

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

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

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INTRODUCTORY SECTION

COUNTY OF WYTHE, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

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

OTHER OFFICIALS

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF WYTHE, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the County of Wythe, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Wythe, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the County of Wythe, Virginia, as of June 30, 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 Wythe, Virginia adopted the provision of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of the County of Wythe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the 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 operations, economic, or historical context. We have applied certain limited procedures to the 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

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

Robinson, Farmer, Cox Associates

Christiansburg, Virginia
December 27, 2011

Basic Financial Statements

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 36,526,489	\$ 7,752,665	\$ 44,279,154	\$ 2,869,717
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,003,467	-	1,003,467	-
Other local taxes	203,804	-	203,804	-
Accounts receivable	75,994	439,663	515,657	140,443
Due from component unit	1,486,886	-	1,486,886	-
Due from other governmental units	1,568,634	6,186,395	7,755,029	1,546,035
Inventories	-	-	-	45,481
Prepaid expenses	-	-	-	230,942
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	8,561,343	694,547	9,255,890	-
Other assets:				
Unamortized bond issue costs	86,566	118,662	205,228	-
Capital assets (net of accumulated depreciation):				
Land	2,742,336	218,005	2,960,341	708,696
Buildings and system	32,344,623	-	32,344,623	12,287,912
Machinery and equipment	2,537,492	4,290	2,541,782	3,172,238
Infrastructure	2,483,747	29,959,441	32,443,188	-
Construction in progress	7,820,814	2,851,183	10,671,997	-
Total assets	<u>97,442,195</u>	<u>48,224,851</u>	<u>145,667,046</u>	<u>21,001,464</u>
LIABILITIES				
Accounts payable	1,262,857	205,142	1,467,999	218,001
Salaries payable	-	-	-	2,643,510
Customers' deposits	-	61,588	61,588	-
Accrued interest payable	433,787	63,037	496,824	-
Due to primary government	-	-	-	1,486,886
Deferred revenue	107,517	-	107,517	-
Deposits held in escrow	16,000	-	16,000	-
Long-term liabilities:				
Due within one year	7,073,125	705,544	7,778,669	413,345
Due in more than one year	34,823,174	21,591,535	56,414,709	608,281
Total liabilities	<u>43,716,460</u>	<u>22,626,846</u>	<u>66,343,306</u>	<u>5,370,023</u>
NET ASSETS				
Invested in capital assets, net of related debt	15,064,958	11,444,666	26,509,624	16,168,846
Restricted for:				
Law library	50,106	-	50,106	-
Property seizure	66,777	-	66,777	-
Courtroom security	362,274	-	362,274	-
Clerk's records grant	21,745	-	21,745	-
School cafeterias	-	-	-	253,279
Unrestricted (deficit)	38,159,875	14,153,339	52,313,214	(790,684)
Total net assets	<u>\$ 53,725,735</u>	<u>\$ 25,598,005</u>	<u>\$ 79,323,740</u>	<u>\$ 15,631,441</u>

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

County of Wythe, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,114,168	\$ 1,823	\$ 271,635	\$ -	\$ (840,710)	\$ -	\$ (840,710)
Judicial administration	1,113,061	10,162	865,267	-	(237,632)	-	(237,632)
Public safety	6,044,161	1,657,456	1,959,975	-	(2,426,730)	-	(2,426,730)
Public works	2,260,019	41,744	3,668	-	(2,214,607)	-	(2,214,607)
Health and welfare	6,792,651	-	5,276,774	-	(1,515,877)	-	(1,515,877)
Education	13,486,880	-	-	-	(13,486,880)	-	(13,486,880)
Parks, recreation, and cultural	501,448	55,825	40,000	-	(405,623)	-	(405,623)
Community development	340,134	-	-	3,385,000	3,044,866	-	3,044,866
Interest on long-term debt	1,491,857	-	-	-	(1,491,857)	-	(1,491,857)
Total governmental activities	\$ 33,144,378	\$ 1,767,010	\$ 8,417,319	\$ 3,385,000	\$ (19,575,049)	\$ -	\$ (19,575,049)
Business-type activities:							
Water and sewer department	\$ 3,039,478	\$ 2,973,127	\$ -	\$ 632,436	\$ -	\$ 566,085	\$ 566,085
Total primary government	\$ 36,183,856	\$ 4,740,137	\$ 8,417,319	\$ 4,017,436	\$ (19,575,049)	\$ 566,085	\$ (19,008,964)
COMPONENT UNIT:							
School Board	\$ 37,929,204	\$ 1,030,383	\$ 11,024,183	\$ 106,517	\$ -	\$ -	\$ (25,768,121)
General revenues:							
General property taxes					\$ 16,413,526	\$ -	\$ 16,413,526
Other local taxes:							
Local sales and use taxes					3,030,782	-	3,030,782
Consumers' utility taxes					761,967	-	761,967
Consumption tax					71	-	71
Communication sales and use tax					794,482	-	794,482
Motor vehicle licenses					372,885	-	372,885
Bank stock taxes					28,617	-	28,617
Taxes on recordation and wills					121,222	-	121,222
Hotel and motel room taxes					161,936	-	161,936
Restaurant food taxes					603,490	-	603,490
Unrestricted revenues from use of money and property					987,295	178,196	1,165,451
Miscellaneous					211,242	-	211,242
Payments from the County of Wythe					1,715,976	-	1,715,976
Grants and contributions not restricted to specific programs					(4,700)	4,700	-
Transfers					25,198,751	182,896	25,381,647
Total general revenues					\$ 5,623,702	\$ 748,981	\$ 6,372,683
Change in net assets					48,102,033	24,849,024	72,951,057
Net assets - beginning, as restated					53,725,735	25,598,005	79,323,740
Net assets - ending							15,631,441

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 30,543,685	\$ 5,982,804	\$ 36,526,489
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	1,003,467	-	1,003,467
Other local taxes receivable	203,804	-	203,804
Accounts receivable	75,994	-	75,994
Due from component unit	1,486,886	-	1,486,886
Due from other governmental units	1,568,634	-	1,568,634
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	8,173,083	388,260	8,561,343
Total assets	<u>43,055,553</u>	<u>6,371,064</u>	<u>49,426,617</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,226,900	-	1,226,900
Deferred revenue	1,000,208	-	1,000,208
Deposits held in escrow	16,000	-	16,000
Total liabilities	<u>2,243,108</u>	<u>-</u>	<u>2,243,108</u>
Fund balances:			
Restricted			
Law library	50,106	-	50,106
Property seizure	66,777	-	66,777
Construction projects	8,173,083	388,261	8,561,344
Courtroom security	362,274	-	362,274
Clerk's records grant	21,745	-	21,745
Committed for capital projects	-	5,982,803	5,982,803
Assigned for police activity	2,001,419	-	2,001,419
Unassigned	30,137,041	-	30,137,041
Total fund balances	<u>40,812,445</u>	<u>6,371,064</u>	<u>47,183,509</u>
Total liabilities and fund balances	<u>\$ 43,055,553</u>	<u>\$ 6,371,064</u>	<u>\$ 49,426,617</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	47,183,509
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,929,012
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. These amounts are as follows:		
Unamortized bond issuance costs		86,566
Deferred revenue		892,691
		979,257
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(42,366,043)
Net assets of governmental activities	\$	53,725,735

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 16,464,384	\$ -	\$ 16,464,384
Other local taxes	5,875,452	-	5,875,452
Permits, privilege fees, and regulatory licenses	81,452	-	81,452
Fines and forfeitures	1,347,286	-	1,347,286
Revenue from the use of money and property	770,248	217,007	987,255
Charges for services	338,272	-	338,272
Miscellaneous	211,242	-	211,242
Recovered costs	1,032,279	-	1,032,279
Intergovernmental revenues:			
Commonwealth	10,688,068	-	10,688,068
Federal	2,830,227	-	2,830,227
Total revenues	<u>39,638,910</u>	<u>217,007</u>	<u>39,855,917</u>
EXPENDITURES			
Current:			
General government administration	1,703,178	-	1,703,178
Judicial administration	1,113,471	-	1,113,471
Public safety	7,821,789	-	7,821,789
Public works	1,998,963	-	1,998,963
Health and welfare	6,905,096	-	6,905,096
Education	11,162,759	-	11,162,759
Parks, recreation, and cultural	490,075	-	490,075
Community development	321,127	-	321,127
Capital projects	5,905,947	-	5,905,947
Debt service:			
Principal retirement	1,990,809	-	1,990,809
Interest and other fiscal charges	1,549,738	-	1,549,738
Total expenditures	<u>40,962,952</u>	<u>-</u>	<u>40,962,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,324,042)</u>	<u>217,007</u>	<u>(1,107,035)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,758,491	-	2,758,491
Transfers out	(79,700)	(2,683,491)	(2,763,191)
Proceeds of general obligation bonds	7,941,280	-	7,941,280
Sale of capital assets	60,480	-	60,480
Total other financing sources (uses)	<u>10,680,551</u>	<u>(2,683,491)</u>	<u>7,997,060</u>
Net change in fund balances	9,356,509	(2,466,484)	6,890,025
Fund balances - beginning	31,455,936	8,837,548	40,293,484
Fund balances - ending	<u>\$ 40,812,445</u>	<u>\$ 6,371,064</u>	<u>\$ 47,183,509</u>

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

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

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

Net change in fund balances - total governmental funds	\$	6,890,025
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.		4,789,454
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(50,858)
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.		(6,009,095)
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.		4,176
Change in net assets of governmental activities	<u>\$</u>	<u>5,623,702</u>

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

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Unrestricted current assets:			
Cash and cash equivalents	\$ 4,018,623	\$ 3,734,042	\$ 7,752,665
Accounts receivable	157,414	282,249	439,663
Due from other governmental units	6,186,395	-	6,186,395
Total unrestricted current assets	<u>\$ 10,362,432</u>	<u>\$ 4,016,291</u>	<u>\$ 14,378,723</u>
Restricted current assets:			
Cash and cash equivalents (in custody of others)	\$ 694,547	\$ -	\$ 694,547
Total restricted current assets	<u>694,547</u>	<u>-</u>	<u>694,547</u>
Total current assets	<u>\$ 11,056,979</u>	<u>\$ 4,016,291</u>	<u>\$ 15,073,270</u>
Noncurrent assets:			
Other assets:			
Unamortized bond issue costs	-	118,662	118,662
Capital assets:			
Land	\$ 211,245	\$ 6,760	\$ 218,005
Utility plant in service	15,246,892	23,666,848	38,913,740
Machinery and equipment	119,121	30,740	149,861
Less: accumulated depreciation	(4,903,555)	(4,196,315)	(9,099,870)
Construction in progress	2,851,183	-	2,851,183
Total capital assets	<u>\$ 13,524,886</u>	<u>\$ 19,508,033</u>	<u>\$ 33,032,919</u>
Total noncurrent assets	<u>13,524,886</u>	<u>19,626,695</u>	<u>33,151,581</u>
Total assets	<u>\$ 24,581,865</u>	<u>\$ 23,642,986</u>	<u>\$ 48,224,851</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 203,073	\$ 2,069	\$ 205,142
Customers' deposits	47,063	14,525	61,588
Accrued interest payable	46,987	16,050	63,037
Compensated absences - current portion	7,701	3,008	10,709
Bonds payable - current portion	331,933	362,902	694,835
Total current liabilities	<u>\$ 636,757</u>	<u>\$ 398,554</u>	<u>\$ 1,035,311</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 11,186,740	\$ 10,401,225	\$ 21,587,965
Compensated absences	2,567	1,003	3,570
Total noncurrent liabilities	<u>11,189,307</u>	<u>10,402,228</u>	<u>21,591,535</u>
Total liabilities	<u>\$ 11,826,064</u>	<u>\$ 10,800,782</u>	<u>\$ 22,626,846</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,700,760	\$ 8,743,906	\$ 11,444,666
Unrestricted	\$ 10,055,041	\$ 4,098,298	\$ 14,153,339
Total net assets	<u>\$ 12,755,801</u>	<u>\$ 12,842,204</u>	<u>\$ 25,598,005</u>

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

County of Wythe, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds		Total
	Water Department	Sewer Department	
OPERATING REVENUES			
Charges for services:			
Water and sewer billings	\$ 1,087,257	\$ 1,885,870	\$ 2,973,127
Total operating revenues	<u>1,087,257</u>	<u>1,885,870</u>	<u>2,973,127</u>
OPERATING EXPENSES			
Personal service	190,260	83,286	273,546
Fringe benefits	75,457	55,709	131,166
Professional services	18,925	34,260	53,185
Operating expenses	222,239	194,935	417,174
Purchase of water - regional plant	547,470	-	547,470
Depreciation	291,090	593,665	884,755
Total operating expenses	<u>1,345,441</u>	<u>961,855</u>	<u>2,307,296</u>
Operating income (loss)	<u>(258,184)</u>	<u>924,015</u>	<u>665,831</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	44,732	133,464	178,196
Interest expense	(237,900)	(494,282)	(732,182)
Total nonoperating revenues (expenses)	<u>(193,168)</u>	<u>(360,818)</u>	<u>(553,986)</u>
Income before contributions and transfers	<u>(451,352)</u>	<u>563,197</u>	<u>111,845</u>
Capital contributions and construction grants	455,346	177,090	632,436
Transfers in	-	4,700	4,700
Change in net assets	<u>3,994</u>	<u>744,987</u>	<u>748,981</u>
Total net assets - beginning, as restated	12,751,807	12,097,217	24,849,024
Total net assets - ending	<u>\$ 12,755,801</u>	<u>\$ 12,842,204</u>	<u>\$ 25,598,005</u>

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

County of Wythe, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds		
	Water Department	Sewer Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,144,342	\$ 1,863,808	\$ 3,008,150
Payments to suppliers	(605,636)	(500,364)	(1,106,000)
Payments to and for employees	(268,144)	(134,984)	(403,128)
Net cash provided (used) by operating activities	<u>270,562</u>	<u>1,228,460</u>	<u>1,499,022</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	4,700	4,700
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>4,700</u>	<u>4,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to utility plant	(2,911,637)	(123,672)	(3,035,309)
Construction grants received	1,089,300	393,870	1,483,170
Principal payments on bonds	(315,900)	(343,665)	(659,565)
Proceeds from indebtedness	3,366,572	-	3,366,572
Interest payments	(291,052)	(490,390)	(781,442)
Net cash provided (used) by capital and related financing activities	<u>937,283</u>	<u>(563,857)</u>	<u>373,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	44,732	133,464	178,196
Net cash provided (used) by investing activities	<u>44,732</u>	<u>133,464</u>	<u>178,196</u>
Net increase (decrease) in cash and cash equivalents	1,252,577	802,767	2,055,344
Cash and cash equivalents - beginning (including \$694,530 of restricted deposits)	3,460,593	2,931,275	6,391,868
Cash and cash equivalents - ending (including \$694,547 of restricted deposits)	<u>\$ 4,713,170</u>	<u>\$ 3,734,042</u>	<u>\$ 8,447,212</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (258,184)	\$ 924,015	\$ 665,831
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	291,090	593,665	884,755
(Increase) decrease in accounts receivable	67,568	(35,126)	32,442
Increase (decrease) in customer deposits	(10,483)	13,064	2,581
Increase (decrease) in operating accounts payable	182,998	(271,169)	(88,171)
Increase (decrease) compensated absences	(2,427)	4,011	1,584
Total adjustments	<u>528,746</u>	<u>304,445</u>	<u>833,191</u>
Net cash provided (used) by operating activities	<u>\$ 270,562</u>	<u>\$ 1,228,460</u>	<u>\$ 1,499,022</u>

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

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

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 36,183
Total assets	<u>\$ 36,183</u>
LIABILITIES	
Amounts held for social services clients	\$ 36,183
Total liabilities	<u>\$ 36,183</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity:

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

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

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

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

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

Jointly Governed Organizations - The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2011, the County contributed \$328,690 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2011, the County contributed \$47,554 to the Airport.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

B. Government-wide and fund financial statements:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

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

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

The government reports the following major governmental funds:

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

The County reports the following major capital projects funds:

The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. It 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 government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

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

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

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

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

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

1. Deposits and investments

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

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

2. Receivables and payables

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

3. Property Taxes

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$216,185 at June 30, 2011 and is comprised solely of property taxes.

5. Use of Estimates

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

6. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest for 2010 was \$136,765 in the enterprise fund. No interest was capitalized for 2011.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

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

7. Compensated Absences

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

8. Long-term obligations

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

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

9. Net Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

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

10. Fund equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard (implemented in 2011) has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The County of Wythe, Virginia evaluated its funds at June 30, 2011 and classified fund balance into the following five categories:

Nonspendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation

Committed -items that have been committed by formal action (resolution or ordinance) by the entity's "highest level of decision-making authority"; which the County of Wythe, Virginia considers to be the Board of Supervisors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Wythe, Virginia considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned -this category is for any balances that have no restrictions placed upon them.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$42,366,043) and (\$1,021,626) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bonds payable	\$ (40,994,769)	\$ -
Arbitrage Liability	(35,957)	-
Accrued interest payable	(433,787)	-
Unamortized bond premium	(430,629)	-
Landfill accrued post-closure monitoring costs	(66,856)	-
Compensated absences	(257,645)	(551,126)
Net OPEB obligation	<u>(146,400)</u>	<u>(470,500)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (42,366,043)</u>	<u>\$ (1,021,626)</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$4,789,454 and \$2,977,402 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Capital outlays	\$ 7,895,213	\$ 2,202,382
Disposal of assets	(58,937)	(3,487)
Transfer of asset from County	(1,572,571)	1,572,571
Depreciation expenses	<u>(1,474,251)</u>	<u>(794,064)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,789,454</u>	<u>\$ 2,977,402</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this (\$6,009,095) difference in the primary government are as follows:

Debt Issued or incurred:	
Proceeds from general obligation debt	\$ (7,941,280)
Increase in accrued landfill closure/postclosure costs	<u>(58,624)</u>
Principal repayments:	
General obligation debt	<u>1,990,809</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (6,009,095)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$4,176 and \$(168,840) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit
Decrease (increase) in compensated absences	\$ 8,895	\$ (33,540)
Decrease (increase) in arbitrage rebate liability	20,561	-
Decrease (increase) in accrued interest	13,628	-
Amortization of bond premium	30,627	-
Amortization of issuance costs	(6,935)	
(Increase) decrease in net OPEB obligation	<u>(62,600)</u>	<u>(135,300)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 4,176</u>	 <u>\$ (168,840)</u>

Note 3-Stewardship, Compliance, and Accountability:

- A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

A. Budgetary information (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, and the Special Revenue Funds (except the School Fund). The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For fiscal year 2011, expenditures exceeded appropriations in the general fund.

C. Deficit fund equity

At June 30, 2011, there were no funds with deficit fund equity.

Note 4-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 local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 4-Deposits and Investments: (Continued)

Investments: (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2011 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
First American Prime Obligation Fund	\$ 3,515,488
Wells Fargo Advantage MM Fund	3,967,146
SNAP	895,621

Concentration of Credit Risk

At June 30, 2011, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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

Interest Rate Risk

There are no interest rate risk disclosures required for the year ended June 30, 2011.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Local Government:</u>		
New River Valley Regional Water Authority	\$ 3,354,234	\$ -
Town of Wytheville	2,832,161	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	534,906	-
Local communication tax	120,986	-
State sales tax	-	644,636
Categorical aid	228,118	-
Non-categorical aid	75,190	-
Virginia public assistance funds	139,885	-
Community services act	289,682	-
<u>Federal Government:</u>		
Virginia public assistance funds	179,867	-
School grants	-	901,399
	<u> </u>	<u> </u>
Totals	<u>\$ 7,755,029</u>	<u>\$ 1,546,035</u>

Note 6-Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Primary Government:</u>		
General Fund	\$ 2,758,491	\$ 79,700
Sewer Fund	4,700	-
Capital Projects Fund	-	2,683,491
Total	<u>\$ 2,763,191</u>	<u>\$ 2,763,191</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2012	\$ 6,879,891	\$ 1,534,236
2013	13,108,590	1,257,828
2014	1,482,591	1,017,747
2015	1,516,815	947,424
2016	1,556,795	875,502
2017-2021	8,020,374	3,255,844
2022-2026	5,626,570	1,389,520
2027-3031	1,847,082	500,816
2032-2036	395,607	190,938
2037-2041	560,454	87,621
Totals	\$ 40,994,769	\$ 11,057,476

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

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
General obligation bonds	\$ 35,044,298	\$ 7,941,280	\$ (1,990,809)	\$ 40,994,769
GO bond premium	461,256	-	(30,627)	430,629
Landfill postclosure liability	8,232	58,624	-	66,856
Compensated absences	266,540	191,010	(199,905)	257,645
Other post-employment benefits	83,800	64,800	(2,200)	146,400
Total	\$ 35,864,126	\$ 8,255,714	\$ (2,223,541)	\$ 41,896,299

*Effective 7/1/2010, the County began using the straight-line method to amortize bond premiums and discounts. The effect of this change was applied during the current fiscal year.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7-Long-Term Debt: (Continued)

Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds and Bonds						
Rural Development GO bond	4.75%	7/8/1999	2023	\$ 3,311,000	\$ 1,765,930	\$ 105,910
GO bond	4.63%	8/7/1998	2014	5,000,000	323,113	323,113
GO bond	5.42%	10/22/1997	2013	1,400,000	190,886	128,668
GO bond	5.29%	1/29/2001	2016	700,000	295,482	53,216
GO bond	3.1-5.35%	11/6/2003	2024	7,435,478	5,087,927	353,896
Rural Development GO bond	4.75%	7/2/2002	2040	2,046,200	1,872,076	28,443
VPSA GO bond	2.35-5.1%	11/7/2002	2023	9,209,707	5,750,420	441,814
Bond anticipation note	3.41%	12/21/2007	2013	5,000,000	5,000,000	-
VPSA GO bond	4.255%-5.1%	10/24/2006	2027	3,593,557	2,954,223	166,439
Bond anticipation note	3.60%	10/31/2008	2012	5,000,000	5,000,000	5,000,000
GO bond	2%-4%	3/15/2010	2018	1,600,000	1,430,000	190,000
GO bond*	4.10%	3/15/2010	2030	3,440,000	3,440,000	-
Rural Development GO bond	3.75%	12/29/2010	2023	1,351,280	1,294,712	88,392
Public Improvement Note	CP rate + 1.05%	7/8/2010	2013	9,830,000	6,590,000	-
Add: Unamortized premium on						
\$7,435,478 GO bond	n/a	11/6/2003	2024	476,903	294,488	-
\$3,593,557 GO bond	n/a	10/24/2006	2027	102,414	81,931	-
\$1,600,000 GO bond	n/a	3/15/2010	2018	57,063	54,210	-
Total GO Bonds					<u>\$ 41,425,398</u>	<u>\$ 6,879,891</u>
* Build America Bonds - effective yield						
Other Obligations:						
Landfill Postclosure						
Monitoring Costs	n/a	n/a	n/a	n/a	\$ 66,856	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	257,645	193,234
Other post-employment benefit	n/a	n/a	n/a	n/a	146,400	-
Total Other Obligations					<u>\$ 470,901</u>	<u>\$ 193,234</u>
Total Long-term debt					<u>\$ 41,896,299</u>	<u>\$ 7,073,125</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7-Long-Term Debt: (Continued)

Primary Government - Enterprise Activity Indebtedness:

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 209,180	\$ 503,247	\$ 485,655	\$ 423,819
2013	250,779	492,106	506,640	402,753
2014	271,444	481,079	527,541	381,052
2015	282,961	469,561	548,934	358,460
2016	294,991	457,531	570,385	335,408
2017-2021	1,675,019	2,087,597	3,257,039	1,278,833
2022-2026	2,050,607	1,695,487	4,114,607	484,878
2027-3031	2,410,694	1,224,565	-	-
2032-2036	2,668,253	661,813	-	-
2037-2041	940,831	297,707	-	-
2042-2046	694,010	146,263	-	-
2047-2051	536,955	47,788	-	-
Totals	<u>\$ 12,285,724</u>	<u>\$ 8,564,744</u>	<u>\$ 10,010,801</u>	<u>\$ 3,665,203</u>

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

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Revenue bonds	\$ 9,112,433	\$ 3,366,572	\$ (193,281)	\$ 12,285,724
General obligation bonds	10,477,085	-	(466,284)	10,010,801
Gen oblig bond discount	(14,640)	-	915	(13,725)
Compensated absences	12,695	11,105	(9,521)	14,279
Total	<u>\$ 19,587,573</u>	<u>\$ 3,377,677</u>	<u>\$ (668,171)</u>	<u>\$ 22,297,079</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 7-Long-Term Debt: (Continued)

Primary Government - Enterprise Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Rural Development and VRA Bonds						
VRA revenue bond (interest imputed)	5.00%	2004	2025	\$ 110,100	\$ 73,353	\$ 5,239
Rural Development Bond	5.00%	9/13/1991	2026	343,000	207,809	10,071
Rural Development Bond	4.50%	10/10/1996	2034	1,650,700	1,287,932	33,660
Rural Development Bond	4.50%	6/12/1997	2036	310,900	256,581	5,707
Rural Development Bond	4.50%	6/12/1997	2036	17,200	14,195	316
Rural Development Bond	4.50%	7/24/1997	2037	2,521,100	2,085,068	45,983
Rural Development Bond	4.50%	10/22/1998	2038	221,000	187,367	3,827
Rural Development Bond	4.50%	4/26/2001	2040	75,000	66,428	1,175
Rural Development Bond	4.50%	4/26/2001	2040	71,700	63,483	1,127
Rural Development Bond	4.50%	10/3/1996	2036	3,991,000	3,265,180	74,428
Rural Development Bond	4.50%	10/31/2002	2042	497,100	451,300	7,225
Rural Development Bond	4.50%	10/31/2002	2042	547,700	497,266	7,955
Rural Development Bond	4.50%	3/5/2004	2035	500,000	468,450	6,597
Rural Development Bond	4.125%	6/23/2010	2040	1,511,260	1,506,001	-
Rural Development Bond*	2.375%	3/31/2010	2040	1,100,000	1,100,000	5,870
Rural Development Bond	2.375%	8/11/2010	2040	1,065,000	755,311	-
Total Revenue Bonds					<u>\$ 12,285,724</u>	<u>\$ 209,180</u>
General Obligation Bonds:						
GO Bond	3.5-4.5%	1/5/2006	2026	\$ 6,180,000	\$ 5,125,000	\$ 255,000
GO Bond	4.36%	12/15/2005	2026	5,900,000	4,885,801	230,655
Less: Unamortized GO Bond discount					<u>(13,725)</u>	
Total General Obligation Bonds					<u>\$ 9,997,076</u>	<u>\$ 485,655</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	<u>\$ 14,279</u>	<u>\$ 10,709</u>
Total Other Obligations					<u>\$ 14,279</u>	<u>\$ 10,709</u>
Total Long-term debt					<u>\$ 22,297,079</u>	<u>\$ 705,544</u>

* Loan issued by Carroll County in the amount of \$5,000,000 with an underlying agreement that Wythe County is responsible for 20% of such loan.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8-Long-Term Debt-Component Units:

Discretely Presented Component Unit – School Board Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2011.

	<u>Balance</u> <u>July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>
Compensated absences	\$ 517,586	\$ 421,730	\$(388,190)	\$ 551,126
Other Postemployment Benefits	335,200	293,100	(157,800)	470,500
 Total	 \$ 852,786	 \$ 714,830	 \$(545,990)	 \$ 1,021,626

Details of long-term indebtedness:

	<u>Interest</u> <u>Rates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Amount of</u> <u>Original</u> <u>Issue</u>	<u>Balance</u> <u>Governmental</u> <u>Activities</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 551,126	\$413,345
Other Postemployment Benefits	n/a	n/a	n/a	n/a	470,500	-
 Total Long-term debt					 <u>1,021,626</u>	 <u>413,345</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9-Employee Retirement System and Pension Plans:

A. Plan Description

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

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. 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 5 years of service credit or at 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 at age 50 with at least five years of service credit.

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

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

A. Plan Description: (continued)

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

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

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the County of Wythe, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Wythe, Virginia's contribution rate for the fiscal year ended 2011 was 7.01% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County of Wythe, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Wythe, Virginia's contribution rate for the fiscal year ended 2011 was 8.85% of annual covered payroll.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

C. Annual Pension Cost

For fiscal year 2011, the County of Wythe, Virginia's annual pension cost of \$375,921 and \$135,594 was equal to the County of Wythe, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2011	\$ 375,921	100.00%	\$ -
	6/30/2010	407,274	100.00%	-
	6/30/2009	409,102	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2011	\$ 135,594	100.00%	\$ -
	6/30/2010	128,027	100.00%	-
	6/30/2009	125,363	100.00%	-

¹ Employer portion only

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) 7.50% investment rate of return, (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 of Wythe, Virginia's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Wythe, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 87.97% funded. The actuarial accrued liability for benefits was \$25,982,117, and the actuarial value of assets was \$22,857,751, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,124,366. The covered payroll (annual payroll of active employees covered by the plan) was \$5,533,300, and ratio of the UAAL to the covered payroll was 56.46%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

D. Funded Status and Funding Progress (Continued)

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 77.39% funded. The actuarial accrued liability for benefits was \$5,992,742, and the actuarial value of assets was \$4,637,757, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,354,985. The covered payroll (annual payroll of active employees covered by the plan) was \$1,537,029, and ratio of the UAAL to the covered payroll was 88.16%.

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

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

Plan Description

The Wythe County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$973,244, \$1,586,501, and \$2,283,774 for the fiscal years ended 2011, 2010, and 2009, respectively. Required employer contributions represented 3.93% for 2011, 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, and 8.81% for 2009 respectively.

Note 10-Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,000,208 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$107,517 at June 30, 2011.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 10-Deferred Revenue: (Continued)

Uncollected Taxes – Property taxes receivable not collected within 60 days after year end are reflected as deferred revenues. These taxes totaled \$892,691.

Note 11-Capital Assets:

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,742,336	\$ -	\$ -	\$ 2,742,336
Construction in progress	12,871,309	6,069,005	(11,119,500)	7,820,814
Total capital assets not being depreciated	<u>\$ 15,613,645</u>	<u>\$ 6,069,005</u>	<u>\$(11,119,500)</u>	<u>\$ 10,563,150</u>
Capital assets, being depreciated:				
Buildings	\$ 29,679,579	\$ 11,119,500	\$ (1,623,250)	\$ 39,175,829
Infrastructure	3,311,662	-	-	3,311,662
Machinery and equipment	3,715,754	1,826,208	(284,341)	5,257,621
Total capital assets being depreciated	<u>\$ 36,706,995</u>	<u>\$ 12,945,708</u>	<u>\$ (1,907,591)</u>	<u>\$ 47,745,112</u>
Less: accumulated depreciation for:				
Buildings	\$ (5,903,618)	\$ (978,267)	\$ 50,679	\$ (6,831,206)
Infrastructure	(662,332)	(165,583)	-	(827,915)
Machinery and equipment	(2,615,132)	(330,401)	225,404	(2,720,129)
Total accumulated depreciation	<u>\$ (9,181,082)</u>	<u>\$ (1,474,251)</u>	<u>\$ 276,083</u>	<u>\$ (10,379,250)</u>
Total capital assets being depreciated, net	<u>\$ 27,525,913</u>	<u>\$ 11,471,457</u>	<u>\$ (1,631,508)</u>	<u>\$ 37,365,862</u>
Governmental activities capital assets, net	<u>\$ 43,139,558</u>	<u>\$ 17,540,462</u>	<u>\$(12,751,008)</u>	<u>\$ 47,929,012</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 11-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 167,751	\$ 50,254	\$ -	\$ 218,005
Construction in progress	1,307,124	3,035,309	(1,491,250)	2,851,183
Total capital assets not being depreciated	<u>\$ 1,474,875</u>	<u>\$ 3,085,563</u>	<u>\$ (1,491,250)</u>	<u>\$ 3,069,188</u>
Capital assets, being depreciated:				
Utility plant in service	\$ 37,472,744	\$ 1,440,996	\$ -	\$ 38,913,740
Machinery and equipment	149,861	-	-	149,861
Total capital assets being depreciated	<u>\$ 37,622,605</u>	<u>\$ 1,440,996</u>	<u>\$ -</u>	<u>\$ 39,063,601</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (8,070,974)	\$ (883,325)	\$ -	\$ (8,954,299)
Machinery and equipment	(144,141)	(1,430)	-	(145,571)
Total accumulated depreciation	<u>\$ (8,215,115)</u>	<u>\$ (884,755)</u>	<u>\$ -</u>	<u>\$ (9,099,870)</u>
Total capital assets being depreciated, net	<u>\$ 29,407,490</u>	<u>\$ 556,241</u>	<u>\$ -</u>	<u>\$ 29,963,731</u>
Business-type activities capital assets, net	<u>\$ 30,882,365</u>	<u>\$ 3,641,804</u>	<u>\$ (1,491,250)</u>	<u>\$ 33,032,919</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 11-Capital Assets: (Continued)

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

Governmental activities:	
General government	\$ 50,172
Public safety	253,129
Public works	236,722
Health and welfare	2,564
Education	751,550
Parks, recreation, and culture	14,531
Community development	<u>165,583</u>
Total depreciation expense-governmental activities	<u>\$ 1,474,251</u>
Business type activities:	
Water and sewer department	<u>\$ 884,755</u>
Total depreciation expense-Primary Government	<u>\$ 2,359,006</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 11-Capital Assets: (Continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 708,696	\$ -	\$ -	\$ 708,696
Construction in progress	546,311	1,319,028	(1,865,339)	-
Total capital assets not being depreciated	<u>\$ 1,255,007</u>	<u>\$ 1,319,028</u>	<u>\$ (1,865,339)</u>	<u>\$ 708,696</u>
Capital assets, being depreciated:				
Buildings	\$ 19,326,526	\$ 3,702,723	\$ -	\$ 23,029,249
Machinery and equipment	7,031,478	669,221	(184,889)	7,515,810
Total capital assets being depreciated	<u>\$ 26,358,004</u>	<u>\$ 4,371,944</u>	<u>\$ (184,889)</u>	<u>\$ 30,545,059</u>
Less: accumulated depreciation for:				
Buildings	\$ (10,532,063)	\$ (209,274)	\$ -	\$ (10,741,337)
Machinery and equipment	(3,889,504)	(635,470)	181,402	(4,343,572)
Total accumulated depreciation	<u>\$ (14,421,567)</u>	<u>\$ (844,744)</u>	<u>\$ 181,402</u>	<u>\$ (15,084,909)</u>
Total capital assets being depreciated, net	<u>\$ 11,936,437</u>	<u>\$ 3,527,200</u>	<u>\$ (3,487)</u>	<u>\$ 15,460,150</u>
Governmental activities capital assets, net	<u>\$ 13,191,444</u>	<u>\$ 4,846,228</u>	<u>\$ (1,868,826)</u>	<u>\$ 16,168,846</u>

Current year additions include transfers of debt financed assets from Governmental Activities of \$1,623,251, net of accumulated depreciation of \$50,680.

Note 12-Risk Management:

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 13-Commitments and Contingent Liabilities:

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

The County had the following construction commitments at June 30, 2011:

Project	Original Contract Amount	Outstanding at June 30, 2011
County		
Office Building Addition	\$ 3,645,051	\$ 2,195,741
Water Extension, Wytheville to Rural Retreat	3,592,948	3,499,068
Totals	<u>\$ 7,237,999</u>	<u>\$ 5,694,809</u>

Note 14-Surety Bonds:

Primary Government:

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 14-Surety Bonds: (Continued)

Component Unit – School Board:

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

Note 15-Landfill Postclosure Care Costs:

State and federal laws and regulations require the County to clean up its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$66,856. This amount is based on what it would cost to perform all postclosure care in 2011. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill postclosure costs.

Note 16-Restricted, Assigned and Committed Fund Balance:

Primary Government:

Restricted and Assigned Funds:

Restricted for law library expenditures	\$	50,106
Restricted for construction		8,561,344
Restricted for courtroom security		362,274
Restricted for Clerk's records grant		21,745
Restricted for forfeited asset expenditures		66,777
Committed for construction projects		5,982,803
Assigned for police activities		<u>2,001,419</u>
Total Restricted, Committed and Assigned Fund Balance		<u>\$ 17,046,468</u>

Note 17-Due from other Governments:

The County constructed certain assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water/Sewer Fund of \$6,186,395 for repayment of shared construction costs. To date, no funds have been received and no timetable for repayment has been established. It is anticipated that repayment will occur over several fiscal years.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 18-Restatement of Net Assets:

Net Assets/Fund Balance were restated from the prior year as follows:

	Governmental Activities	General Fund	Water Fund	Special Welfare Fund
Net Assets/Fund Balance as previously reported	\$ 47,620,317	\$ 30,974,220	\$ 12,887,635	\$ 529,703
Adjustments:				
To reclassify amounts between funds	481,716	481,716	-	(481,716)
To reduce amount due from Wytheville and and the Regional Water Authority	-	-	(135,828)	-
Net Assets/Fund Balance as restated	<u>\$ 48,102,033</u>	<u>\$ 31,455,936</u>	<u>\$ 12,751,807</u>	<u>\$ 47,987</u>

Note 19-Other Postemployment Benefits (OPEB):

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the County and the School Board recognize the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's and the School Board's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Primary Government

A. Plan Description

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

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

Primary Government (continued)

B. Funding Policy

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

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

The Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost

For 2011, the Board's annual OPEB cost (expense) of \$64,800 did not equal the ARC of \$64,900. The obligation calculation is as follows:

Annual required contribution	\$ 64,900
Interest on net OPEB obligation	3,400
Adjustment to annual required contribution	(3,500)
Annual OPEB cost (expense)	64,800
Contributions made	(2,200)
Increase in net OPEB obligation	62,600
Net OPEB obligation - beginning of year	83,800
Net OPEB obligation - ending of year	\$ 146,400

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

Primary Government (Continued)

C. Annual OPEB Cost (continued)

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 64,800	3.40%	\$ 146,400
6/30/2010	85,400	52.93%	83,800
6/30/2009	81,600	46.57%	43,600

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2011 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 645,400
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 645,400
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,362,639
UAAL as a percentage of covered payroll	12.04%

D. Funded Status and Funding Progress (continued)

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

Primary Government (Continued)

E. Actuarial methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.0%, and a health care trend rate of 10% graded to 5% over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011, was 27 years.

Component Unit: School Board

A. Plan Description

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

B. Funding Policy

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

School Board

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

The Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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

C. Annual OPEB Cost

For 2011, the Board's annual OPEB cost (expense) of \$293,100 did not equal the ARC of \$293,600. The obligation calculation is as follows:

Annual required contribution	\$ 293,600
Interest on net OPEB obligation	13,400
Adjustment to annual required contribution	<u>(13,900)</u>
Annual OPEB cost (expense)	293,100
Contributions made	<u>(157,800)</u>
Increase in net OPEB obligation	135,300
Net OPEB obligation - beginning of year	<u>335,200</u>
Net OPEB obligation - ending of year	\$ 470,500

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 293,100	53.84%	\$ 470,500
6/30/2010	341,600	52.93%	335,200
6/30/2009	326,400	46.57%	174,400

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2011 (the most recent valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 3,749,400
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 3,749,400
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 19,654,061
UAAL as a percentage of covered payroll	19.08%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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

D. Funded Status and Funding Progress: (continued)

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

E. Actuarial methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.0%, and a health care trend rate of 10% graded to 5% over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011, was 27 years.

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 15,663,300	\$ 15,663,300	\$ 16,464,384	\$ 801,084
Other local taxes	5,825,000	5,825,000	5,875,452	50,452
Permits, privilege fees, and regulatory licenses	62,100	62,100	81,452	19,352
Fines and forfeitures	1,152,317	1,152,317	1,347,286	194,969
Revenue from the use of money and property	801,000	801,000	770,248	(30,752)
Charges for services	326,600	326,600	338,272	11,672
Miscellaneous	349,226	349,226	211,242	(137,984)
Recovered costs	324,165	324,165	1,032,279	708,114
Intergovernmental revenues:				
Commonwealth	7,387,077	7,387,077	10,688,068	3,300,991
Federal	1,750,000	1,750,000	2,830,227	1,080,227
Total revenues	<u>33,640,785</u>	<u>33,640,785</u>	<u>39,638,910</u>	<u>5,998,125</u>
EXPENDITURES				
Current:				
General government administration	1,890,949	1,890,949	1,703,178	187,771
Judicial administration	1,161,533	1,161,533	1,113,471	48,062
Public safety	10,928,600	10,928,600	7,821,789	3,106,811
Public works	2,142,428	2,142,428	1,998,963	143,465
Health and welfare	6,794,293	6,794,293	6,905,096	(110,803)
Education	12,331,145	12,331,145	11,162,759	1,168,386
Parks, recreation, and cultural	615,283	615,283	490,075	125,208
Community development	352,943	352,943	321,127	31,816
Nondepartmental	176,614	176,614	-	176,614
Capital projects	15,549,293	15,549,293	5,905,947	9,643,346
Debt service:				
Principal retirement	1,990,809	1,990,809	1,990,809	-
Interest and other fiscal charges	1,545,460	1,545,460	1,549,738	(4,278)
Total expenditures	<u>55,479,350</u>	<u>55,479,350</u>	<u>40,962,952</u>	<u>14,516,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,838,565)</u>	<u>(21,838,565)</u>	<u>(1,324,042)</u>	<u>20,514,523</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,758,491	2,758,491
Transfers out	-	-	(79,700)	(79,700)
Proceeds of general obligation bonds	14,918,000	14,918,000	7,941,280	(6,976,720)
Sale of capital assets	19,357	19,357	60,480	41,123
Total other financing sources and uses	<u>14,937,357</u>	<u>14,937,357</u>	<u>10,680,551</u>	<u>(4,256,806)</u>
Net change in fund balances	(6,901,208)	(6,901,208)	9,356,509	16,257,717
Fund balances - beginning	11,412,169	11,412,169	31,455,936	20,043,767
Fund balances - ending	<u>\$ 4,510,961</u>	<u>\$ 4,510,961</u>	<u>\$ 40,812,445</u>	<u>\$ 36,301,484</u>

County of Wythe, Virginia
Schedule of Pension Funding Progress
As of June 30, 2011

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 22,857,751	\$ 25,982,117	\$ 3,124,366	87.97%	\$ 5,533,300	56.46%
6/30/2009	22,585,519	23,919,774	1,334,255	94.42%	5,503,641	24.24%
6/30/2008	22,048,879	22,583,544	534,665	97.63%	5,520,272	9.69%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 4,637,757	\$ 5,992,742	\$ 1,354,985	77.39%	\$ 1,537,029	88.16%
6/30/2009	4,656,354	5,527,555	871,201	84.24%	1,563,779	55.71%
6/30/2008	4,670,420	5,091,516	421,096	91.73%	1,479,871	28.45%

County Healthcare Plan*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ -	\$ 645,400	\$ 645,400	0.00%	\$ 5,362,639	12.04%
6/30/2009	-	901,200	901,200	0.00%	5,503,641	16.37%

School Board Healthcare Plan*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ -	\$ 3,749,400	\$ 3,749,400	0.00%	\$ 19,654,061	19.08%
6/30/2009	-	3,604,800	3,604,800	0.00%	20,434,400	17.64%

* Only two years of data available

OTHER SUPPLEMENTARY INFORMATION SECTION

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 217,007	\$ 217,007
Total revenues	-	-	217,007	217,007
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	217,007	217,007
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(2,683,491)	(2,683,491)
Total other financing sources and uses	-	-	(2,683,491)	(2,683,491)
Net change in fund balances	-	-	(2,466,484)	(2,466,484)
Fund balances - beginning	-	-	8,837,548	8,837,548
Fund balances - ending	\$ -	\$ -	\$ 6,371,064	\$ 6,371,064

FIDUCIARY FUNDS

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

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

	<u>Agency Funds</u>
	<u>Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 36,183
Total assets	<u>36,183</u>
LIABILITIES	
Amounts held for social services clients	36,183
Total liabilities	<u>\$ 36,183</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

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

County of Wythe, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,869,717
Receivables (net of allowance for uncollectibles):	
Accounts receivable	140,443
Due from other governmental units	1,546,035
Inventories	45,481
Prepaid items	230,942
Total assets	<u>4,832,618</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	218,001
Salaries payable	2,643,510
Due to primary government	1,486,886
Total liabilities	<u>4,348,397</u>
Fund balances:	
Nonspendable	276,423
Restricted for:	
School cafeterias	207,798
Total fund balances	<u>484,221</u>
Total liabilities and fund balances	<u>\$ 4,832,618</u>

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

Total fund balances per above	\$ 484,221
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,168,846
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,021,626)
Net assets of governmental activities	<u>\$ 15,631,441</u>

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

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 45,534
Charges for services	1,030,383
Miscellaneous	59,618
Recovered costs	560,223
Intergovernmental revenues:	
Local government	11,122,595
Commonwealth	21,214,628
Federal	5,344,537
Total revenues	<u>39,377,518</u>
EXPENDITURES	
Current:	
Education	37,633,726
Capital projects	1,501,466
Total expenditures	<u>39,135,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>242,326</u>
OTHER FINANCING SOURCES (USES)	
Sale of capital assets	161,324
Total other financing sources and uses	<u>161,324</u>
Net change in fund balances	403,650
Fund balances - beginning	80,571
Fund balances - ending	<u>\$ 484,221</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ 403,650
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.	2,977,402
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.	(168,840)
Change in net assets of governmental activities	<u>\$ 3,212,212</u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 45,534	\$ 45,534
Charges for services	1,101,000	1,101,000	1,030,383	(70,617)
Miscellaneous	55,182	55,182	59,618	4,436
Recovered costs	314,000	314,000	560,223	246,223
Intergovernmental revenues:				
Local government	12,290,981	12,290,981	11,122,595	(1,168,386)
Commonwealth	21,858,389	21,858,389	21,214,628	(643,761)
Federal	5,994,695	5,994,695	5,344,537	(650,158)
Total revenues	<u>41,614,247</u>	<u>41,614,247</u>	<u>39,377,518</u>	<u>(2,236,729)</u>
EXPENDITURES				
Current:				
Education	40,369,272	40,369,272	37,633,726	2,735,546
Capital projects	1,743,061	1,743,061	1,501,466	241,595
Total expenditures	<u>42,112,333</u>	<u>42,112,333</u>	<u>39,135,192</u>	<u>2,977,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(498,086)</u>	<u>(498,086)</u>	<u>242,326</u>	<u>740,412</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	161,324	161,324
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>161,324</u>	<u>161,324</u>
Net change in fund balances	(498,086)	(498,086)	403,650	901,736
Fund balances - beginning	498,086	498,086	80,571	(417,515)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,221</u>	<u>\$ 484,221</u>

Supporting Schedules

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,497,200	\$ 9,497,200	\$ 9,801,729	\$ 304,529
Real and personal public service corporation taxes	630,000	630,000	691,114	61,114
Personal property taxes	2,905,000	2,905,000	3,060,183	155,183
Mobile home taxes	89,000	89,000	101,616	12,616
Machinery and tools taxes	2,101,000	2,101,000	2,239,917	138,917
Merchant's capital taxes	341,100	341,100	318,364	(22,736)
Penalties	50,000	50,000	88,541	38,541
Interest	50,000	50,000	162,920	112,920
Total general property taxes	<u>\$ 15,663,300</u>	<u>\$ 15,663,300</u>	<u>\$ 16,464,384</u>	<u>\$ 801,084</u>
Other local taxes:				
Local sales and use taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,030,782	\$ 30,782
Consumers' utility taxes	720,000	720,000	761,967	41,967
Consumption tax (Utility license tax)	-	-	71	71
Communication sales and use tax	800,000	800,000	794,482	(5,518)
Motor vehicle licenses	370,000	370,000	372,885	2,885
Bank stock taxes	15,000	15,000	28,617	13,617
Taxes on recordation and wills	140,000	140,000	121,222	(18,778)
Hotel and motel room taxes	140,000	140,000	161,936	21,936
Restaurant food taxes	640,000	640,000	603,490	(36,510)
Total other local taxes	<u>\$ 5,825,000</u>	<u>\$ 5,825,000</u>	<u>\$ 5,875,452</u>	<u>\$ 50,452</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,916	\$ (84)
Land use application fees	500	500	1,072	572
Transfer fees	100	100	751	651
Building permits	48,000	48,000	50,793	2,793
Other permits and licenses	3,500	3,500	18,920	15,420
Total permits, privilege fees, and regulatory licenses	<u>\$ 62,100</u>	<u>\$ 62,100</u>	<u>\$ 81,452</u>	<u>\$ 19,352</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,152,317	\$ 1,152,317	\$ 1,347,286	\$ 194,969
Total fines and forfeitures	<u>\$ 1,152,317</u>	<u>\$ 1,152,317</u>	<u>\$ 1,347,286</u>	<u>\$ 194,969</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 800,000	\$ 800,000	\$ 759,075	\$ (40,925)
Revenue from use of property	1,000	1,000	11,173	10,173
Total revenue from use of money and property	<u>\$ 801,000</u>	<u>\$ 801,000</u>	<u>\$ 770,248</u>	<u>\$ (30,752)</u>
Charges for services:				
Charges for sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,557	\$ 57
Charges for courthouse maintenance	40,000	40,000	41,744	1,744
Charges for animal control	7,000	7,000	4,535	(2,465)
Charges for Commonwealth's Attorney	500	500	3,065	2,565
Charges for courthouse security	220,000	220,000	220,602	602

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for jail processing	\$ -	\$ -	\$ 3,847	\$ 3,847
Charges for law library	7,600	7,600	7,097	(503)
Charges for parks and recreation	50,000	50,000	55,825	5,825
Total charges for services	<u>\$ 326,600</u>	<u>\$ 326,600</u>	<u>\$ 338,272</u>	<u>\$ 11,672</u>
Miscellaneous revenue:				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 26,669	\$ 25,669
Local grants and contributions	348,226	348,226	184,573	(163,653)
Total miscellaneous revenue	<u>\$ 349,226</u>	<u>\$ 349,226</u>	<u>\$ 211,242</u>	<u>\$ (137,984)</u>
Recovered costs:				
Social services	\$ 150,000	\$ 150,000	\$ 106,239	\$ (43,761)
Police activity funds	30,000	30,000	282,138	252,138
Crossroads	-	-	213,949	213,949
Amcor	-	-	192,300	192,300
Other recovered costs	144,165	144,165	237,653	93,488
Total recovered costs	<u>\$ 324,165</u>	<u>\$ 324,165</u>	<u>\$ 1,032,279</u>	<u>\$ 708,114</u>
Total revenue from local sources	<u>\$ 24,503,708</u>	<u>\$ 24,503,708</u>	<u>\$ 26,120,615</u>	<u>\$ 1,616,907</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 37,000	\$ 37,000	\$ 45,031	\$ 8,031
Mobile home titling tax	60,000	60,000	59,079	(921)
Grantor's tax	25,000	25,000	38,726	13,726
State recordation tax	10,000	10,000	22,318	12,318
Personal property tax relief funds	1,500,000	1,500,000	1,500,814	814
Total noncategorical aid	<u>\$ 1,632,000</u>	<u>\$ 1,632,000</u>	<u>\$ 1,665,968</u>	<u>\$ 33,968</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 427,587	\$ 427,587	\$ 466,854	\$ 39,267
Sheriff	1,259,083	1,259,083	1,344,126	85,043
Commissioner of revenue	100,449	100,449	113,540	13,091
Treasurer	84,917	84,917	117,518	32,601
Registrar/electoral board	45,000	45,000	40,577	(4,423)
Clerk of the Circuit Court	294,431	294,431	332,505	38,074
Refund of State Comp. Board payments	-	-	(105,282)	(105,282)
Total shared expenses	<u>\$ 2,211,467</u>	<u>\$ 2,211,467</u>	<u>\$ 2,309,838</u>	<u>\$ 98,371</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 2,300,000	\$ 2,300,000	\$ 1,418,404	\$ (881,596)
Comprehensive Services Act program	-	-	1,660,741	1,660,741
Emergency medical services	25,000	25,000	28,355	3,355
Litter control grant	5,000	5,000	9,051	4,051
Fire program grant	50,000	50,000	53,259	3,259
Wireless E-911 grant	704,000	704,000	39,190	(664,810)

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of environmental quality	\$ 15,000	\$ 15,000	\$ 3,668	\$ (11,332)
Governor's opportunity funds	150,000	150,000	150,000	-
Historic resources grant	-	-	35,000	35,000
MEI project site grant	-	-	3,000,000	3,000,000
Technology grant	-	-	19,993	19,993
Arts grant	5,000	5,000	5,000	-
Asset forfeiture collections	4,522	4,522	19,890	15,368
VJCCA	31,148	31,148	21,726	(9,422)
Tobacco Commission Funding (Crossroads Lot 24)	235,000	235,000	235,000	-
Victim witness grant	-	-	11,045	11,045
Local law enforcement block grant	18,940	18,940	1,940	(17,000)
Total other categorical aid	<u>\$ 3,543,610</u>	<u>\$ 3,543,610</u>	<u>\$ 6,712,262</u>	<u>\$ 3,168,652</u>
Total categorical aid	<u>\$ 5,755,077</u>	<u>\$ 5,755,077</u>	<u>\$ 9,022,100</u>	<u>\$ 3,267,023</u>
Total revenue from the Commonwealth	<u>\$ 7,387,077</u>	<u>\$ 7,387,077</u>	<u>\$ 10,688,068</u>	<u>\$ 3,300,991</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 50,000	\$ 50,000	\$ 50,008	\$ 8
Total noncategorical aid	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,008</u>	<u>\$ 8</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,700,000	\$ 1,700,000	\$ 2,197,629	\$ 497,629
Emergency management grant	-	-	27,648	27,648
Community oriented policing grant	-	-	400,000	400,000
Victim witness grant	-	-	33,137	33,137
Community facilities grant	-	-	51,000	51,000
Violence against women formula grant	-	-	4,201	4,201
State and community highway safety grants	-	-	66,604	66,604
Total categorical aid	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>	<u>\$ 2,780,219</u>	<u>\$ 1,080,219</u>
Total revenue from the federal government	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>	<u>\$ 2,830,227</u>	<u>\$ 1,080,227</u>
Total General Fund	<u>\$ 33,640,785</u>	<u>\$ 33,640,785</u>	<u>\$ 39,638,910</u>	<u>\$ 5,998,125</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 217,007	\$ 217,007
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,007</u>	<u>\$ 217,007</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,007</u>	<u>\$ 217,007</u>
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,007</u>	<u>\$ 217,007</u>
Total Primary Government	<u>\$ 33,640,785</u>	<u>\$ 33,640,785</u>	<u>\$ 39,855,917</u>	<u>\$ 6,215,132</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 45,534	\$ 45,534
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,534</u>	<u>\$ 45,534</u>
Charges for services:				
Cafeteria sales	\$ 786,000	\$ 786,000	\$ 751,433	\$ (34,567)
Payments from other divisions	70,000	70,000	52,508	(17,492)
Transportation of pupils	36,000	36,000	34,146	(1,854)
Dual course credits	209,000	209,000	190,454	(18,546)
Charges for textbooks	-	-	1,842	1,842
Total charges for services	<u>\$ 1,101,000</u>	<u>\$ 1,101,000</u>	<u>\$ 1,030,383</u>	<u>\$ (70,617)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 14,655	\$ 14,655
Foundation for excellence	55,182	55,182	44,963	(10,219)
Total miscellaneous revenue	<u>\$ 55,182</u>	<u>\$ 55,182</u>	<u>\$ 59,618</u>	<u>\$ 4,436</u>
Recovered costs:				
JROTC	\$ 54,000	\$ 54,000	\$ 51,861	\$ (2,139)
E-rate	110,000	110,000	172,253	62,253
Medicaid reimbursements	125,000	125,000	219,501	94,501
CCEC reimbursements	-	-	53,054	53,054
Sale of supplies	5,000	5,000	6,940	1,940
Other recovered costs	20,000	20,000	56,614	36,614
Total recovered costs	<u>\$ 314,000</u>	<u>\$ 314,000</u>	<u>\$ 560,223</u>	<u>\$ 246,223</u>
Total revenue from local sources	<u>\$ 1,470,182</u>	<u>\$ 1,470,182</u>	<u>\$ 1,695,758</u>	<u>\$ 225,576</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Wythe, Virginia	\$ 12,290,981	\$ 12,290,981	\$ 11,122,595	\$ (1,168,386)
Total revenues from local governments	<u>\$ 12,290,981</u>	<u>\$ 12,290,981</u>	<u>\$ 11,122,595</u>	<u>\$ (1,168,386)</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Adult secondary education	\$ 15,717	\$ 15,717	\$ 15,717	\$ -
Alternative education	97,753	97,753	58,395	(39,358)
At risk four-year olds	242,773	242,773	242,773	-
At risk payments	274,210	274,210	277,744	3,534
Basic school aid	12,108,809	12,108,809	11,654,132	(454,677)
Composite hold harmless funding	544,678	544,678	516,953	(27,725)
Early reading intervention	50,010	50,010	56,261	6,251
English as second language	1,851	1,851	5,183	3,332
Gifted and talented	128,633	128,633	130,228	1,595
Governor's school	26,572	26,572	26,572	-
Group life insurance instructional	25,727	25,727	26,046	319
Homebound education	24,487	24,487	17,439	(7,048)
Other state funds	331,342	331,342	126,385	(204,957)
Industry certification	-	-	5,614	5,614
Mentor teacher program	2,424	2,424	2,847	423
Reading recovery	73,000	73,000	48,081	(24,919)
Regional program tuition	33,519	33,519	47,675	14,156
Primary class size	311,508	311,508	301,620	(9,888)
Regular foster care	25,157	25,157	23,456	(1,701)
Remedial education	374,466	374,466	379,108	4,642
Remedial summer education	30,781	30,781	6,282	(24,499)
Retirement	434,495	434,495	439,881	5,386
School food	6,144	6,144	27,806	21,662
School food	26,309	26,309	-	(26,309)
Share of state sales tax	3,626,101	3,626,101	3,774,333	148,232
Social security fringe benefits	734,639	734,639	743,746	9,107
Special education	1,046,217	1,046,217	1,059,187	12,970
Special education - foster children	25,156	25,156	10,929	(14,227)
Standards of Learning algebra readiness	40,628	40,628	42,712	2,084
State lottery payments	-	-	106,517	106,517
National board certification	15,000	15,000	12,500	(2,500)
Technology resource	440,000	440,000	388,000	(52,000)
Textbook payment	150,186	150,186	45,531	(104,655)
Vocational education - adult	2,819	2,819	2,831	12
Vocational occupational preparedness	52,735	52,735	50,975	(1,760)
Vocational standards of quality payments	534,543	534,543	541,169	6,626
Total categorical aid	<u>\$ 21,858,389</u>	<u>\$ 21,858,389</u>	<u>\$ 21,214,628</u>	<u>\$ (643,761)</u>
Total revenue from the Commonwealth	<u>\$ 21,858,389</u>	<u>\$ 21,858,389</u>	<u>\$ 21,214,628</u>	<u>\$ (643,761)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 90,374	\$ 90,374	\$ 78,977	\$ (11,397)
Title I	1,376,610	1,376,610	1,071,164	(305,446)
Title VI-B, special education flow-through	1,487,000	1,487,000	1,231,329	(255,671)
Vocational education	87,718	87,718	68,127	(19,591)
Education jobs fund	974,685	974,685	345,187	(629,498)
National school food program	872,777	872,777	988,379	115,602
School breakfast program	250,000	250,000	238,010	(11,990)
Reading first	-	-	20,000	20,000
Drug free schools	-	-	1,049	1,049
Improving teacher quality	245,350	245,350	243,843	(1,507)
Literacy challenge grant	14,500	14,500	2,970	(11,530)
State Stabilization Funds	445,306	445,306	882,226	436,920
CTE certification	-	-	14,389	14,389
Community facilities grant	118,375	118,375	118,375	-
Summer food	32,000	32,000	40,512	8,512
Total categorical aid	<u>\$ 5,994,695</u>	<u>\$ 5,994,695</u>	<u>\$ 5,344,537</u>	<u>\$ (650,158)</u>
Total revenue from the federal government	<u>\$ 5,994,695</u>	<u>\$ 5,994,695</u>	<u>\$ 5,344,537</u>	<u>\$ (650,158)</u>
Total School Operating Fund	<u>\$ 41,614,247</u>	<u>\$ 41,614,247</u>	<u>\$ 39,377,518</u>	<u>\$ (2,236,729)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 41,614,247</u>	<u>\$ 41,614,247</u>	<u>\$ 39,377,518</u>	<u>\$ (2,236,729)</u>

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 204,939	\$ 204,939	\$ 198,438	\$ 6,501
General and financial administration:				
County administrator	\$ 442,588	\$ 442,588	\$ 358,740	\$ 83,848
Commissioner of revenue	271,800	271,800	266,871	4,929
Treasurer	352,670	352,670	367,230	(14,560)
Financial administration	234,687	234,687	197,658	37,029
Assessors	200,000	200,000	171,345	28,655
Mapping	59,165	59,165	31,476	27,689
Total general and financial administration	<u>\$ 1,560,910</u>	<u>\$ 1,560,910</u>	<u>\$ 1,393,320</u>	<u>\$ 167,590</u>
Board of elections:				
Electoral board and officials	\$ 38,279	\$ 38,279	\$ 27,478	\$ 10,801
Registrar	86,821	86,821	83,942	2,879
Total board of elections	<u>\$ 125,100</u>	<u>\$ 125,100</u>	<u>\$ 111,420</u>	<u>\$ 13,680</u>
Total general government administration	<u>\$ 1,890,949</u>	<u>\$ 1,890,949</u>	<u>\$ 1,703,178</u>	<u>\$ 187,771</u>
Judicial administration:				
Courts:				
Circuit court	\$ 36,231	\$ 36,231	\$ 49,403	\$ (13,172)
General district court	7,500	7,500	5,939	1,561
Juvenile & domestic relations court	9,200	9,200	7,375	1,825
Magistrates	2,571	2,571	1,714	857
Clerk of the circuit court	485,385	485,385	433,572	51,813
Commissioner of accounts	5,000	5,000	5,000	-
Law library	14,350	14,350	3,735	10,615
Total courts	<u>\$ 560,237</u>	<u>\$ 560,237</u>	<u>\$ 506,738</u>	<u>\$ 53,499</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 601,296	\$ 601,296	\$ 606,733	\$ (5,437)
Total commonwealth's attorney	<u>\$ 601,296</u>	<u>\$ 601,296</u>	<u>\$ 606,733</u>	<u>\$ (5,437)</u>
Total judicial administration	<u>\$ 1,161,533</u>	<u>\$ 1,161,533</u>	<u>\$ 1,113,471</u>	<u>\$ 48,062</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,773,347	\$ 3,773,347	\$ 3,664,811	\$ 108,536
Total law enforcement and traffic control	<u>\$ 3,773,347</u>	<u>\$ 3,773,347</u>	<u>\$ 3,664,811</u>	<u>\$ 108,536</u>
Fire and rescue services:				
Fire department	\$ 2,235,897	\$ 2,235,897	\$ 1,803,537	\$ 432,360
Ambulance and rescue services	189,283	189,283	203,428	(14,145)
Total fire and rescue services	<u>\$ 2,425,180</u>	<u>\$ 2,425,180</u>	<u>\$ 2,006,965</u>	<u>\$ 418,215</u>

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 1,760,000	\$ 1,760,000	\$ 1,634,887	\$ 125,113
Probation office	2,792	2,792	2,875	(83)
Total correction and detention	<u>\$ 1,762,792</u>	<u>\$ 1,762,792</u>	<u>\$ 1,637,762</u>	<u>\$ 125,030</u>
Inspections:				
Building	\$ 91,203	\$ 91,203	\$ 96,248	\$ (5,045)
Total inspections	<u>\$ 91,203</u>	<u>\$ 91,203</u>	<u>\$ 96,248</u>	<u>\$ (5,045)</u>
Other protection:				
Animal control	\$ 215,400	\$ 215,400	\$ 128,702	\$ 86,698
Medical examiner	600	600	300	300
E-911 department	2,532,218	2,532,218	212,572	2,319,646
Wireless E-911 grant	30,639	30,639	26,056	4,583
Emergency services	97,221	97,221	48,373	48,848
Total other protection	<u>\$ 2,876,078</u>	<u>\$ 2,876,078</u>	<u>\$ 416,003</u>	<u>\$ 2,460,075</u>
Total public safety	<u>\$ 10,928,600</u>	<u>\$ 10,928,600</u>	<u>\$ 7,821,789</u>	<u>\$ 3,106,811</u>
Public works:				
Engineering				
Engineering	116,716	116,716	113,715	\$ 3,001
Total engineering	<u>116,716</u>	<u>116,716</u>	<u>113,715</u>	<u>3,001</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,442,139	\$ 1,442,139	\$ 1,423,913	\$ 18,226
Total sanitation and waste removal	<u>\$ 1,442,139</u>	<u>\$ 1,442,139</u>	<u>\$ 1,423,913</u>	<u>\$ 18,226</u>
Maintenance of general buildings and grounds:				
Courthouse building	\$ 390,711	\$ 390,711	\$ 281,925	\$ 108,786
Health center	1,713	1,713	891	822
County administrative building	107,886	107,886	116,825	(8,939)
Sixth Street building	3,563	3,563	2,429	1,134
Building and grounds maintenance	73,725	73,725	56,647	17,078
Library building	3,469	3,469	2,251	1,218
Spiller Annex Building	1,600	1,600	-	1,600
Other properties	906	906	367	539
Total maintenance of general buildings and grounds	<u>\$ 583,573</u>	<u>\$ 583,573</u>	<u>\$ 461,335</u>	<u>\$ 122,238</u>
Total public works	<u>\$ 2,142,428</u>	<u>\$ 2,142,428</u>	<u>\$ 1,998,963</u>	<u>\$ 143,465</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Total health	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 119,580	\$ 119,580	\$ 119,580	\$ -
Total mental health and mental retardation	<u>\$ 119,580</u>	<u>\$ 119,580</u>	<u>\$ 119,580</u>	<u>\$ -</u>
Welfare:				
Public assistance	\$ 6,345,273	\$ 6,345,273	\$ 6,385,790	\$ (40,517)
Tax relief for the elderly	-	-	70,286	(70,286)
Family resource center	3,750	3,750	3,750	-
District III coop	25,690	25,690	25,690	-
Total welfare	<u>\$ 6,374,713</u>	<u>\$ 6,374,713</u>	<u>\$ 6,485,516</u>	<u>\$ (110,803)</u>
Total health and welfare	<u>\$ 6,794,293</u>	<u>\$ 6,794,293</u>	<u>\$ 6,905,096</u>	<u>\$ (110,803)</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 40,164	\$ 40,164	\$ 40,164	\$ -
Contribution to County School Board	12,290,981	12,290,981	11,122,595	1,168,386
Total education	<u>\$ 12,331,145</u>	<u>\$ 12,331,145</u>	<u>\$ 11,162,759</u>	<u>\$ 1,168,386</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Commission	\$ 145,548	\$ 145,548	\$ 78,125	\$ 67,423
Rural Retreat Lake campground	98,437	98,437	82,709	15,728
Rural Retreat Lake swimming pool	45,453	45,453	33,642	11,811
Ager Park	21,918	21,918	10,047	11,871
Total parks and recreation	<u>\$ 311,356</u>	<u>\$ 311,356</u>	<u>\$ 204,523</u>	<u>\$ 106,833</u>
Cultural enrichment:				
Festivals/tourism	\$ 42,000	\$ 42,000	\$ 23,625	\$ 18,375
Total cultural enrichment	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 23,625</u>	<u>\$ 18,375</u>
Library:				
Contribution to regional library	\$ 261,927	\$ 261,927	\$ 261,927	\$ -
Total library	<u>\$ 261,927</u>	<u>\$ 261,927</u>	<u>\$ 261,927</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 615,283</u>	<u>\$ 615,283</u>	<u>\$ 490,075</u>	<u>\$ 125,208</u>

County of Wythe, Virginia
 Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 77,083	\$ 77,083	\$ 72,620	\$ 4,463
Wythe county joint IDA	141,408	141,408	141,408	-
Small business incubator	10,000	10,000	10,000	-
Smyth/Wythe airport commission	47,554	47,554	47,554	-
New River/Highlands RC&D	700	700	700	-
Total planning and community development	<u>\$ 276,745</u>	<u>\$ 276,745</u>	<u>\$ 272,282</u>	<u>\$ 4,463</u>
Community development: (Continued)				
Environmental management:				
Contribution to soil and water district	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Total environmental management	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 65,198	\$ 65,198	\$ 37,845	\$ 27,353
Total cooperative extension program	<u>\$ 65,198</u>	<u>\$ 65,198</u>	<u>\$ 37,845</u>	<u>\$ 27,353</u>
Total community development	<u>\$ 352,943</u>	<u>\$ 352,943</u>	<u>\$ 321,127</u>	<u>\$ 31,816</u>
Nondepartmental:				
Revenue refunds	\$ 176,614	\$ 176,614	\$ -	\$ 176,614
Total nondepartmental	<u>\$ 176,614</u>	<u>\$ 176,614</u>	<u>\$ -</u>	<u>\$ 176,614</u>
Capital projects: (1)				
Fort Chiswell emergency services building	\$ 146,530	\$ 146,530	\$ 109	\$ 146,421
County office building construction	5,000,000	5,000,000	1,743,042	3,256,958
Progress park improvements	10,402,763	10,402,763	4,162,796	6,239,967
Total capital projects	<u>\$ 15,549,293</u>	<u>\$ 15,549,293</u>	<u>\$ 5,905,947</u>	<u>\$ 9,643,346</u>
Debt service:				
Principal retirement	\$ 1,990,809	\$ 1,990,809	\$ 1,990,809	\$ -
Interest and other fiscal charges	1,545,460	1,545,460	1,549,738	(4,278)
Total debt service	<u>\$ 3,536,269</u>	<u>\$ 3,536,269</u>	<u>\$ 3,540,547</u>	<u>\$ (4,278)</u>
Total General Fund	<u>\$ 55,479,350</u>	<u>\$ 55,479,350</u>	<u>\$ 40,962,952</u>	<u>\$ 14,516,398</u>
Total Primary Government	<u>\$ 55,479,350</u>	<u>\$ 55,479,350</u>	<u>\$ 40,962,952</u>	<u>\$ 14,516,398</u>

(1) Budgeted within departmental budgets

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 975,609	\$ 975,609	\$ 921,585	\$ 54,024
Total administration of schools	<u>\$ 975,609</u>	<u>\$ 975,609</u>	<u>\$ 921,585</u>	<u>\$ 54,024</u>
Instruction costs:				
Instruction	\$ 30,116,977	\$ 30,116,977	\$ 27,292,631	\$ 2,824,346
Technology instruction	1,274,219	1,274,219	1,310,865	(36,646)
Total instruction costs	<u>\$ 31,391,196</u>	<u>\$ 31,391,196</u>	<u>\$ 28,603,496</u>	<u>\$ 2,787,700</u>
Operating costs:				
Pupil transportation	\$ 2,177,769	\$ 2,177,769	\$ 2,418,586	\$ (240,817)
Operation and maintenance of school plant	3,672,958	3,672,958	3,786,969	(114,011)
Total operating costs	<u>\$ 5,850,727</u>	<u>\$ 5,850,727</u>	<u>\$ 6,205,555</u>	<u>\$ (354,828)</u>
School food services:				
Administration of school food program	\$ 2,151,740	\$ 2,151,740	\$ 1,903,090	\$ 248,650
Total school food services	<u>\$ 2,151,740</u>	<u>\$ 2,151,740</u>	<u>\$ 1,903,090</u>	<u>\$ 248,650</u>
Total education	<u>\$ 40,369,272</u>	<u>\$ 40,369,272</u>	<u>\$ 37,633,726</u>	<u>\$ 2,735,546</u>
Capital projects:				
School capital projects	\$ 1,743,061	\$ 1,743,061	\$ 1,501,466	\$ 241,595
Total capital projects	<u>\$ 1,743,061</u>	<u>\$ 1,743,061</u>	<u>\$ 1,501,466</u>	<u>\$ 241,595</u>
Total School Fund	<u>\$ 42,112,333</u>	<u>\$ 42,112,333</u>	<u>\$ 39,135,192</u>	<u>\$ 2,977,141</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 42,112,333</u>	<u>\$ 42,112,333</u>	<u>\$ 39,135,192</u>	<u>\$ 2,977,141</u>

Other Statistical Information

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water/Sewer Department	Total
2010-11	\$ 1,114,168	\$ 1,113,061	\$ 6,044,161	\$ 2,260,019	\$ 6,792,651	\$ 13,486,880	\$ 501,448	\$ 340,134	\$ 1,491,857	\$ 3,039,478	36,183,856
2009-10	1,430,893	1,121,160	5,730,414	2,256,629	6,611,511	9,430,330	525,341	1,005,579	1,402,162	2,570,803	32,084,822
2008-09	1,638,876	1,037,073	5,364,813	2,457,234	6,391,877	10,236,820	585,718	538,549	1,308,787	2,595,395	32,155,142
2007-08	1,102,068	1,130,051	5,241,651	2,212,679	5,936,838	11,084,184	583,244	1,139,697	1,398,504	2,326,133	32,155,049
2006-07	1,173,193	992,656	4,980,926	4,663,802	5,908,253	11,026,573	583,031	3,016,335	1,391,274	1,979,890	35,715,933
2005-06	1,360,376	813,383	4,522,067	2,560,585	5,091,607	9,807,061	570,524	4,407,878	1,185,422	1,853,986	32,172,889
2004-05	1,266,445	500,504	4,091,425	2,125,423	4,438,493	9,408,235	534,905	2,423,396	1,275,969	1,787,290	27,852,085
2003-04	1,258,218	446,885	4,181,721	1,776,941	4,228,680	8,141,075	553,592	1,286,266	1,354,490	1,542,077	24,769,945
2002-03	1,254,009	442,169	3,824,191	906,144	3,968,780	8,746,890	547,460	731,107	1,234,396	1,720,255	23,375,401

(1) Information has only been available for 9 years.

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2010-11	\$ 4,740,137	\$ 8,417,319	\$ 4,017,436	\$	\$ 16,413,526	\$ 5,875,452	\$ 1,165,451	\$ 211,242	\$ 1,715,976	\$ 42,556,539		
2009-10	4,238,317	7,546,764	1,470,916		16,239,400	5,784,144	1,001,236	368,416	1,747,887	38,397,080		
2008-09	4,670,134	7,341,206	18,525		16,095,756	5,992,791	1,423,635	-	1,805,916	37,347,963		
2007-08	5,422,562	8,501,323	56,287		15,190,799	6,455,989	1,542,199	477,152	1,759,298	39,405,609		
2006-07	4,336,231	9,338,190	214,941		12,958,011	6,432,895	2,100,588	82,238	1,875,583	37,338,677		
2005-06	3,040,194	8,475,098	1,483,543		12,882,908	6,190,995	1,876,830	6,427	1,924,510	35,880,505		
2004-05	3,173,548	5,501,294	1,877,284		12,881,627	5,907,406	410,629	282,181	1,621,395	31,655,364		
2003-04	2,795,267	6,628,887	-		11,754,967	5,613,402	250,305	1,165,179	2,727,203	30,935,210		
2002-03	2,266,760	6,513,103	-		11,589,801	5,229,303	334,888	384,362	1,965,594	28,283,811		

(1) Information has only been available for 9 years.

Table 3

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2010-11	\$ 1,703,178	\$ 1,113,471	\$ 7,821,789	\$ 1,998,963	\$ 6,905,096	\$ 37,673,890	\$ 490,075	\$ 321,127	\$ -	\$ 3,540,547	\$ 7,407,413	\$ 68,975,549
2009-10	1,504,404	1,120,632	5,683,068	2,055,263	6,714,792	41,660,550	541,329	809,283	162,427	3,307,881	1,565,615	65,125,244
2008-09	1,539,578	1,035,285	5,276,627	2,307,558	6,538,139	40,489,013	580,323	972,300	-	3,284,554	5,615,252	67,638,629
2007-08	1,417,942	1,128,376	5,307,665	2,025,909	6,073,447	39,972,881	575,398	973,616	-	6,898,299	277,555	64,651,088
2006-07	1,512,851	991,921	5,094,918	4,616,524	5,903,223	38,670,937	582,594	2,246,726	82	7,278,191	1,447,765	68,345,752
2005-06	1,381,442	818,211	4,967,687	2,705,898	5,080,497	36,059,821	562,903	4,407,734	-	3,187,705	4,645,650	63,817,548
2004-05	1,256,423	500,504	4,831,747	2,478,911	4,454,674	33,635,234	529,734	2,422,935	-	4,018,460	972,280	55,100,902
2003-04	1,251,024	448,885	4,396,199	1,969,733	4,109,237	31,528,248	545,846	1,325,692	-	11,373,044	2,379,069	59,324,977
2002-03	1,223,807	442,169	3,908,194	2,030,428	4,007,536	30,246,276	542,834	731,675	-	11,448,097	6,596,555	61,177,571
2001-02	1,484,388	391,601	4,083,087	1,603,754	4,482,599	27,870,447	574,227	1,596,503	-	2,374,220	14,326,582	58,787,408

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2010-11	16,464,384	5,875,452	81,452	1,347,286	1,032,789	1,368,655	270,860	1,592,502	40,077,460	68,110,840
2009-10	16,207,800	5,784,144	96,092	1,299,841	907,156	1,429,685	410,546	898,874	40,008,871	67,043,009
2008-09	15,725,637	5,992,791	87,501	1,203,414	1,334,434	1,418,220	2,675	1,152,933	40,335,213	67,252,818
2007-08	15,330,577	6,455,989	112,693	1,483,167	1,470,255	1,453,423	479,077	1,062,904	39,295,486	67,143,571
2006-07	13,318,383	6,432,895	185,507	1,329,058	1,451,377	1,389,051	348,783	1,163,702	39,356,996	64,975,752
2005-06	12,947,597	6,190,995	148,733	1,086,467	1,525,668	1,203,806	370,215	348,218	37,295,408	61,117,107
2004-05	12,662,170	5,907,406	116,878	1,109,379	425,078	1,004,725	803,882	347,332	33,460,859	55,837,709
2003-04	11,722,580	5,613,402	112,148	898,631	246,714	850,728	1,737,464	233,301	31,081,509	52,496,477
2002-03	11,577,642	5,229,303	109,233	730,508	334,029	740,384	715,219	416,833	28,470,281	48,323,432
2001-02	11,198,731	4,947,156	144,131	603,685	1,101,642	843,497	266,387	822,291	28,967,078	48,894,598

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2010-11	\$ 16,445,210	\$ 15,900,211	96.69%	\$ 312,712	\$ 16,212,923	98.59%	\$ 1,373,871	8.35%
2009-10	16,032,364	15,492,730	96.63%	513,352	16,006,082	99.84%	1,460,821	9.11%
2008-09	15,632,362	15,152,408	96.93%	363,918	15,516,326	99.26%	1,465,066	9.37%
2007-08	15,389,398	14,878,139	96.68%	269,190	15,147,329	98.43%	1,336,406	8.68%
2006-07	15,261,404	14,444,360	94.65%	298,517	14,742,877	96.60%	1,297,569	8.50%
2005-06	14,288,119	14,034,766	98.23%	304,216	14,338,982	100.36%	1,200,460	8.40%
2004-05	14,059,147	13,259,515	94.31%	615,516	13,875,031	98.69%	1,255,928	8.93%
2003-04	13,063,042	12,695,723	97.19%	313,349	13,009,072	99.59%	986,877	7.55%
2002-03	12,813,683	12,545,435	97.91%	300,457	12,845,892	100.25%	955,915	7.46%
2001-02	12,793,362	12,320,571	96.30%	211,739	12,532,310	97.96%	946,619	7.40%

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

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

Fiscal Year	Real Estate	Personal Property	Public Service Companies	Total
2010-11	\$ 2,249,458,695	\$ 471,521,559	156,715,339	2,877,695,593
2009-10	2,210,517,580	500,123,110	162,428,985	2,873,069,675
2008-09	2,181,140,120	503,080,112	143,965,550	2,828,185,782
2007-08	2,137,176,630	440,104,314	179,339,116	2,756,620,060
2006-07	1,478,984,752	422,437,107	120,231,024	2,021,652,883
2005-06	1,403,938,970	387,025,032	138,305,024	1,929,269,026
2004-05	1,372,932,485	382,561,623	131,674,744	1,887,168,852
2003-04	1,332,331,545	328,379,094	116,826,731	1,777,537,370
2002-03	1,314,437,851	325,942,084	114,286,219	1,754,666,154
2001-02	965,835,469	321,798,499	82,484,524	1,370,118,492

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2010-11	\$ 0.44	\$ 2.08	\$ 1.50	\$ 0.56
2009-10	0.43	2.08	1.50	0.56
2008-09	0.43	2.08	1.50	0.56
2007-08	0.43	2.08	1.50	0.56
2006-07	0.54	2.08	1.50	0.56
2005-06	0.54	2.08	1.50	0.56
2004-05	0.54	2.08	1.50	0.56
2003-04	0.54	2.08	1.50	0.56
2001-03	0.54	2.08	1.50	0.56
2001-02	0.71	2.27	1.50	0.56

(1) Per \$100 of assessed value.

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010-11	29,235	2,877,695,593	\$ 51,005,571	1.77%	\$ 1,745
2009-10	29,235	2,873,069,675	45,521,384	1.58%	1,557
2008-09	27,599	2,828,185,782	42,750,112	1.51%	1,549
2007-08	27,599	2,756,620,060	40,072,092	1.45%	1,452
2006-07	27,599	2,021,652,883	40,928,550	2.02%	1,483
2005-06	27,599	1,929,269,026	43,599,986	2.26%	1,580
2004-05	27,599	1,887,168,852	29,773,651	1.58%	1,079
2003-04	27,599	1,777,537,370	27,696,308	1.56%	1,004
2002-03	27,599	1,754,666,154	30,571,989	1.74%	1,108
2001-02	27,599	1,370,118,492	31,054,716	2.27%	1,125
2000-01	27,599	1,328,010,539	32,986,566	2.48%	1,195

(1) United States Bureau of the Census

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2010-11	\$ 1,990,809	\$ 1,549,738	3,540,547	\$ 68,975,549	5.133%
2009-10	1,822,011	1,485,870	3,307,881	65,125,244	5.079%
2008-09	1,889,349	1,395,205	3,284,554	67,638,629	4.856%
2007-08(4)	5,443,269	1,455,030	6,898,299	64,651,088	10.670%
2006-07(3)	1,854,614	1,323,577	3,178,191	68,345,752	4.650%
2005-06	1,777,483	1,410,222	3,187,705	63,817,548	4.995%
2004-05	2,425,698	1,592,762	4,018,460	55,100,902	7.293%
2003-04	10,100,013	1,273,031	11,373,044	59,324,977	19.171%
2002-03	10,259,879	1,188,218	11,448,097	61,177,571	18.713%
2001-02	939,834	1,434,386	2,374,220	58,787,408	4.039%

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

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

(3) Excludes temporary loans

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Wythe, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Wythe, Virginia's basic financial statements and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2011-1 and 2011-2).

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Wythe, Virginia in a separate letter dated December 27, 2011.

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

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

Robinson, Fauner, Co. Associates

Christiansburg, Virginia
December 27, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

Independent Auditors' Report

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

Compliance

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

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

As described in item 2011-3 in the accompanying schedule of findings and questioned costs, the County of Wythe, Virginia did not comply with requirements regarding cash management that are applicable to its Public Safety Partnership and Community Policing Grant. Compliance with this requirement is necessary, in our opinion, for the County of Wythe, Virginia to comply with requirements applicable to this program.

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

Internal Control Over Compliance

Management of the County of Wythe, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Wythe, Virginia's internal control over

compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Wythe, Virginia's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-3 to be a material weakness.

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

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

Robinson, Fauner, Co. Associates

Christiansburg, Virginia
December 27, 2011

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

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
Direct Payments:				
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	N/A		\$ 755,312
Water and Waste Disposal Systems for Rural Communities	10.760	N/A		1,511,260
Community Facilities Loans and Grants	10.766	N/A		1,520,655
Pass Through Payments:				
<i>State Department of Agriculture:</i>				
Food Distribution-Summer School (Note C)	10.559	N/A		40,512
Food Distribution-Schools (Note C)	10.555	N/A	\$ 144,657	
<i>Child Nutrition Cluster:</i>				
National School Lunch Program	10.555	40623	843,722	988,379
National School Breakfast Program	10.553	40591		238,010
<i>Department of Social Services:</i>				
<i>SNAP Program Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	\$ 369,101	
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	10,073	379,174
<i>Department of Education:</i>				
Schools and Roads - Grants to States	10.665	43841		78,977
Total Department of Agriculture				<u>\$ 5,512,279</u>
DEPARTMENT OF THE INTERIOR:				
Direct Payments:				
Bureau of Land Management:				
Payments in Lieu of Taxes	15.226	N/A		<u>\$ 50,008</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass Through Payments:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families	93.556	0950110/0950111		\$ 22,124
Temporary Assistance for Needy Families (TANF)	93.558	0400111		326,408
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111		682
Low-Income Home Energy Assistance	93.568	0600410/0600411		23,369
Chafee Education and Training Vouchers Program	93.599	9160110		2,510
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900110/0900111		1,269
Social Services Block Grant	93.667	1000110/1000111		238,608
Chafee Foster Care Independence Program	93.674	9150110/9150111		10,338
Children's Health Insurance Program	93.767	0540110/0540111		10,398
Medical Assistance Program	93.778	1200110/1200111		222,262
<i>Child Care and Development Funds Cluster:</i>				
Child Care and Development Block Grant	93.575	0770110		149,089
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111		114,465
ARRA - Child Care and Development Block Grant	93.713	0740109/0740109		19,595
Foster Care	93.658	1100110/1100111	\$ 475,227	
ARRA - Foster Care	93.658	1100110/1100111	24,161	499,388
Adoption Assistance	93.659	1120110/1120111	\$ 166,908	
ARRA - Adoption Assistance	93.659	1120110/1120111	11,040	177,948
Total Department of Health and Human Services				<u>\$ 1,818,453</u>
DEPARTMENT OF HOMELAND SECURITY:				
Pass Through Payments:				
<i>Department of Emergency Management:</i>				
Emergency Management Performance Grant	97.042	52749/52740		\$ 27,648
Total Department of Homeland Security				<u>\$ 27,648</u>

Schedule of Expenditures of Federal Awards
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 TRANSPORTATION:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50326	\$ 66,604
Total Department of Transportation			<u>\$ 66,604</u>
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
<i>Department of Education:</i>			
Career and Technical Education-Basic Grants to States	84.048	61095	\$ 82,516
Reading First State Grants	84.357	60655	20,000
Improving Teacher Quality State Grants	84.367	61480	243,843
Safe and Drug-Free Schools and Communities-State Grants	84.186	60511	1,050
Education Jobs Fund, Recovery Act	84.410	62700	345,187
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	62532	882,226
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	84.010	42901	1,035,838
ARRA - Title I Grants to Local Educational Agencies	84.389	42913	35,326
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States (Title VI-B)	84.027	73071	734,537
ARRA - Special Education-Grants to States (Title VI-B)	84.391	61245	461,470
Special Education-Preschool Grants	84.173	62521	30,035
ARRA - Special Education-Preschool Grants	84.392	61247	5,288
<i>Education Technology Cluster:</i>			
Education Technology State Grants	84.318	61600	2,063
ARRA - Education Technology State Grants	84.386	60897	907
Total Department of Education			<u>\$ 3,880,286</u>
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Public Safety Partnership and Community Policing Grants, Recovery Act	16.710	N/A	\$ 400,000
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence against women - formula grants	16.588	09WFAX0037	4,201
Crime Victim Assistance	16.575	05VAGX0031	33,137
Total Department of Justice			<u>\$ 437,338</u>
ENVIRONMENTAL PROTECTION AGENCY:			
Pass Through Payments:			
Virginia Resource Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	90301	\$ 108,600
Total Expenditure of Federal Awards			<u>\$ 11,901,216</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

Note A -- Basis of Presentation

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

Note B -- Summary of Significant Accounting Policies

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

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

Note C -- Food Donation

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

Note D -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 2,830,227
Water and Sewer Fund Grants	108,600
Water and Sewer Fund Loans	3,617,852
Component Unit Schools:	
School Operating Fund	<u>\$ 5,344,537</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 11,901,216</u>

County of Wythe, Virginia

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Yes
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
10.766	Community Facilities Loans and Grants
10.781	Water and Waste Disposal Systems for Rural Communities - ARRA
16.710	Public Safety Partnership and Community Policing Grants, Recovery Act
93.658	Foster Care Program - Including ARRA Funds
93.558	Temporary Assistance to Needy Families
93.659	Adoption Assistance
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants
84.410	Education Jobs Fund, Recovery Act
84.010/84.389	Title 1 Part A Cluster
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)
10.561	SNAP Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$357,036
Auditee qualified as low-risk auditee?	No

County of Wythe, Virginia

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

Section II - Financial Statement Findings

2011-1

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

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

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

Management's
Response:

To comply with standards established by Statement on Auditing Standards 115, the County employed an external accounting firm to prepare all necessary year-end accounting adjustments and to assist in the selection and application of accounting principles for the fiscal year ending June 30, 2011. As the County's consultant becomes more familiar with the County's financial records, the potential for misstatements in the annual financial report should decrease significantly.

2011-2

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

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

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

Management's
Response:

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

County of Wythe, Virginia

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

Section III - Federal Award Findings and Questioned Costs

2011-3	Funding Source - Department of Criminal Justice
	Public Safety Partnership and Community Policing Grants, Recovery Act CFDA Number 16.710 - Year ending June 30, 2011
Criteria:	The grant requires that no excess funds shall be kept on hand, except for advances not to exceed a ten day period.
Condition:	The County requested funds exceeding immediate cash disbursement needs. Excess funds were not completely diminished until approximately eight months after the funds were received.
Questioned Costs:	None
Context:	A review of the grant expenditures found that the requirements of the grant were not followed.
Effect:	The County was not in compliance with cash management terms of the grant.
Cause:	The County did not have controls in place to ensure compliance with grant requirements.
Recommendation:	The County should perform a detailed review of all new grants awarded to determine if new compliance monitoring will be required. Once the County determines that new compliance requirements exist; controls should be developed to monitor adherence with same.
Response:	The County agrees with the audit recommendation and will perform a detailed review of new grants in the future. This appears to be an isolated occurrence and an oversight on the part of the County.

Section IV - Status of Prior Audit Findings and Questioned Costs

Findings 2010-4 and 2010-5 related to Davis-Bacon Act compliance and allowable cost reimbursement have been resolved in the current fiscal year. Financial statement finding 2010-3 has been corrected in the current year.