,138	\$ 45,730,604	\$ 45,159,127	\$ 571,477
Capital projects	-	-	-	-
Debt service:				
Principal retirement	1,334,595	1,334,595	1,334,595	-
Interest and other fiscal charges	299,176	299,176	299,176	-
Total expenditures	<u>\$ 45,654,909</u>	<u>\$ 47,364,375</u>	<u>\$ 46,792,898</u>	<u>\$ 571,477</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,024,932	\$ 1,024,932
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(1,024,932)	(1,024,932)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,024,932)</u>	<u>\$ (1,024,932)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund				School Capital Improvements Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,272,716	1,272,716	-	-	-	-
-	-	-	-	-	-	819	819
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,272,716</u>	<u>\$ 1,272,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ 819</u>
\$ -	\$ -	\$ 2,475,092	\$ (2,475,092)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	86,405	(86,405)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,475,092</u>	<u>\$ (2,475,092)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,405</u>	<u>\$ (86,405)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,202,376)</u>	<u>\$ (1,202,376)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,586)</u>	<u>\$ (85,586)</u>
\$ -	\$ -	\$ 1,024,932	\$ 1,024,932	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024,932</u>	<u>\$ 1,024,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ (177,444)	\$ (177,444)	\$ -	\$ -	\$ (85,586)	\$ (85,586)
-	-	691,045	691,045	-	-	86,840	86,840
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,601</u>	<u>\$ 513,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,254</u>	<u>\$ 1,254</u>

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

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental revenues:								
Local government	-	-	-	-	-	383,880	383,880	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,880	\$ 383,880	\$ -
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ 9,589	\$ (9,589)	\$ -	\$ 56,057	\$ 56,057	\$ -
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 9,589	\$ (9,589)	\$ -	\$ 56,057	\$ 56,057	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (9,589)	\$ (9,589)	\$ -	\$ 327,823	\$ 327,823	\$ -
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (9,589)	\$ (9,589)	\$ -	\$ 327,823	\$ 327,823	\$ -
Fund balances - beginning	-	-	112,658	112,658	-	(327,823)	102,520	430,343
Fund balances - ending	\$ -	\$ -	\$ 103,069	\$ 103,069	\$ -	\$ -	\$ 430,343	\$ 430,343

Statement of Net Assets
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2011

	<u>Self Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,904,574
Total assets	<u>\$ 1,904,574</u>
LIABILITIES	
Current liabilities:	
Claims and judgments - Incurred but not reported	\$ 307,150
Total liabilities	<u>\$ 307,150</u>
NET ASSETS	
Unrestricted	\$ 1,597,424
Total net assets	<u><u>\$ 1,597,424</u></u>

Statement of Revenues, Expenses, and Changes in Net Assets
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	<u>Self Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 5,369,468
Total operating revenues	<u>\$ 5,369,468</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 4,159,823
Total operating expenses	<u>\$ 4,159,823</u>
Operating income (loss)	<u>\$ 1,209,645</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 2,056
Total nonoperating revenues (expenses)	<u>\$ 2,056</u>
Change in net assets	\$ 1,211,701
Total net assets - beginning	<u>385,723</u>
Total net assets - ending	<u><u>\$ 1,597,424</u></u>

Statement of Cash Flows
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	<u>Self Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 5,369,468
Payments for claims	<u>(4,183,394)</u>
Net cash provided (used) by operating activities	<u>\$ 1,186,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 2,056
Net cash provided (used) by investing activities	<u>\$ 2,056</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,188,130
Cash and cash equivalents - beginning	<u>716,444</u>
Cash and cash equivalents - ending	<u>\$ 1,904,574</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 1,209,645
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease in IBNR)	<u>(23,571)</u>
Total adjustments	<u>\$ (23,571)</u>
Net cash provided (used) by operating activities	<u>\$ 1,186,074</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 21,094,748	\$ 21,239,061	\$ 22,118,269	\$ 879,208
Real and personal public service corporation taxes	360,000	360,000	527,581	167,581
Personal property taxes	7,897,490	7,897,490	8,432,810	535,320
Mobile home taxes	6,000	6,000	6,391	391
Machinery and tools taxes	725,000	725,000	673,500	(51,500)
Land redemptions	1,000	1,000	463	(537)
Rollback taxes	-	-	28,466	28,466
Mineral rights	-	-	4,138	4,138
Penalties	325,000	325,000	436,644	111,644
Interest	180,000	180,000	256,440	76,440
Total general property taxes	<u>\$ 30,589,238</u>	<u>\$ 30,733,551</u>	<u>\$ 32,484,702</u>	<u>\$ 1,751,151</u>
Other local taxes:				
Local sales and use taxes	\$ 3,100,000	\$ 3,100,000	\$ 2,931,450	\$ (168,550)
Consumers' utility taxes	675,000	675,000	683,604	8,604
E-911 telephone taxes	45,000	45,000	39,052	(5,948)
Business license taxes	850,000	850,000	569,486	(280,514)
Motor vehicle licenses	675,000	675,000	685,641	10,641
Taxes on recordation and wills	600,000	600,000	418,073	(181,927)
Hotel and motel room taxes	35,000	35,000	51,208	16,208
Restaurant food taxes	625,000	690,672	690,672	-
Total other local taxes	<u>\$ 6,605,000</u>	<u>\$ 6,670,672</u>	<u>\$ 6,069,186</u>	<u>\$ (601,486)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 32,000	\$ 32,000	\$ 36,308	\$ 4,308
Building and related permits	300,000	300,000	160,681	(139,319)
Zoning, subdivision fees and rezoning permits	30,000	30,000	28,745	(1,255)
Land use application fees	-	-	300	300
Transfer fees	2,500	2,500	1,267	(1,233)
Weapon permits	2,500	2,500	11,415	8,915
Cable franchise fees	-	-	33,539	33,539
Parks and rec user fees	254,950	256,539	225,952	(30,587)
Septage fees	35,000	35,000	39,775	4,775
Other fees	-	-	18,000	18,000
Total permits, privilege fees, and regulatory licenses	<u>\$ 656,950</u>	<u>\$ 658,539</u>	<u>\$ 555,982</u>	<u>\$ (102,557)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 50,000	\$ 50,000	\$ 49,216	\$ (784)
Total fines and forfeitures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 49,216</u>	<u>\$ (784)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 700,000	\$ 700,845	\$ 271,672	\$ (429,173)
Revenue from use of property	168,160	168,160	152,835	(15,325)
Total revenue from use of money and property	<u>\$ 868,160</u>	<u>\$ 869,005</u>	<u>\$ 424,507</u>	<u>\$ (444,498)</u>
Charges for services:				
Excess fees of clerk	\$ 50,000	\$ 50,000	\$ 11,557	\$ (38,443)
Sheriff's fees	-	-	1,946	1,946
Courthouse security fees	75,000	75,000	88,851	13,851

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Administrative fee	\$ 135,000	\$ 135,000	\$ 155,894	\$ 20,894
Charges for Commonwealth's Attorney	1,000	1,000	1,693	693
Inmate phone usage	30,000	30,000	29,117	(883)
Airport hangar rental fees	100,674	100,674	97,999	(2,675)
Work release fees	230,000	230,000	170,096	(59,904)
Miscellaneous jail and inmate fees	-	-	1,820	1,820
Charges for sanitation and waste removal	1,000,000	1,000,000	814,901	(185,099)
Charges for other and sale of maps	-	-	18,595	18,595
Golf club membership dues, golf fees, shop sales	269,000	269,000	192,930	(76,070)
Charges for air show	-	16,280	31,825	15,545
Courthouse maintenance fees	57,500	57,500	61,708	4,208
Cost recovery	461,500	540,647	540,647	-
Charges for law library	24,000	24,000	17,529	(6,471)
Total charges for services	<u>\$ 2,433,674</u>	<u>\$ 2,529,101</u>	<u>\$ 2,237,108</u>	<u>\$ (291,993)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 113,228	\$ 4,115,367	\$ 4,127,518	\$ 12,151
Sale of recyclable materials	20,000	20,000	48,683	28,683
Total miscellaneous revenue	<u>\$ 133,228</u>	<u>\$ 4,135,367</u>	<u>\$ 4,176,201</u>	<u>\$ 40,834</u>
Recovered costs:				
Expenditure refunds	\$ 20,000	\$ 20,000	\$ 17,463	\$ (2,537)
Total recovered costs	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 17,463</u>	<u>\$ (2,537)</u>
Total revenue from local sources	<u>\$ 41,356,250</u>	<u>\$ 45,666,235</u>	<u>\$ 46,014,365</u>	<u>\$ 348,130</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 48,268	\$ 48,268	\$ 13,123	\$ (35,145)
Mobile home titling tax	2,500	2,500	1,406	(1,094)
State recordation tax	170,866	170,866	141,013	(29,853)
Personal property tax relief funds	4,541,219	4,541,219	4,541,220	1
Communication taxes	1,000,000	1,000,000	927,882	(72,118)
State budget reduction - Aid to the Commonwealth	-	-	(312,161)	(312,161)
Total noncategorical aid	<u>\$ 5,762,853</u>	<u>\$ 5,762,853</u>	<u>\$ 5,312,483</u>	<u>\$ (450,370)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 365,244	\$ 365,244	\$ 347,360	\$ (17,884)
Sheriff	2,529,088	2,529,088	2,575,954	46,866
Commissioner of revenue	146,692	146,692	144,904	(1,788)
Treasurer	101,659	101,659	99,565	(2,094)
Registrar/electoral board	40,000	40,000	42,763	2,763
Clerk of the Circuit Court	288,973	288,973	285,154	(3,819)
Total shared expenses	<u>\$ 3,471,656</u>	<u>\$ 3,471,656</u>	<u>\$ 3,495,700</u>	<u>\$ 24,044</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 1,711,497	\$ 1,711,497	\$ 1,148,717	\$ (562,780)
Comprehensive services act	1,142,459	1,142,459	1,138,396	(4,063)
Emergency medical services	38,888	38,888	40,310	1,422
Litter control grant	-	11,385	11,385	-
Care of prisoners	280,000	280,000	304,800	24,800
Grant for restoration of records	-	28,621	27,888	(733)
Abandoned vehicle program	20,000	20,000	2,150	(17,850)
VA domestic violence victims grant	40,000	40,000	40,949	949
Victim-witness grant	48,000	48,000	53,271	5,271
Fire programs funds	49,646	49,646	46,033	(3,613)
Juvenile crime control	36,741	36,741	34,411	(2,330)
Airport grant	70,190	62,690	4,212	(58,478)
Other categorical aid	-	119,732	119,874	142
Total other categorical aid	<u>\$ 3,437,421</u>	<u>\$ 3,589,659</u>	<u>\$ 2,972,396</u>	<u>\$ (617,263)</u>
Total categorical aid	<u>\$ 6,909,077</u>	<u>\$ 7,061,315</u>	<u>\$ 6,468,096</u>	<u>\$ (593,219)</u>
Total revenue from the Commonwealth	<u>\$ 12,671,930</u>	<u>\$ 12,824,168</u>	<u>\$ 11,780,579</u>	<u>\$ (1,043,589)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 29,000	\$ 29,000	\$ 49,385	\$ 20,385
Total noncategorical aid	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 49,385</u>	<u>\$ 20,385</u>
Categorical aid:				
Welfare administration and public assistance	\$ 2,073,521	\$ 2,073,521	\$ 1,778,171	\$ (295,350)
State and community highway safety grant	-	16,953	16,953	-
Assistance to firefighters	-	109,118	109,118	-
State homeland security program	-	302,000	302,000	-
Bulletproof vest program	-	6,295	6,295	-
Economic development initiative	-	445,500	445,500	-
Interest subsidy - Build America Bonds	-	80,903	80,903	-
Ed Byrne memorial justice assistance grant	-	63,771	63,771	-
Ed Byrne memorial state and local law enforcement	50,000	50,000	25,669	(24,331)
Airport improvement program	118,500	118,500	62,396	(56,104)
Total categorical aid	<u>\$ 2,242,021</u>	<u>\$ 3,266,561</u>	<u>\$ 2,890,776</u>	<u>\$ (375,785)</u>
Total revenue from the federal government	<u>\$ 2,271,021</u>	<u>\$ 3,295,561</u>	<u>\$ 2,940,161</u>	<u>\$ (355,400)</u>
Total General Fund	<u>\$ 56,299,201</u>	<u>\$ 61,785,964</u>	<u>\$ 60,735,105</u>	<u>\$ (1,050,859)</u>
Drug Forfeiture Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	\$ -	\$ -	\$ 6,821	\$ 6,821
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,821</u>	<u>\$ 6,821</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,821</u>	<u>\$ 6,821</u>
Total Drug Forfeiture Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,821</u>	<u>\$ 6,821</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,208,628	\$ 1,271,879	\$ 1,393,421	\$ 121,542
Total general property taxes	<u>\$ 1,208,628</u>	<u>\$ 1,271,879</u>	<u>\$ 1,393,421</u>	<u>\$ 121,542</u>
Miscellaneous revenue:				
New construction fee	\$ -	\$ 21,533	\$ 23,543	\$ 2,010
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 21,533</u>	<u>\$ 23,543</u>	<u>\$ 2,010</u>
Total revenue from local sources	<u>\$ 1,208,628</u>	<u>\$ 1,293,412</u>	<u>\$ 1,416,964</u>	<u>\$ 123,552</u>
Total Sanitary District Fund	<u><u>\$ 1,208,628</u></u>	<u><u>\$ 1,293,412</u></u>	<u><u>\$ 1,416,964</u></u>	<u><u>\$ 123,552</u></u>
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 34,701	\$ 34,701
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,701</u>	<u>\$ 34,701</u>
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 299,959	\$ 299,959
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,959</u>	<u>\$ 299,959</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,660</u>	<u>\$ 334,660</u>
Total School Bond Construction Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 334,660</u></u>	<u><u>\$ 334,660</u></u>
Total Primary Government	<u><u>\$ 57,507,829</u></u>	<u><u>\$ 63,079,376</u></u>	<u><u>\$ 62,493,550</u></u>	<u><u>\$ (585,826)</u></u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 263,890	\$ 264,890	\$ 253,020	\$ (11,870)
Total miscellaneous revenue	<u>\$ 263,890</u>	<u>\$ 264,890</u>	<u>\$ 253,020</u>	<u>\$ (11,870)</u>
Total revenue from local sources	<u>\$ 263,890</u>	<u>\$ 264,890</u>	<u>\$ 253,020</u>	<u>\$ (11,870)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Warren, Virginia	\$ 20,291,725	\$ 20,506,328	\$ 20,267,901	\$ (238,427)
Total revenues from local governments	<u>\$ 20,291,725</u>	<u>\$ 20,506,328</u>	<u>\$ 20,267,901</u>	<u>\$ (238,427)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,972,836	\$ 4,972,836	\$ 5,176,121	\$ 203,285
Basic school aid	12,837,269	12,837,269	12,113,577	(723,692)
Remedial summer education	24,422	24,422	25,749	1,327
Adult secondary education	2,125	2,125	-	(2,125)
Gifted and talented	141,645	141,645	141,178	(467)
Remedial education	258,656	258,656	257,804	(852)
Special education	8,791	8,791	3,503	(5,288)
Textbook payment	161,783	161,783	161,250	(533)
Vocational SOQ payments	313,568	313,568	313,301	(267)
Social security fringe benefits	760,573	760,573	758,066	(2,507)
Retirement fringe benefits	449,569	449,569	448,087	(1,482)
Group life insurance benefits	27,713	27,713	27,622	(91)
Early reading intervention	59,544	59,544	66,710	7,166
Jail education	32,967	32,967	46,348	13,381
GED program	15,717	15,717	15,717	-
School food	-	-	36,760	36,760
At risk payments	512,948	512,948	272,440	(240,508)
Technology	258,000	274,093	258,000	(16,093)
Standards of Learning algebra readiness	35,180	51,180	38,789	(12,391)
Mentor teacher program	2,963	2,963	18,045	15,082
English as a second language	62,189	62,189	65,394	3,205
K-3 initiative	196,299	196,299	199,529	3,230
Homebound education	1,160,874	1,160,874	1,157,048	(3,826)
Other state funds	33,262	33,262	289,337	256,075
Total categorical aid	<u>\$ 22,328,893</u>	<u>\$ 22,360,986</u>	<u>\$ 21,890,375</u>	<u>\$ (470,611)</u>
Total revenue from the Commonwealth	<u>\$ 22,328,893</u>	<u>\$ 22,360,986</u>	<u>\$ 21,890,375</u>	<u>\$ (470,611)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ -	\$ -	\$ 1,642	\$ 1,642
State fiscal stabilization - ARRA	114,323	1,408,196	1,185,381	(222,815)
Title I; Grants to local educational agencies	707,483	707,483	654,900	(52,583)
Title VI-B; Special education grants to states	1,085,261	1,085,261	1,087,450	2,189
Title VI-B; Special education preschool grants	30,147	30,147	30,149	2
Vocational education	85,674	85,674	83,739	(1,935)
Drug free schools	-	11,139	11,139	-
Title II, Part D; Enhancing state grants	222,396	229,154	6,758	(222,396)
Title V, Part A, state grants for innovative programs	327,690	327,690	-	(327,690)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
English language acquisition grant	\$ 17,202	\$ 17,202	\$ 11,447	\$ (5,755)
Title I; Grants to local educational agencies - ARRA	135,225	135,225	228,726	93,501
Title VI-B; Special education preschool grants - ARRA	-	-	21,696	21,696
Title I; Grants to local educational agencies - ARRA	-	-	654,447	654,447
School improvement grants - ARRA	-	150,000	66,317	(83,683)
Title II Part A; Improving teacher quality state grants	-	-	143,989	143,989
National school lunch and breakfast program	-	-	1,125,540	1,125,540
Other federal categorical	45,000	45,000	93,214	48,214
Total categorical aid	<u>\$ 2,770,401</u>	<u>\$ 4,232,171</u>	<u>\$ 5,406,534</u>	<u>\$ 1,174,363</u>
Total revenue from the federal government	<u>\$ 2,770,401</u>	<u>\$ 4,232,171</u>	<u>\$ 5,406,534</u>	<u>\$ 1,174,363</u>
Total School Operating Fund	<u>\$ 45,654,909</u>	<u>\$ 47,364,375</u>	<u>\$ 47,817,830</u>	<u>\$ 453,455</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 1,272,716	\$ 1,272,716
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,272,716</u>	<u>\$ 1,272,716</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,272,716</u>	<u>\$ 1,272,716</u>
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,272,716</u>	<u>\$ 1,272,716</u>
School Textbook Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	\$ -	\$ 383,880	\$ 383,880	\$ -
Total revenues from local governments	<u>\$ -</u>	<u>\$ 383,880</u>	<u>\$ 383,880</u>	<u>\$ -</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ 383,880</u>	<u>\$ 383,880</u>	<u>\$ -</u>
School Capital Improvements Fund				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 819	\$ 819
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ 819</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ 819</u>
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ 819</u>
School Board	<u>\$ 45,654,909</u>	<u>\$ 47,748,255</u>	<u>\$ 49,475,245</u>	<u>\$ 1,726,990</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 191,925	\$ 210,397	\$ 210,369	\$ 28
General and financial administration:				
County administrator	\$ 549,633	\$ 556,103	\$ 545,346	\$ 10,757
County attorney	281,452	281,452	275,011	6,441
Commissioner of revenue	641,231	650,284	636,396	13,888
Reassessment	150,000	503,116	503,116	-
Treasurer	435,502	435,502	429,516	5,986
Finance and purchasing	271,709	278,543	276,032	2,511
Total general and financial administration	<u>\$ 2,329,527</u>	<u>\$ 2,705,000</u>	<u>\$ 2,665,417</u>	<u>\$ 39,583</u>
Board of elections:				
Electoral board and officials	\$ 235,609	\$ 235,609	\$ 147,959	\$ 87,650
Total board of elections	<u>\$ 235,609</u>	<u>\$ 235,609</u>	<u>\$ 147,959</u>	<u>\$ 87,650</u>
Total general government administration	<u>\$ 2,757,061</u>	<u>\$ 3,151,006</u>	<u>\$ 3,023,745</u>	<u>\$ 127,261</u>
Judicial administration:				
Courts:				
Circuit court	\$ 59,200	\$ 59,200	\$ 33,326	\$ 25,874
General district court	9,645	10,005	10,193	(188)
Special magistrates	6,250	6,250	5,033	1,217
Clerk of the circuit court	482,835	511,456	451,251	60,205
Juvenile and domestic relations court	19,000	19,000	15,421	3,579
Sheriff - courts	280,611	279,454	232,536	46,918
Law library	24,000	24,000	9,682	14,318
Total courts	<u>\$ 881,541</u>	<u>\$ 909,365</u>	<u>\$ 757,442</u>	<u>\$ 151,923</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 641,772	\$ 641,772	\$ 629,580	\$ 12,192
Total commonwealth's attorney	<u>\$ 641,772</u>	<u>\$ 641,772</u>	<u>\$ 629,580</u>	<u>\$ 12,192</u>
Total judicial administration	<u>\$ 1,523,313</u>	<u>\$ 1,551,137</u>	<u>\$ 1,387,022</u>	<u>\$ 164,115</u>
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	\$ 3,580,062	\$ 3,855,066	\$ 3,867,495	\$ (12,429)
Work release program	293,857	273,857	262,752	11,105
E - 911 system	445,646	529,996	524,434	5,562
Total law enforcement and emergency services	<u>\$ 4,319,565</u>	<u>\$ 4,658,919</u>	<u>\$ 4,654,681</u>	<u>\$ 4,238</u>
Fire and rescue services:				
Cost recovery fees	\$ 48,250	\$ 44,032	\$ 44,032	-
Cost recovery reimbursement to fire companies	100,000	112,289	112,289	-
Contributions to fire and rescue squads	894,152	844,591	844,591	-
Total fire and rescue services	<u>\$ 1,042,402</u>	<u>\$ 1,000,912</u>	<u>\$ 1,000,912</u>	<u>\$ -</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 1,872,037	\$ 1,831,971	\$ 1,827,603	\$ 4,368
Probation office	55,921	55,921	46,766	9,155
Total correction and detention	<u>\$ 1,927,958</u>	<u>\$ 1,887,892</u>	<u>\$ 1,874,369</u>	<u>\$ 13,523</u>
Inspections:				
Building	\$ 420,899	\$ 418,877	\$ 418,223	\$ 654
Total inspections	<u>\$ 420,899</u>	<u>\$ 418,877</u>	<u>\$ 418,223</u>	<u>\$ 654</u>
Other protection:				
Animal control	\$ 408,890	\$ 484,097	\$ 475,352	\$ 8,745
Medical examiner	280	280	420	(140)
Emergency services	1,493,965	1,735,941	1,735,941	-
Total other protection	<u>\$ 1,903,135</u>	<u>\$ 2,220,318</u>	<u>\$ 2,211,713</u>	<u>\$ 8,605</u>
Total public safety	<u>\$ 9,613,959</u>	<u>\$ 10,186,918</u>	<u>\$ 10,159,898</u>	<u>\$ 27,020</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets and highways	\$ 21,000	\$ 18,499	\$ 18,499	-
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 21,000</u>	<u>\$ 18,499</u>	<u>\$ 18,499</u>	<u>-</u>
Sanitation and waste removal:				
Refuse collection	\$ 697,059	\$ 738,429	\$ 738,429	-
Refuse disposal	2,135,371	1,959,716	1,789,709	170,007
Total sanitation and waste removal	<u>\$ 2,832,430</u>	<u>\$ 2,698,145</u>	<u>\$ 2,528,138</u>	<u>\$ 170,007</u>
Maintenance of general buildings and grounds:				
General properties	\$ 419,828	\$ 451,523	\$ 513,990	\$ (62,467)
Total maintenance of general buildings and grounds	<u>\$ 419,828</u>	<u>\$ 451,523</u>	<u>\$ 513,990</u>	<u>\$ (62,467)</u>
Total public works	<u>\$ 3,273,258</u>	<u>\$ 3,168,167</u>	<u>\$ 3,060,627</u>	<u>\$ 107,540</u>
Health and welfare:				
Health:				
Local health department	\$ 289,750	\$ 289,750	\$ 289,750	-
Total health	<u>\$ 289,750</u>	<u>\$ 289,750</u>	<u>\$ 289,750</u>	<u>-</u>
Mental health and mental retardation:				
Northwestern community services	\$ 250,000	\$ 250,000	\$ 250,000	-
Warren association for retarded citizens	2,375	2,375	2,375	-
Total mental health and mental retardation	<u>\$ 252,375</u>	<u>\$ 252,375</u>	<u>\$ 252,375</u>	<u>-</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 4,619,733	\$ 4,619,733	\$ 3,721,665	\$ 898,068
Shenandoah area agency on aging	38,000	38,000	38,000	-
Warren county council on domestic violence	18,050	18,050	18,050	-
Other social services	39,834	39,834	43,534	(3,700)
Property tax relief for the elderly and handicapped	-	-	286,487	(286,487)
Comprehensive Services Act	2,467,225	2,407,224	2,038,703	368,521
Total welfare	<u>\$ 7,182,842</u>	<u>\$ 7,122,841</u>	<u>\$ 6,146,439</u>	<u>\$ 976,402</u>
Total health and welfare	<u>\$ 7,724,967</u>	<u>\$ 7,664,966</u>	<u>\$ 6,688,564</u>	<u>\$ 976,402</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 20,670,569	\$ 20,890,208	\$ 20,651,781	\$ 238,427
Contributions to community college	36,182	36,182	36,182	-
Total education	<u>\$ 20,706,751</u>	<u>\$ 20,926,390</u>	<u>\$ 20,687,963</u>	<u>\$ 238,427</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	\$ 1,553,006	\$ 1,744,004	\$ 1,770,088	\$ (26,084)
Golf club operations	268,614	295,261	314,492	(19,231)
Total parks and recreation	<u>\$ 1,821,620</u>	<u>\$ 2,039,265</u>	<u>\$ 2,084,580</u>	<u>\$ (45,315)</u>
Cultural enrichment:				
Browntown community center	\$ 1,900	\$ 1,900	\$ 1,900	-
Blue ridge arts council	5,000	10,000	10,000	-
Heritage society	4,750	4,750	4,750	-
4-H contribution - barn	-	25,000	25,000	-
4-H center	2,375	2,375	2,375	-
Total cultural enrichment	<u>\$ 14,025</u>	<u>\$ 44,025</u>	<u>\$ 44,025</u>	<u>\$ -</u>
Library:				
Library administration	\$ 650,950	\$ 650,950	\$ 650,950	-
Total library	<u>\$ 650,950</u>	<u>\$ 650,950</u>	<u>\$ 650,950</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 2,486,595</u>	<u>\$ 2,734,240</u>	<u>\$ 2,779,555</u>	<u>\$ (45,315)</u>
Community development:				
Planning and community development:				
Planning and zoning administration	\$ 377,216	\$ 357,216	\$ 344,509	\$ 12,707
Enterprise zone grant	1,146,838	156,065	156,065	-
Industrial development authority	78,457	116,247	116,247	-
Winchester regional airport authority	4,750	4,750	4,750	-
Other contributions	500	500	550	(50)
Total planning and community development	<u>\$ 1,607,761</u>	<u>\$ 634,778</u>	<u>\$ 622,121</u>	<u>\$ 12,657</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water conservation district	\$ 9,500	\$ 9,500	\$ 9,500	\$ -
Abandoned vehicle program	20,000	20,000	1,935	18,065
Gypsy moth program	21,080	16,080	1,776	14,304
Total environmental management	<u>\$ 50,580</u>	<u>\$ 45,580</u>	<u>\$ 13,211</u>	<u>\$ 32,369</u>
Airport:				
Air show	\$ -	\$ 10,618	\$ 26,862	\$ (16,244)
Airport Commission operations	53,554	51,820	51,519	301
Total airport	<u>\$ 53,554</u>	<u>\$ 62,438</u>	<u>\$ 78,381</u>	<u>\$ (15,943)</u>
Cooperative extension program:				
VPI extension service	\$ 93,551	\$ 95,409	\$ 68,121	\$ 27,288
Total cooperative extension program	<u>\$ 93,551</u>	<u>\$ 95,409</u>	<u>\$ 68,121</u>	<u>\$ 27,288</u>
Total community development	<u>\$ 1,805,446</u>	<u>\$ 838,205</u>	<u>\$ 781,834</u>	<u>\$ 56,371</u>
Nondepartmental:				
Retiree medical, workers compensation and unemployment insurance	\$ 77,956	\$ 81,774	\$ 81,774	\$ -
Warren Co 175th Anniversary	-	10,615	10,615	-
Central equipment and maintenance	98,500	104,947	104,947	-
Other nondepartmental	184,327	756	-	756
Total nondepartmental	<u>\$ 360,783</u>	<u>\$ 198,092</u>	<u>\$ 197,336</u>	<u>\$ 756</u>
Capital projects:				
Courthouse renovations	\$ -	\$ -	\$ 105	\$ (105)
Economic development	129,827	129,827	147,084	(17,257)
Juvenile detention center improvements	283,739	283,739	281,649	2,090
340/522 water and sewer project	272,148	272,148	272,148	-
Soccer fields	25,000	87,646	90,611	(2,965)
Fishnet property purchase	200,000	55,000	54,948	52
Public safety building	526,954	4,833,670	4,833,670	-
Capital contribution to Samuels Public Library	-	42,092	44,750	(2,658)
Purchase of Samuels Library	-	231,372	550,000	(318,628)
Bing crosby stadium renovations	25,000	18,293	15,587	2,706
Route 522 beautification project	-	13,425	13,425	-
Eagles Landing road project	-	-	236	(236)
Airport capital projects	199,734	485,376	356,086	129,290
Eastham Park	25,000	29,703	29,697	6
Skatepark	-	-	20,992	(20,992)
Eastham property purchase	-	-	780	(780)
Vehicles and equipment	-	200,922	228,887	(27,965)
Other capital projects	757,035	1,045,646	1,205,208	(159,562)
Total capital projects	<u>\$ 2,444,437</u>	<u>\$ 7,728,859</u>	<u>\$ 8,145,863</u>	<u>\$ (417,004)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 4,491,058	\$ 4,490,955	\$ 4,490,955	\$ -
Interest and other fiscal charges	757,795	5,201,063	5,231,529	(30,466)
Total debt service	<u>\$ 5,248,853</u>	<u>\$ 9,692,018</u>	<u>\$ 9,722,484</u>	<u>\$ (30,466)</u>
Total General Fund	<u>\$ 57,945,423</u>	<u>\$ 67,839,998</u>	<u>\$ 66,634,891</u>	<u>\$ 1,205,107</u>
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety				
Other protection				
Drug forfeiture	\$ -	\$ -	\$ 33,089	\$ (33,089)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,089</u>	<u>\$ (33,089)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,089</u>	<u>\$ (33,089)</u>
Total Drug Forfeiture Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,089</u>	<u>\$ (33,089)</u>
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 2,256,765	\$ 2,439,452	\$ 1,066,974	\$ 1,372,478
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 2,256,765</u>	<u>\$ 2,439,452</u>	<u>\$ 1,066,974</u>	<u>\$ 1,372,478</u>
Total public works	<u>\$ 2,256,765</u>	<u>\$ 2,439,452</u>	<u>\$ 1,066,974</u>	<u>\$ 1,372,478</u>
Total Sanitary District Fund	<u>\$ 2,256,765</u>	<u>\$ 2,439,452</u>	<u>\$ 1,066,974</u>	<u>\$ 1,372,478</u>
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	\$ -	\$ -	\$ 5,391,839	\$ (5,391,839)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,391,839</u>	<u>\$ (5,391,839)</u>
Total School Bond Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,391,839</u>	<u>\$ (5,391,839)</u>
Total Primary Government	<u>\$ 60,202,188</u>	<u>\$ 70,279,450</u>	<u>\$ 73,126,793</u>	<u>\$ (2,847,343)</u>
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 32,636,146	\$ 33,829,993	\$ 33,346,340	\$ 483,653
Administration, attendance and health	1,730,407	1,712,859	1,664,655	48,204
Pupil transportation	2,231,635	2,507,147	2,429,806	77,341
Operation and maintenance	5,713,561	5,791,765	5,855,682	(63,917)
Technology	1,709,389	1,888,840	1,862,644	26,196
Total education	<u>\$ 44,021,138</u>	<u>\$ 45,730,604</u>	<u>\$ 45,159,127</u>	<u>\$ 571,477</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 1,334,595	\$ 1,334,595	\$ 1,334,595	\$ -
Interest and other fiscal charges	299,176	299,176	299,176	-
Total debt service	<u>\$ 1,633,771</u>	<u>\$ 1,633,771</u>	<u>\$ 1,633,771</u>	<u>\$ -</u>
 Total School Fund	 <u>\$ 45,654,909</u>	 <u>\$ 47,364,375</u>	 <u>\$ 46,792,898</u>	 <u>\$ 571,477</u>
 Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ -	\$ -	\$ 2,475,092	\$ (2,475,092)
Total school food services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,475,092</u>	<u>\$ (2,475,092)</u>
 Total education	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,475,092</u>	 <u>\$ (2,475,092)</u>
 Total Cafeteria Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,475,092</u>	 <u>\$ (2,475,092)</u>
 Vocational Building Fund:				
Education:				
Vocational building	\$ -	\$ -	\$ 9,589	\$ (9,589)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,589</u>	<u>\$ (9,589)</u>
 Total Vocational Building Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 9,589</u>	 <u>\$ (9,589)</u>
 School Textbook Fund:				
Education:				
Textbook expenditures	\$ -	\$ 56,057	\$ 56,057	\$ -
Total education	<u>\$ -</u>	<u>\$ 56,057</u>	<u>\$ 56,057</u>	<u>\$ -</u>
 Total School Textbook Fund	 <u>\$ -</u>	 <u>\$ 56,057</u>	 <u>\$ 56,057</u>	 <u>\$ -</u>
 School Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	\$ -	\$ -	\$ 86,405	\$ (86,405)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,405</u>	<u>\$ (86,405)</u>
 Total School Capital Improvements Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 86,405</u>	 <u>\$ (86,405)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 45,654,909</u>	 <u>\$ 47,420,432</u>	 <u>\$ 49,420,041</u>	 <u>\$ (1,999,609)</u>

Other Statistical Information

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11 - 12

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

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

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COUNTY OF WARREN, VIRGINIA

Table 1

Net Assets by Component

Last Nine Fiscal Years

(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 9,634,395	\$ 10,216,305	\$ 17,397,255	\$ 18,877,770	\$ 22,451,670	\$ 23,611,594	\$ 23,980,653	\$ 28,433,137	\$ 33,051,889
Restricted	-	220,968	99,200	166,400	401,600	530,100	671,806	404,906	404,906
Unrestricted	15,768,398	19,050,328	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162
Total governmental activities net assets	\$ 25,402,793	\$ 29,487,601	\$ 37,007,928	\$ 45,393,713	\$ 54,630,374	\$ 52,329,427	\$ 52,959,076	\$ 72,103,882	\$ 76,082,957
Primary government									
Invested in capital assets, net of related debt	\$ 9,634,395	\$ 10,216,305	\$ 17,397,255	\$ 18,877,770	\$ 22,451,670	\$ 23,611,594	\$ 23,980,653	\$ 28,433,137	\$ 33,051,889
Restricted	-	220,968	99,200	166,400	401,600	530,100	671,806	404,906	404,906
Unrestricted	15,768,398	19,050,328	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162
Total primary government net assets	\$ 25,402,793	\$ 29,487,601	\$ 37,007,928	\$ 45,393,713	\$ 54,630,374	\$ 52,329,427	\$ 52,959,076	\$ 72,103,882	\$ 76,082,957

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 2,050,910	\$ 1,923,215	\$ 2,466,844	\$ 2,673,036	\$ 2,911,298	\$ 2,902,924	\$ 3,215,515	\$ 3,151,069	\$ 3,911,301
Judicial administration	671,845	928,883	1,009,922	1,082,540	1,339,218	1,551,450	1,349,421	1,422,107	1,377,697
Public safety	6,658,608	6,578,525	7,874,128	9,213,506	9,838,477	10,932,498	11,053,220	11,282,726	11,302,344
Public works	3,553,360	3,642,059	4,076,368	4,411,167	4,922,261	4,874,698	4,578,357	4,742,144	5,226,893
Health and welfare	5,590,815	5,903,567	6,379,449	6,890,563	7,161,649	7,904,706	7,814,495	7,701,920	7,072,800
Education	12,988,537	15,089,710	13,087,605	14,711,826	15,430,281	21,134,088	19,282,393	19,142,956	20,702,750
Parks, recreation and cultural	1,188,136	1,504,339	1,976,434	2,036,104	4,539,947	4,588,560	4,339,242	2,755,644	3,681,010
Community development	933,772	997,256	1,496,777	1,202,645	1,105,175	1,305,378	1,258,578	1,194,165	1,200,522
Non-departmental	188,581	204,876	102,283	132,142	122,559	123,071	123,990	139,412	136,821
Unallocated depreciation expense	47,574	47,574	-	-	-	-	-	-	-
Interest on long-term debt	1,127,551	1,029,468	3,689,200	4,759,007	4,631,534	4,426,329	5,329,882	5,407,080	5,535,466
Total governmental activities expenses	\$ 34,999,689	\$ 37,849,472	\$ 42,159,010	\$ 47,112,536	\$ 52,002,399	\$ 59,743,702	\$ 58,345,093	\$ 56,939,223	\$ 60,147,604
Total primary government expenses	\$ 34,999,689	\$ 37,849,472	\$ 42,159,010	\$ 47,112,536	\$ 52,002,399	\$ 59,743,702	\$ 58,345,093	\$ 56,939,223	\$ 60,147,604
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 94,173	\$ 164,271	\$ 204,773	\$ 231,981	\$ 460,606	\$ 365,131	\$ 401,650	\$ 459,098	\$ 489,180
Judicial administration	119,980	167,043	273,236	333,535	437,513	413,847	364,648	363,139	375,716
Public safety	703,139	628,397	1,007,107	1,053,699	1,691,282	1,986,541	1,924,180	1,901,618	1,919,051
Public works	375,427	672,582	1,192,016	1,398,722	1,172,961	1,481,020	1,123,668	1,068,864	951,891
Health and welfare	-	-	50,994	25,021	28,536	38,141	269,513	278,137	250,371
Parks, recreation and cultural	166,414	150,374	149,192	337,190	504,600	512,869	525,998	534,070	549,381
Community development	94,202	76,372	86,365	192,265	240,698	209,791	179,738	179,771	213,341
Operating grants and contributions	7,225,184	7,912,853	8,135,771	9,356,103	9,614,388	9,725,186	9,620,915	8,915,568	8,784,738
Capital grants and contributions	653,926	376,952	40,369	544,210	1,315,675	1,714,549	187,969	234,304	630,340
Total governmental activities program revenues	\$ 9,432,445	\$ 10,148,844	\$ 11,139,823	\$ 13,472,726	\$ 15,466,259	\$ 16,447,075	\$ 14,598,279	\$ 13,934,569	\$ 14,164,009
Total primary government program revenues	\$ 9,432,445	\$ 10,148,844	\$ 11,139,823	\$ 13,472,726	\$ 15,466,259	\$ 16,447,075	\$ 14,598,279	\$ 13,934,569	\$ 14,164,009
Net (expense) / revenue									
Governmental activities	\$ (25,567,244)	\$ (27,700,628)	\$ (31,019,187)	\$ (33,639,810)	\$ (36,536,140)	\$ (43,296,627)	\$ (43,746,814)	\$ (43,004,654)	\$ (45,983,595)
Total primary government net expense	\$ (25,567,244)	\$ (27,700,628)	\$ (31,019,187)	\$ (33,639,810)	\$ (36,536,140)	\$ (43,296,627)	\$ (43,746,814)	\$ (43,004,654)	\$ (45,983,595)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 19,799,028	\$ 21,362,306	\$ 23,673,512	\$ 25,646,664	\$ 27,823,493	\$ 30,282,018	\$ 30,117,767	\$ 49,583,450	\$ 33,922,048
Local sales and use taxes	1,733,547	1,957,375	2,190,929	2,262,675	2,364,724	2,692,913	2,837,283	2,838,297	2,931,450
Taxes on recordation and wills	399,972	543,441	1,133,365	1,127,774	897,902	613,479	450,074	486,031	418,073
Communication taxes	-	-	-	-	438,269	1,022,051	928,624	-	-
Consumer utility taxes	1,008,958	974,898	1,034,003	1,070,406	854,830	666,366	681,492	670,372	683,604
Business licenses taxes	866,362	1,013,569	1,207,130	1,269,066	1,354,944	1,193,715	1,017,697	749,297	569,485
Meals tax (1)	-	-	-	-	-	-	628,516	667,916	690,672
Other local taxes	914,800	987,114	1,181,462	1,117,208	934,988	1,075,012	908,094	624,143	775,901
Unrestricted grants and contributions	4,061,081	4,449,359	4,520,582	5,636,350	4,803,851	4,754,973	4,541,517	5,458,531	5,312,483
Unrestricted revenues from use of money and property	144,174	162,299	1,378,994	3,065,850	6,074,437	1,518,252	1,088,900	861,058	459,208
Miscellaneous	284,533	335,075	262,875	1,383,413	225,363	349,774	1,176,499	210,365	4,199,746
Total governmental activities	\$ 29,212,455	\$ 31,785,436	\$ 36,582,852	\$ 42,579,406	\$ 45,772,801	\$ 44,168,553	\$ 44,376,463	\$ 62,149,460	\$ 49,962,670
Total primary government	\$ 29,212,455	\$ 31,785,436	\$ 36,582,852	\$ 42,579,406	\$ 45,772,801	\$ 44,168,553	\$ 44,376,463	\$ 62,149,460	\$ 49,962,670
Change in Net Assets									
Governmental activities	\$ 3,645,211	\$ 4,084,808	\$ 5,563,665	\$ 8,939,596	\$ 9,236,661	\$ 871,926	\$ 629,649	\$ 19,144,806	\$ 3,979,075
Total primary government	\$ 3,645,211	\$ 4,084,808	\$ 5,563,665	\$ 8,939,596	\$ 9,236,661	\$ 871,926	\$ 629,649	\$ 19,144,806	\$ 3,979,075

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

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"

(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.

COUNTY OF WARREN, VIRGINIA

Table 3

Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 *
General fund									
Unreserved	\$ 13,130,298	\$ 14,861,983	\$ 17,433,209	\$ 21,995,055	\$ 25,920,082	\$ 17,205,359	\$ 15,452,280	\$ 17,195,830	
Total general fund	\$ 13,130,298	\$ 14,861,983	\$ 17,433,209	\$ 21,995,055	\$ 25,920,082	\$ 17,205,359	\$ 15,452,280	\$ 17,195,830	
All other governmental funds									
Reserved	\$ -	\$ -	\$ 77,194,689	\$ 37,608,880	\$ 8,918,159	\$ 2,726,776	\$ 22,703,534	\$ 12,954,446	
Unreserved, reported in:									
Special revenue funds	272,673	433,601	442,567	327,243	363,359	126,553	26,645	(54,216)	
Capital projects funds	3,136,398	4,594,324	5,033,233	6,869,431	9,672,514	11,741,182	12,970,305	26,672,946	
Total all other governmental funds	\$ 3,409,071	\$ 5,027,925	\$ 82,670,489	\$ 44,805,554	\$ 18,954,032	\$ 14,594,511	\$ 35,700,484	\$ 39,573,176	
General fund									\$ 13,566,706
Unassigned									\$ 13,566,706
Total general fund									\$ 4,994,702
All other governmental funds									27,769,270
Restricted									195,965
Committed									32,959,937
Assigned									\$ 46,526,643
Total all other governmental funds									
Total fund balance, governmental funds									

* The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.

COUNTY OF WARREN, VIRGINIA

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
General property taxes	\$ 19,581,028	\$ 21,692,697	\$ 23,622,839	\$ 25,211,738	\$ 28,235,949	\$ 29,615,065	\$ 30,304,803	\$ 47,236,991	\$ 33,878,123
Other local taxes	4,771,486	5,432,715	6,746,889	6,847,128	6,883,177	7,263,536	7,451,780	6,036,056	6,069,186
Permits, privilege fees and regulatory licenses	878,896	860,766	1,041,773	1,094,150	917,128	648,763	508,254	506,320	555,982
Fines and forfeitures	37,775	65,231	93,745	102,119	93,529	62,110	42,395	48,014	49,216
Revenue from use of money and property	257,510	279,646	1,378,994	3,059,748	6,052,586	1,501,355	1,086,205	861,058	459,208
Charges for services	626,522	942,152	1,813,216	2,271,272	2,007,538	2,271,201	1,915,160	1,800,540	2,237,108
Miscellaneous	181,339	208,621	217,997	1,079,321	474,236	2,014,035	1,172,533	227,306	4,199,744
Recovered costs	-	-	59,825	102,821	632,889	576,439	677,069	553,957	317,422
Intergovernmental:									
Commonwealth	9,448,776	10,203,697	10,826,918	13,189,971	12,329,646	12,469,533	11,526,007	12,217,113	11,787,400
Federal	1,989,642	2,202,197	1,869,804	2,219,884	3,392,408	2,124,856	2,819,257	2,380,365	2,940,161
Total revenues	\$ 37,772,974	\$ 41,887,722	\$ 47,672,000	\$ 55,178,152	\$ 61,019,086	\$ 58,546,893	\$ 57,503,463	\$ 71,867,720	\$ 62,493,550
Expenditures									
General government administration	\$ 2,022,259	\$ 1,908,881	\$ 2,058,452	\$ 2,544,341	\$ 2,309,828	\$ 2,396,688	\$ 2,521,049	\$ 2,450,952	\$ 3,023,745
Judicial administration	608,421	811,180	959,252	1,017,171	1,127,029	1,196,882	1,152,773	1,208,840	1,387,022
Public safety	6,348,892	6,952,973	8,488,185	8,744,615	9,678,565	9,834,048	9,675,347	9,606,720	10,192,987
Public works	2,899,544	3,340,435	3,894,742	4,308,991	4,681,406	4,678,045	4,146,798	4,251,706	4,127,601
Health and welfare	5,577,382	5,870,910	6,394,223	6,691,125	7,163,028	7,448,551	7,351,875	7,280,066	6,688,564
Education	14,830,381	16,769,680	14,761,096	15,883,584	15,588,578	18,616,370	18,875,998	18,901,332	20,687,963
Parks, recreation and cultural	1,125,196	1,453,936	1,380,437	1,756,337	1,992,193	2,243,701	2,277,426	2,565,936	2,779,555
Community development	790,868	831,658	937,181	704,743	801,080	987,983	975,573	856,205	781,834
Non-departmental	181,790	204,876	102,283	114,462	389,752	475,784	172,356	182,337	197,336
Capital projects	720,375	1,143,112	15,141,486	41,729,898	34,411,243	14,279,414	8,887,092	19,454,905	13,537,702
Debt service									
Principal	225,550	449,240	684,518	1,113,143	1,149,551	1,165,548	1,525,382	3,711,768	4,490,955
Interest and other fiscal charges	239,488	234,470	1,866,039	4,060,595	4,022,879	3,813,327	4,819,350	4,964,661	5,231,529
Total expenditures	\$ 35,570,146	\$ 39,971,351	\$ 56,667,894	\$ 88,669,005	\$ 83,315,132	\$ 67,136,341	\$ 62,381,019	\$ 75,435,428	\$ 73,126,793
Excess of revenues over (under) expenditures	\$ 2,202,828	\$ 1,916,371	\$ (8,995,894)	\$ (33,490,853)	\$ (22,296,046)	\$ (8,589,448)	\$ (4,877,556)	\$ (3,567,708)	\$ (10,633,243)
Other financing sources (uses)									
Transfers in	\$ 918,250	\$ 3,402,555	\$ 4,562,108	\$ 7,761,927	\$ 6,405,058	\$ 12,639,909	\$ 6,429,432	\$ 22,414,429	\$ 15,793,316
Transfers out	(918,250)	(3,402,555)	(4,562,108)	(7,761,927)	(6,405,058)	(12,673,070)	(6,429,432)	(22,375,833)	(15,721,064)
Issuance of bonds	-	-	83,265,000	-	-	12,730,401	46,775,450	11,192,300	-
Premium on bonds issued	-	-	1,973,716	-	-	686,698	-	-	-
Discount on bonds issued	-	-	-	-	-	-	(40,000)	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	(15,000,000)	(23,000,000)	(2,450,000)	-
Issuance capital leases	129,145	1,290,942	2,530,232	226,751	284,690	304,139	495,000	403,054	318,628
Total other financing sources (uses)	\$ 129,145	\$ 1,290,942	\$ 87,768,948	\$ 226,751	\$ 284,690	\$ (1,311,923)	\$ 24,230,450	\$ 9,183,950	\$ 390,880
Net change in fund balances	\$ 2,331,973	\$ 3,207,313	\$ 78,773,054	\$ (33,264,102)	\$ (22,011,356)	\$ (9,901,371)	\$ 19,352,894	\$ 5,616,242	\$ (10,242,363)
Debt service as a percentage of noncapital expenditures	1.33%	1.76%	6.14%	11.02%	10.58%	8.06%	11.21%	11.66%	13.46%

(1) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 5

General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Government Administration				Public Safety		Public Works		Health and Welfare		Education (2)		Parks, Recreation, and Cultural		Community Development		Non-departmental		Debt Service		Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Public Safety	Public Works	Health and Welfare	Education (2)	Cultural	Community Development	Non-departmental	Debt Service	Total								
2001-02	\$ 1,915,942	\$ 549,878	\$ 5,563,344	\$ 2,728,421	\$ 5,410,981	\$ 33,798,143	\$ 1,108,592	\$ 785,672	\$ -	\$ 3,324,600	\$ 55,185,573										
2002-03	2,022,259	608,421	6,348,892	2,899,544	5,577,382	37,590,829	1,135,255	790,868	-	3,185,943	60,159,393										
2003-04	1,908,881	811,180	6,952,973	3,340,435	5,870,910	39,493,996	1,453,936	831,658	-	3,077,328	63,741,297										
2004-05	2,058,452	959,252	8,488,185	3,894,742	6,394,223	41,797,866	1,380,437	937,181	-	4,696,099	70,606,437										
2005-06	2,544,341	1,017,171	8,744,615	4,308,991	6,691,125	40,809,276	1,756,337	890,950	-	7,245,211	74,008,017										
2006-07	2,309,828	1,127,029	9,678,565	4,681,406	7,163,028	43,935,553	1,992,193	801,080	-	7,174,053	78,862,735										
2007-08	2,396,688	1,196,882	9,834,048	4,678,045	7,448,551	47,741,628	2,243,701	987,983	-	6,915,189	83,442,715										
2008-09	2,521,049	1,152,773	9,675,347	4,146,798	7,351,875	48,022,270	2,277,426	975,573	172,356	8,217,033	84,512,500										
2009-10	2,450,952	1,208,840	9,606,720	4,251,706	7,280,066	47,327,876	2,565,936	856,205	182,337	10,583,442	86,314,080										
2010-11	3,023,745	1,387,022	10,192,987	4,127,601	6,688,564	47,736,047	2,779,555	781,834	197,336	11,356,255	88,270,946										

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

(2) Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority

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

(4) Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

COUNTY OF WARREN, VIRGINIA

Table 6

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2001-02	\$ 18,809,339	\$ 4,528,743	\$ 736,059	\$ 9,608	\$ 1,248,443	\$ 1,366,301	\$ 3,084,640	\$ -	\$ 30,809,128	\$ 60,592,261
2002-03	19,581,028	4,771,486	878,896	37,775	534,705	1,613,766	3,761,843	-	32,330,545	63,510,044
2003-04	21,692,697	5,432,715	860,766	65,231	430,805	2,040,939	4,031,639	-	34,008,133	68,562,925
2004-05	23,622,839	6,746,889	1,041,773	93,745	551,501	3,005,579	3,872,864	59,825	37,275,360	76,270,375
2005-06	25,211,738	6,847,128	1,094,150	102,119	3,064,164	3,665,679	1,316,930	102,821	41,538,374	82,943,103
2006-07	28,235,949	6,883,177	917,128	93,529	6,073,046	3,328,318	818,470	632,889	44,465,619	91,448,125
2007-08	29,615,065	7,263,536	648,763	62,110	1,543,815	3,643,342	720,142	576,439	44,109,698	88,182,910
2008-09	30,304,803	7,451,780	508,254	42,395	1,086,849	3,310,229	1,577,659	677,069	43,622,251	88,581,289
2009-10	47,236,991	6,036,056	506,320	48,014	458,989	3,124,505	546,584	553,957	43,614,828	102,126,244
2010-11	33,878,123	6,069,186	555,982	49,216	424,507	3,509,824	4,452,764	17,463	42,024,470	90,981,535

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

(2) Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority

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

(4) As of fiscal year 2010 communication tax revenue is not reported in the above table beginning in fiscal year 2006.

Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 7

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Recordation and Wills Tax	Business		Meals Tax (1)	Other Local Taxes		Total
					License Tax	Communication Tax		Local Taxes	Taxes	
2003	\$ 19,799,028	\$ 1,733,547	\$ 1,008,958	\$ 399,972	\$ 866,362	\$ -	\$ -	\$ 914,800	\$ 24,722,667	
2004	21,362,306	1,957,375	974,898	543,441	1,013,569	-	-	987,114	26,838,703	
2005	23,673,512	2,190,929	1,034,003	1,133,365	1,207,130	-	-	1,181,462	30,420,401	
2006	25,646,664	2,262,675	1,070,406	1,127,774	1,269,066	-	-	1,117,208	32,493,793	
2007	27,823,493	2,364,724	854,830	897,902	1,354,944	438,269	-	1,373,257	35,107,419	
2008	30,282,018	2,692,913	666,366	613,479	1,193,715	1,022,051	-	1,021,862	37,492,404	
2009	30,117,767	2,837,283	681,492	450,074	1,017,697	928,624	628,516	908,094	37,569,547	
2010	49,583,450	2,838,297	670,372	486,031	749,297	932,498	667,916	1,110,174	57,038,035	
2011	33,922,049	2,931,450	683,604	313,489	569,485	927,882	690,672	880,485	40,919,116	

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

- (1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"
- (2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 8

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes		Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Homes						
2002	\$ 1,559,216,707	\$ 278,249,441	\$ 25,191,430	\$ 54,717,723	\$ 1,917,375,301	\$ 1,917,375,301	100.00%	
2003	1,596,978,600	296,999,756	24,535,050	52,954,863	1,971,468,269	1,971,468,269	100.00%	
2004	2,024,030,300	326,324,172	23,889,510	52,954,863	2,427,198,845	2,427,198,845	100.00%	
2005	2,296,416,720	336,831,968	20,171,800	54,718,870	2,708,139,358	2,708,139,358	100.00%	
2006	2,232,709,900	275,486,114	24,482,595	45,019,071	2,577,697,680	2,577,697,680	100.00%	
2007	2,322,050,800	413,895,353	19,761,215	37,241,703	2,792,949,071	2,792,949,071	100.00%	
2008	4,618,588,000	426,788,783	54,714,951	67,587,582	5,167,679,316	5,167,679,316	100.00%	
2009	4,737,808,700	422,529,586	54,831,030	71,830,670	5,286,999,986	5,286,999,986	100.00%	
2010	4,805,941,500	362,529,370	57,578,180	84,239,604	5,310,288,654	5,310,288,654	100.00%	
2011	4,816,929,300	336,375,506	55,042,750	83,128,930	5,291,476,486	5,291,476,486	100.00%	

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.
Fiscal Year 2010 is comprised of the 2009 calendar year assessment.
Fiscal Year 2011 is comprised of the 2010 calendar year assessment.

COUNTY OF WARREN, VIRGINIA

Table 9

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Direct Rates				
	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)	
2002	0.86	3.15	0.86	2.25	
2003	0.86	3.15	0.86	2.25	
2004	0.76	3.15	0.76	2.25	
2005	0.79	3.15	0.79	2.25	
2006	0.79	3.15	0.79	2.25	
2007	0.82	3.15	0.82	2.25	
2008	0.45	3.15	0.45	1.30	
2009	0.45	3.15	0.45	1.30	
2010	0.46/0.46	4.00/4.00	0.46/0.46	1.30/1.30	
2011	0.46/0.59	4.00/4.00	0.46/0.59	1.30/1.30	

(1) Per \$100 of assessed value

(2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.

(3) The County collects taxes semi-annually commencing fiscal year 2010.

COUNTY OF WARREN, VIRGINIA

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3,5)		Current Tax Collections (1,4,5)	Percent of Levy Collected	Delinquent Tax Collections (1)		Total Tax Collections	Outstanding Delinquent Taxes (1,2)
	Levy (1,3,5)	Tax			Delinquent Tax Collections (1)	Tax Collections		
2001-02	\$ 18,083,580	\$ 17,087,298	94.49%	\$ 793,276	\$ 17,880,574	\$ 812,451		
2002-03	18,640,421	17,754,546	95.25%	736,771	18,491,317	1,135,506		
2003-04	20,678,868	19,815,413	95.82%	620,023	20,435,436	783,382		
2004-05	22,942,829	21,857,551	95.27%	853,251	22,710,802	1,997,402		
2005-06	29,431,720	29,247,722	99.37%	536,451	29,784,173	1,883,337		
2006-07	32,091,748	31,437,990	97.96%	776,957	32,214,947	2,847,490		
2007-08	34,384,133	33,113,731	96.31%	620,850	33,734,581	2,920,549		
2008-09	35,112,209	33,368,512	95.03%	924,484	34,292,996	3,127,406		
2009-10	55,429,700	50,060,893	90.31%	771,805	50,832,698	5,265,055		
2010-11	37,294,301	35,493,841	95.17%	1,883,653	37,377,494	4,891,577		

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years plus current tax year.

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

(4) Includes personal property tax relief from the Commonwealth of Virginia.

(5) In fiscal year 2010 the County implemented semi-annual tax billings - tax levy includes calendar year 2009 and first half of 2010 assessment - tax collections includes personal property tax relief for calendar year 2009 only.

COUNTY OF WARREN, VIRGINIA

Table 11

Ratios of Outstanding Debt by Type
Last Nine Fiscal Years

Fiscal Years	Governmental Activities										Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds		Lease Revenue Bonds		Literary Fund Loans		Other Notes/Bonds		Capital Leases				
2003	\$ 20,635,130	\$ -	\$ -	\$ 20,054	\$ 141,641	\$ -	\$ 20,054	\$ 141,641	\$ -	\$ 20,796,825	2.26%	614	
2004	19,308,772	-	-	14,847	1,133,550	-	14,847	1,133,550	-	20,457,169	2.05%	593	
2005	17,919,015	83,265,000	-	55,476	3,093,633	-	55,476	3,093,633	-	104,333,124	9.48%	2,934	
2006	16,522,681	83,265,000	-	25,677	2,397,040	-	25,677	2,397,040	-	102,210,398	8.52%	2,784	
2007	15,114,663	83,265,000	-	584,846	1,753,666	-	584,846	1,753,666	-	100,718,175	9.15%	2,743	
2008	26,429,273	68,265,000	-	560,780	1,091,323	-	560,780	1,091,323	-	96,346,376	8.03%	2,624	
2009	24,468,064	92,040,450	-	535,424	805,767	-	535,424	805,767	-	117,849,705	9.38%	3,214	
2010	31,207,549	89,592,428	-	510,067	729,453	-	510,067	729,453	-	122,039,497	8.60%	3,324	
2011	28,075,211	87,320,985	-	482,652	742,336	-	482,652	742,336	-	116,621,184	8.22%	3,115	

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

Amounts in table do not include premiums or discounts

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

COUNTY OF WARREN, VIRGINIA

Table 12

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation		Net Bonded Debt per Capita (1)
			Debt to Assessed Value (2)	Debt to Assessed Value (2)	
2002	\$ 22,027,054	\$ 22,027,054	1.15%	\$	666
2003	20,635,130	20,635,130	1.05%		610
2004	19,308,773	19,308,773	0.80%		560
2005	101,184,015	101,184,015	3.74%		2,846
2006	99,787,681	99,787,681	3.87%		2,718
2007	98,379,663	98,379,663	3.52%		2,767
2008	94,694,273	94,694,273	1.83%		2,579
2009	116,508,514	116,508,514	2.20%		3,178
2010	120,799,977	120,799,977	2.27%		3,290
2011	115,396,196	115,396,196	2.18%		3,082

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

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 8

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

COUNTY OF WARREN, VIRGINIA

Table 13

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	33,051	878,076	26,567	38	5,104	3.90%
2003	33,844	918,957	27,153	38	5,159	3.90%
2004	34,494	1,000,185	28,996	38	5,213	3.20%
2005	35,556	1,100,204	30,942	38	5,268	2.90%
2006	36,717	1,199,222	32,661	38	5,317	2.80%
2007	36,717	1,199,222	32,661	38	5,332	3.10%
2008	36,717	1,199,222	32,661	38	5,301	4.20%
2009	36,663	1,256,292	34,650	38	5,317	6.60%
2010	36,713	1,419,574	37,917	39	5,368	6.61%
2011	37,439	1,419,574	37,917	39	5,318	6.20%

Source: Weidon Cooper Center, Annual school report - prepared by the County, www.fedstats.gov.
 The census data (excluding school enrollment, median age and unemployment rate) is not updated annually. The 2011 data was not available. The 2010 figures were used as an estimate.

COUNTY OF WARREN, VIRGINIA

Table 14

Principal Employers Current Year	2011
Employer	Employees
Warren County School Board	1,000
Valley Health System	830
Family Dollar Services	530
Baugh Northeast, Inc.	500
E.I. DuPont De Nemours Company	435
Ferguson Enterprises, Inc.	400
Interbake Foods	350
County of Warren	280
Totals	4,325

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of the Board of Supervisors
County of Warren, Virginia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Warren, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Warren, Virginia's basic financial statements and have issued our report thereon dated November 30, 2011. We did not audit the financial statements of the Industrial Development Authority. Those statements were audited by other auditors who report has been furnished to us, and our opinion on the financial statements and this report on internal controls, compliance and other matters insofar as they relate to the Industrial Development Authority are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered County of Warren, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Warren, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Warren, Virginia's internal control over financial reporting. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Warren, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2011

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of the Board of Supervisors
County of Warren, Virginia

Compliance

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

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

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

Internal Control Over Compliance

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

Internal Control Over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2011

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950110/0950111	\$ 16,315
Temporary assistance for needy families	93.558	0400110/0400111	276,246
Refugee and entrant assistance - state administered programs	93.566	0500110/0500111	636
Low income home energy assistance	93.568	0600410/0600411	12,232
Child care and development fund cluster:			
Child care mandatory and matching funds of the child care development block grant	93.575	0770110/0770111	158,154
Child care development fund	93.596	0760110/0760111	151,756
Stephanie Tubbs Jones child welfare services program	93.645	0900110/0900111	1,333
ARRA - Child care and development block grant	93.713	0740110/0780110	21,009
Children's health insurance program	93.767	0540110/0540111	9,137
Foster care - Title IV-E	93.658	1100110/1100111	253,937
ARRA - Foster care - Title IV-E	93.658	1100110/1100111	11,272
Subtotal CFDA 93.658			<u>\$ 265,209</u>
Adoption assistance	93.659	1120110/1120111	164,733
ARRA - Adoption assistance	93.659	1120110/1120111	11,082
Subtotal CFDA 93.659			<u>\$ 175,815</u>
Social services block grant	93.667	1000110/1000111	191,539
Chafee education and training vouchers program	93.599	9160109/9160110	6,180
Chafee foster care independence program	93.674	9150110/9150111	8,429
Medical assistance program	93.778	1200110/1200111	175,396
Total Dept. Health & Human Services-pass through			<u>\$ 1,469,386</u>
Total Department Health and Human Services			<u>\$ 1,469,386</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food distribution - Summer food service program	10.559	10.559/2011/2010	\$ 1,270
Food distribution - National school lunch program	10.555	10.555/2011/2010	161,336
Department of Education:			
National school lunch program	10.555	10.555/2011/2010	763,226
Subtotal CFDA 10.555			<u>\$ 924,562</u>
Department of Education:			
Child nutrition cluster:			
National school breakfast program	10.553	10.553/2011/2010	199,708
Schools and roads - Grants to states	10.665	10.665	1,642
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	00101110/0040110/0040111	283,987
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	00101110/0040110/0040111	24,798
Subtotal CFDA 10.561			<u>\$ 308,785</u>
Total Department of Agriculture - pass-through payments			<u>\$ 1,435,967</u>
Total Department of Agriculture			<u>\$ 1,435,967</u>
Department of Housing and Urban Development:			
Direct payments:			
Economic development initiative - special project neighborhood initiative	14.251		\$ 445,500
Total Department of Housing and Urban Development			<u>\$ 445,500</u>

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Edward Byrne memorial justice assistance act grant program	16.738		\$ 63,771
Bulletproof vest partnership program	16.607		6,295
Edward Byrne memorial state and local law enforcement assistance	16.580		<u>25,669</u>
Total Department of Justice - direct payments			<u>\$ 95,735</u>
Total Department of Justice			<u>\$ 95,735</u>
National Foundation on the Arts and the Humanities			
Pass Through Payments:			
The Library of Virginia:			
E-Rate of Virginia	45.310	N/A	<u>\$ 93,214</u>
Total National Foundation on the Arts and the Humanities			<u>\$ 93,214</u>
Department of Transportation:			
Direct Payments:			
Airport improvement program	20.106		\$ 62,396
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety	20.600	SC2009593703673	<u>16,953</u>
Total Department of Transportation			<u>\$ 79,349</u>
Department of Homeland Security:			
Direct Payments:			
Assistance to firefighters grant	97.044		\$ 109,118
State homeland security grant program	97.073		<u>302,000</u>
Total Department of Homeland Security			<u>\$ 411,118</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
State fiscal stabilization fund - education state grants, recovery act	84.394	S394A090047	\$ 1,185,381
Title I, Part A cluster:			
Title I: Grants to local educational agencies	84.010	S010A100046	654,900
ARRA - Title I: Grants to local educational agencies	84.389	S389A090046	228,726
ARRA - School improvement grants	84.377	S377A080047	66,317
Special education cluster:			
Title VI-B: Special education grants to states	84.027	H027A100107	1,087,450
ARRA - Title VI-B: Special education grants to states	84.391	H391A090107	654,447
Title VI-B: Special education preschool grants	84.173	H173A100112	21,696
ARRA - Title VI-B: Special education preschool grants	84.392	H392A090112	30,149
Career and technical education: Basic grants to states	84.048	V048A100046	83,739
Safe and drug-free schools and communities	84.186	Q186A090048	11,139
English language acquisition grants	84.365	T365A090046	11,447
Title II, part D: Education technology state grant	84.318	S318X100046	6,758
Title II, part A: Improving teacher quality state grants	84.367	S367A100044	<u>143,989</u>
Total Department of Education			<u>\$ 4,186,138</u>
Total Expenditures of Federal Awards			<u><u>\$ 8,216,407</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WARREN, VIRGINIA

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General fund	\$	2,940,161
Less: Build America Bond interest subsidy		(80,903)
Total primary government	\$	<u>2,859,258</u>

Component Unit - Warren County Public Schools:

School operating fund	\$	5,406,534
Total component unit public schools	\$	<u>5,406,534</u>

Less amounts not reported on the Schedule of Expenditures of Federal Awards:

Department of the Interior - Payments in lieu of taxes	15.226	\$	<u>(49,385)</u>
Total federal expenditures per basic financial statements		\$	<u>8,216,407</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 8,216,407

COUNTY OF WARREN, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
	Special Education Cluster:
84.027	Title VI-B, Special education state grant
84.391	ARRA - Title VI-B: Special education preschool grants
84.173	Title VI-B, Special education preschool grant
84.392	ARRA - Title VI-B: Special education preschool grants
84.394	State fiscal stabilization fund - education state grants, recovery act
97.073	State homeland security grant
	Child Care and Development Fund Cluster:
93.575	Child care mandatory and matching funds of the child care development block grant
93.596	Child care development fund
93.713	ARRA - Child care and development block grant
93.658	Foster care - Title IV-E
93.658	ARRA - Foster care - Title IV-E
14.251	Economic development initiative-special project neighborhood initiative and misc. grant
	Title I, Part A Cluster:
84.010	Title I: Grants to local educational agencies
84.389	ARRA - Title I: Grants to local educational agencies

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None