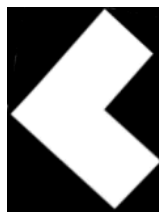


*County of Henry, Virginia*  
*Comprehensive Annual Financial Report*  
*Year Ended June 30, 2009*



*Creedle, Jones  
& Alga, P.C.*  
*Certified Public Accountants*

## County of Henry, Virginia

### Table of Contents

Year Ended June 30, 2009

#### FINANCIAL SECTION

	Pages
Independent Auditor's Report	i-ii
Management's Discussion and Analysis	1-9

#### Basic Financial Statements

##### Exhibits

##### Government-Wide Financial Statements

1	Statement of Net Assets	10
2	Statement of Activities	11

##### Fund Financial Statements

3	Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	12-13
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14-15
5	Statement of Fiduciary Assets and Liabilities	16
	Notes to Financial Statements	17-43

#### Required Supplementary Information

##### Exhibit

9	Budgetary Comparison Schedule – General Fund, Comprehensive Services Act Fund, E-911 Central Dispatch Fund, Law Library Fund, Capital Projects Fund, Henry County School Board – School Fund, Henry County School Board – School Textbook Fund, Henry County School Board – School Cafeteria Fund	44-56
---	---	-------

<b>Other Supplementary Information</b>		Pages
Schedules		
1	Combining Balance Sheet – Component Unit - School Board	57
2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit – School Board	58
3	Statement of Net Assets – Component Unit – Industrial Development Authority	59
4	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Component Unit – Industrial Development Authority	60
5	Statement of Cash Flows – Component Unit – Industrial Development Authority	61
6	Balance Sheet – Component Unit – Henry-Martinsville Social Services	62
7	Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit – Henry-Martinsville Social Services	63
8	Statement of Revenues, Expenditures, and Changes in Fund Balances – Agency Fund – Southern Virginia Recreation Facilities Authority	64

### **OTHER INFORMATION SECTION**

Tables		
1	General Governmental Revenues by Source – Last Ten Fiscal Years	65
2	General Governmental Expenditures by Function – Last Ten Fiscal Years	66
3	Assessed Value of Taxable Property – Last Ten Fiscal Years and Property Tax Rates – Last Ten Fiscal Years	67
4	Property Tax Levies and Collections – Last Ten Fiscal Years	68
5	Ratio of Net General Obligation Bonded Debt to Assessed Taxable Value and Net General Obligation Bonded Debt Per Capita – Last Ten Fiscal Years	69
6	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years	70

### **COMPLIANCE (SINGLE AUDIT) SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71-72
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	73-74
Report on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants	75-76
Schedule of Expenditures of Federal Awards	77-79
Schedule of Findings and Questioned Costs	80
Summary Schedule of Prior Audit Findings	81

# FINANCIAL SECTION





**Creedle  
Jones  
& Alga**

*A Professional Corporation*

*Certified Public Accountants  
Sherwood H. Creedle, CPA  
Robin B. Jones, CPA, CFP  
David V. Alga, CPA, CVA  
Denise C. Williams, CPA, CSEP*

-----  
*Scott A. Thompson, CPA*

*Members  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henry, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Henry, 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2010, on our consideration of the County of Henry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 1 through 9 and 44 through 56, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Henry, Virginia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Henry, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Credle, Jones & Alga, P.C.*

Credle, Jones & Alga, P.C.  
Certified Public Accountants

South Hill, Virginia  
January 11, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Henry, Virginia presents the following discussion and analysis as an overview of the County of Henry, Virginia's financial activities for the fiscal year ending June 30, 2009. We encourage readers to read this discussion and analysis in conjunction with the County's financial statements.

### Financial Highlights for Fiscal Year 2009

#### Highlights for Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the County, excluding its Component Units, exceeded its liabilities by \$45,304,716. Of this amount, \$20,027,141 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- For the fiscal year, general and program revenues of the County's governmental activities were \$47,420,774 and expenses amounted to \$43,578,812. The County's total net assets increased \$3,841,962.

#### Highlights for Fund Financial Statements

- As of June 30, 2009, the County's Governmental Funds reported combined fund balances of \$21,603,230, an increase of \$441,720 in comparison with the prior year. All of the combined fund balances are available to meet the County's current and future needs.
- The General Fund reported a fund balance of \$21,232,876, an increase of \$359,052 from June 30, 2008.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report consists of two sections: financial and compliance.

- The ***financial section*** has three component parts - management's discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements, and required supplementary information.
- The ***compliance section*** is required under the provisions of *Governmental Auditing Standards* and, in some cases, the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

### Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net assets and how they have changed during the fiscal year.

The first government-wide statement - the Statement of Net Assets - presents information on all of the County's assets and liabilities. The difference between assets and liabilities, net assets, can be used as one way to measure the County's financial health, or financial condition. Over time, increases or decreases in the net assets can be one indicator of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

The second statement - the Statement of Activities - presents information using the accrual basis accounting method and shows how the County's net assets changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide statements are divided into the following two categories:

Governmental Activities: Most of the County's basic services are reported here, including general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation, and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants. Governmental Funds are included in the governmental activities.

Discretely Presented Component Units: The County has three component units: the School Board, Industrial Development Authority, and the Henry-Martinsville Social Services. While the School System and the Industrial Development Authority are legally separate entities, the County is financially accountable and provides operating and capital funding to these component units. The County is the fiscal agent for the Henry-Martinsville Social Services, which is supported by funds from the Federal government, Commonwealth of Virginia, County General Fund, and the City of Martinsville, Virginia. Financial information for the component units are reported separately from the financial information presented for the primary government.

### **Fund Financial Statements**

Traditional users of government financial statements will find the fund financial statements more familiar. These statements provide more detailed information about the County's most significant funds. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenue and expenses for particular purposes. The County has three kinds of funds:

Governmental Funds - Most of the County's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). The General Fund is the main operating account of the County and, therefore, the largest of the Governmental Funds.

The County has five major funds because they all have legally adopted budgets. These funds are the General, Comprehensive Services Act, E-911 Central Dispatch, Law Library, and Capital Projects.

Proprietary Funds - Proprietary Funds, which consist of Enterprise Funds, operate in a manner similar to private business enterprises in which costs are recovered primarily through a user charge. Proprietary Fund financial statements provide both long and short-term financial information. The County has no proprietary funds at this time.



**Fiduciary Funds** - Fiduciary Funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide statements because the funds are not available to support the County's programs. The County's Fiduciary Funds consist of Agency Funds. The funds are used to account for monies received, held, and disbursed on behalf of the Special Welfare Fund, Seizure Fund, Jail Inmate Fund, and Southern Virginia Recreation Facilities Authority. The County maintains the following fiduciary funds:

Special Welfare Fund – The Special Welfare Fund is used to reimburse the Comprehensive Service Act Fund, State Agencies, and others for expenses incurred on behalf of Henry-Martinsville Social Services welfare clients. Income is derived primarily from the Social Security Administration and other local organizations on behalf of the Social Services' clients.

Seizure Fund – The Seizure Fund is maintained by the Sheriff's Department and it holds funds collected from various arrests made by the Department.

Jail Inmate Fund – This fund is comprised of cash on inmates of the Henry County Jail at the time of their arrest or contributions to them from their family members. These funds can only be used for the health and welfare of specific County inmates.

Southern Virginia Recreation Facilities Authority – This fund is used to maintain the development and operations of a joint activity involving community recreational events in the Martinsville and Henry County areas.

OPEB Trust Fund – This fund is comprised of the money held in trust to fund post-retiree benefits of health insurance for the County, the School Board, and Henry-Martinsville Social Services.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

	<b>Summary of Net Assets</b>	
	As of June 30, 2009 and 2008	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current and other assets	\$ 30,832,412	\$ 31,230,471
Capital assets (net)	46,136,764	43,037,709
Total Assets	<u>\$ 76,969,176</u>	<u>\$ 74,268,180</u>
<b>Liabilities</b>		
Other liabilities	\$ 8,549,045	\$ 8,107,481
Long-term liabilities	23,115,415	24,697,945
Total Liabilities	<u>31,664,460</u>	32,805,426
<b>Net Assets</b>		
Invested in capital assets, net of related debt	25,277,575	20,512,699
Restricted for construction	-	1,216,634
Unrestricted	<u>20,027,141</u>	<u>19,733,421</u>
Total Net Assets	<u>45,304,716</u>	<u>41,462,754</u>
Total Liabilities and Net Assets	<u>\$ 76,969,176</u>	<u>\$ 74,268,180</u>

## Statement of Activities

The following table summarizes revenues and expenses for the primary government as of June 30, 2009:

### Summary of Changes in Net Assets

For the Fiscal Years Ended June 30, 2009 and 2008

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for services	\$ 614,456	\$ 623,828
Grants and contributions	9,068,411	8,149,040
<b>General Revenues</b>		
General property taxes, real and personal	21,538,723	21,368,868
Other taxes	11,342,729	11,996,247
Noncategorical aid from state	3,712,293	3,946,006
Use of property	261,735	659,786
Investment earnings	344,943	198,246
Miscellaneous	537,484	27,622
Total Revenues	<u>47,420,774</u>	46,969,643
<b>Expenses</b>		
General government administration	2,709,566	3,304,775
Judicial administration	2,738,308	2,874,915
Public safety	12,357,673	11,192,442
Public works	3,265,121	2,795,573
Health and welfare	2,030,561	1,954,499
Education	13,252,757	12,658,955
Parks, recreation, and cultural	1,865,049	1,856,956
Community development	3,719,160	4,125,996
Interest on long-term debt	1,640,617	961,745
Total Expenses	<u>43,578,812</u>	41,725,856
Increase in Net Assets	3,841,962	5,243,787
Beginning Net Assets	<u>41,462,754</u>	36,218,967
Ending Net Assets	<u>\$ 45,304,716</u>	<u>\$ 41,462,754</u>

Governmental activities increased the County's net assets by \$3,841,962 for fiscal year 2009. Revenues from governmental activities totaled \$47,420,774. Property taxes comprise the largest source of these revenues, totaling \$21,538,723 or 45.4 percent of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$43,578,812. Education is the County's largest program and highest priority with expenses totaling \$13,252,757. Public safety expenses, which total \$12,357,673, represent the second largest expense.

For the County's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

### Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>		<u>2008</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 2,709,566	\$ (1,070,535)	\$ 3,304,775	\$ (2,706,097)
Judicial administration	2,738,308	(1,534,377)	2,874,915	(1,730,666)
Public safety	12,357,673	(6,508,552)	11,192,442	(4,953,608)
Public works	3,265,121	(3,066,527)	2,795,573	(2,605,823)
Health and welfare	2,030,561	(1,558,980)	1,954,499	(1,455,749)
Parks, recreation, and cultural	1,865,049	(1,793,954)	1,856,956	(1,812,330)
Community development	3,719,160	(3,469,646)	4,125,996	(4,068,015)
Education	13,252,757	(13,252,757)	12,658,955	(12,658,955)
Interest on long-term debt	<u>1,640,617</u>	<u>(1,640,617)</u>	<u>961,745</u>	<u>(961,745)</u>
Total	<u>\$ 43,578,812</u>	<u>\$ (33,895,945)</u>	<u>\$ 41,725,856</u>	<u>\$ (32,952,988)</u>

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2009, the County's Governmental Funds reported a combined ending fund balance of \$21,603,230, an increase of \$441,720 in comparison with the prior year. All of this is available for spending at the government's discretion (unreserved/undesignated fund balance).

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unreserved fund balance of \$12,462,939. The General Fund's liquidity can be measured by comparing both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.6 percent of total fund expenditures.

- The General Fund contributed operating funds to finance the component units as follows: \$15,849,384 School Board operations; \$2,195,515 to finance the Industrial Development Authority; and \$599,842 to the Social Services Board.

## BUDGETARY HIGHLIGHTS

### General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

#### Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>			<u>2008</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>						
Taxes	\$ 21,537,765	\$ 21,537,765	\$ 21,673,232	\$ 21,494,775	\$ 21,494,775	\$ 21,256,169
Other	15,102,595	14,789,259	14,659,952	17,040,169	17,385,693	15,946,467
Intergovernmental	9,586,445	11,816,731	11,060,720	7,966,827	8,820,287	10,386,118
Total	46,226,805	48,143,755	47,393,904	46,501,771	47,700,755	47,588,754
<b>Expenditures</b>	46,829,663	57,114,466	46,863,919	46,924,424	62,457,858	47,101,374
Excess (Deficiency) of Revenues Over Expenditures	(602,858)	(8,970,711)	529,985	(422,653)	(14,757,103)	487,380
<b>Other Financing Sources (Uses)</b>						
Proceeds from debt	-	1,704,534	-	-	4,800,000	-
Transfers in (out)	(332,142)	(378,717)	(170,933)	(327,347)	(345,922)	(184,256)
Total	(332,142)	1,325,817	(170,933)	(327,347)	4,454,078	(184,256)
Net Change in Fund Balance Before Transfer from Surplus	(935,000)	(7,644,894)	359,052	(750,000)	(10,303,025)	303,124
Transfer from Surplus Funds	935,000	7,644,894	-	750,000	10,303,025	-
Change in Fund Balance	\$ -	\$ -	\$ 359,052	\$ -	\$ -	\$ 303,124

The final amended budget appropriations for expenditures exceeded the original appropriation by \$10,284,803. This increase is due primarily to the capital project for the communication system and encumbrances and capital projects carryover from fiscal year 2008 to the School Board and other departments.

Final amended budget revenues were more than the original budget by \$1,916,950 prior to transfers for a contingency reserve to finance the above projects.

Actual revenues were less than final budget amounts by \$749,851 prior to transfers while actual expenditures were \$10,250,547, or 17.9 percent less than final budget amounts because of the timing of the above capital projects and encumbered expenditures.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2009, the County's investment in capital assets totals \$25,277,575, which are net capital assets less related debt for governmental activities.

For fiscal year 2009, the County's net capital assets activities are summarized in the following tables:

### Change in Capital Assets

#### Primary Government

#### Governmental Activities

	<u>Balance June 30, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
Land and land improvements	\$ 1,411,471	\$ 174,000	\$ 1,585,471
Construction in progress	1,501,408	1,912,361	3,413,769
Construction in progress - schools	10,382,954	(9,155,299)	1,227,655
Buildings and improvements	22,491,145	78,740	22,569,885
Buildings and improvements - schools	16,554,025	11,389,888	27,943,913
Furniture, equipment, and vehicles	9,022,807	283,034	9,305,841
Total Capital Assets	<u>61,363,810</u>	<u>4,682,724</u>	<u>66,046,534</u>
Less: Accumulated depreciation and amortization	<u>(18,326,101)</u>	<u>(1,583,669)</u>	<u>(19,909,770)</u>
Total Capital Assets, Net	<u>\$ 43,037,709</u>	<u>\$ 3,099,055</u>	<u>\$ 46,136,764</u>

#### Component Units

#### School Board

	<u>Balance June 30, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
Land and land improvements	\$ 674,839	\$ 124,400	\$ 799,239
Buildings and improvements	36,410,517	402,460	36,812,977
Furniture, equipment, and vehicles	8,934,634	535,722	9,470,356
Total Capital Assets	<u>46,019,990</u>	<u>1,062,582</u>	<u>47,082,572</u>
Less: Accumulated depreciation and amortization	<u>(31,012,841)</u>	<u>(1,094,254)</u>	<u>(32,107,095)</u>
Total Capital Assets, Net	<u>\$ 15,007,149</u>	<u>\$ (31,672)</u>	<u>\$ 14,975,477</u>

#### IDA

	<u>Balance June 30, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
Equipment	\$ 2,676,042	\$ 1,764,017	\$ 4,440,059
Total Capital Assets	<u>2,676,042</u>	<u>1,764,017</u>	<u>4,440,059</u>
Less: Accumulated depreciation and amortization	<u>-</u>	<u>(634,294)</u>	<u>(634,294)</u>
Total Capital Assets, Net	<u>\$ 2,676,042</u>	<u>\$ 1,129,723</u>	<u>\$ 3,805,765</u>

## Henry-Martinsville Social Services

	<u>Balance June 30, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
Machinery and equipment	\$ 213,724	\$ 14,334	\$ 228,058
Less: Accumulated depreciation and amortization	<u>(185,646)</u>	<u>(16,814)</u>	<u>(202,460)</u>
Total Capital Assets, Net	<u>\$ 28,078</u>	<u>\$ (2,480)</u>	<u>\$ 25,598</u>

### Long-Term Debt

As of June 30, 2009, the County's long-term obligations, excluding the Component Units, are summarized below:

	<u>Balance June 30, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
<b>Governmental Activities</b>			
General obligation bonds	\$ 16,321,094	\$ (1,242,866)	\$ 15,078,228
Literary Fund loans	5,768,421	(641,289)	5,127,132
Landfill obligation	434,648	9,900	444,548
Compensated absences	1,738,287	73,391	1,811,678
LT Agreement	<u>-</u>	<u>241,600</u>	<u>241,600</u>
	24,262,450	(1,559,264)	22,703,186
Add: Premiums	<u>435,495</u>	<u>(23,266)</u>	<u>412,229</u>
Total Governmental Activities	<u>\$ 24,697,945</u>	<u>\$ (1,582,530)</u>	<u>\$ 23,115,415</u>

General obligation indebtedness must be approved by voter referendum prior to issuance except for debt incurred from the State Literary Fund or the Virginia Public School Authority.

More detailed information on the County's long-term obligations is presented in Note 7 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The average unemployment rate for the County of Henry, Virginia in June 2009 was 15.3 percent, an increase of 7.5 percent from June 2008. This compares unfavorably to the state's rate of 7.3 percent and unfavorably to the national rate of 9.7 percent.
- According to the 2000 U.S. Census, the population in Henry County, Virginia was 57,930, an increase of 1.7%, since the 1990 U.S. Census.
- The per capita income in Henry County, Virginia was \$25,312, compared to \$37,503 for the state, according to the 2000 U.S. Census data.

The fiscal year 2010 Adopted Budget anticipates General Fund revenues and expenditures to be \$45,257,977, a 4 percent decrease over the fiscal year 2009 budget.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the County of Henry, Director of Finance, P. O. Box 7, Collinsville, Virginia 24078-0007, telephone 276-634-4630, or visit the County's website at [www.co.henry.va.us](http://www.co.henry.va.us).

# BASIC FINANCIAL STATEMENTS





## County of Henry, Virginia

## Statement of Net Assets

At June 30, 2009

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry-Martinsville Social Services</u>
<b>Assets</b>				
Cash - unrestricted	\$ 22,020,628	\$ 2,183,784	\$ 1,165,517	\$ 4,358
Receivables, net	2,114,254	372,365	7,847	-
Due from County of Henry, Virginia	-	3,526,759	-	-
Due from component units	4,158,817	-	-	-
Due from other governments	2,497,432	2,894,687	-	705,509
Inventory	41,281	-	14,413,494	-
Notes receivable	-	-	2,298,860	-
<b>Capital Assets</b>				
Land and construction in progress	6,226,895	799,239	-	-
Other capital assets, net of accumulated depreciation	39,909,869	14,176,238	3,805,765	25,598
Capital Assets, Net	46,136,764	14,975,477	3,805,765	25,598
Total Assets	<u>\$ 76,969,176</u>	<u>\$ 23,953,072</u>	<u>\$ 21,691,483</u>	<u>\$ 735,465</u>
<b>Liabilities</b>				
Accounts payable	\$ 624,482	\$ 490,671	\$ 297,257	\$ -
Accrued payroll and other liabilities	35,733	6,354,767	-	-
Accrued interest	405,297	-	70,227	-
Deferred revenue	60,774	146,807	44,530	-
Due to component units	3,526,759	-	-	-
Due to County of Henry, Virginia	-	90,732	3,358,218	709,867
Revenue anticipation note	3,896,000	-	-	-
<b>Long-Term Liabilities</b>				
<i>Due within one year</i>				
Bonds, loans, and capital leases payable	1,841,797	-	935,684	-
<i>Due in more than one year</i>				
Landfill obligation	444,548	-	-	-
Compensated absences	1,811,678	598,707	-	385,692
Bonds, capital leases, and loans payable, net of premiums	19,017,392	-	8,893,833	-
Total Liabilities	31,664,460	7,681,684	13,599,749	1,095,559
<b>Net Assets</b>				
Invested in capital assets, net of related debt	25,277,575	14,975,477	(27,535)	25,598
Unrestricted	20,027,141	1,295,911	8,119,269	(385,692)
Total Net Assets	45,304,716	16,271,388	8,091,734	(360,094)
Total Liabilities and Net Assets	<u>\$ 76,969,176</u>	<u>\$ 23,953,072</u>	<u>\$ 21,691,483</u>	<u>\$ 735,465</u>

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

**County of Henry, Virginia**  
Statement of Activities  
For the Year Ended June 30, 2009

Net (Expense) Revenue and Changes in Net Assets

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry-Martinsville Social Services</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>					
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government administration	\$ 2,709,566	\$ 3,583	\$ 1,635,448	\$ -	\$ (1,070,535)			
Judicial administration	2,738,308	127,108	1,076,823	-	(1,534,377)			
Public safety	12,357,673	263,002	5,586,119	-	(6,508,552)			
Public works	3,265,121	177,651	20,943	-	(3,066,527)			
Health and welfare	2,030,561	-	471,581	-	(1,558,980)			
Parks, recreation, and cultural	1,865,049	43,112	27,983	-	(1,793,954)			
Community development	3,719,160	-	249,514	-	(3,469,646)			
Education - local school	13,194,622	-	-	-	(13,194,622)			
Education - community college	58,135	-	-	-	(58,135)			
Interest on long-term debt	1,640,617	-	-	-	(1,640,617)			
Total Primary Government	<u>\$ 43,578,812</u>	<u>\$ 614,456</u>	<u>\$ 9,068,411</u>	<u>\$ -</u>	<u>(33,895,945)</u>			
<b>Component Units</b>								
<b>School Board</b>								
Instruction	\$ 45,888,620	\$ 529,645	\$ 56,966,633	\$ -		\$ 11,607,658		
Administration, attendance, and health	2,606,387	-	-	-		(2,606,387)		
Pupil transportation	4,898,076	-	-	-		(4,898,076)		
Operation and maintenance	6,395,175	-	-	-		(6,395,175)		
Cafeterias	3,819,735	1,424,518	2,472,752	-		77,535		
Special grants	8,552,576	-	-	-		(8,552,576)		
Facilities	740,187	-	-	-		(740,187)		
Technology	2,174,318	-	-	-		(2,174,318)		
Total School Board	<u>75,075,074</u>	<u>1,954,163</u>	<u>59,439,385</u>	<u>-</u>		<u>(13,681,526)</u>		
<b>Industrial Development Authority</b>								
Economic development	4,134,058	-	2,105,972	-			\$ (2,028,086)	
Interest	346,414	-	-	-			(346,414)	
Total Industrial Development Authority	<u>4,480,472</u>	<u>-</u>	<u>2,105,972</u>	<u>-</u>			<u>(2,374,500)</u>	
<b>Henry-Martinsville Social Services</b>								
Health and welfare	6,636,434	-	6,011,961	-				\$ (624,473)
Total - Component Units	<u>\$ 86,191,980</u>	<u>\$ 1,954,163</u>	<u>\$ 67,557,318</u>	<u>\$ -</u>				<u>(624,473)</u>
<b>General Revenues</b>								
<b>Unrestricted</b>								
General property taxes					21,538,723	-	-	-
Other local taxes					11,342,729	-	-	-
Payments - County of Henry, Virginia					-	13,194,622	2,195,515	599,842
Use of property					261,735	1,787	711,518	-
Investment income					344,943	15,377	59,295	-
Miscellaneous					537,484	1,733,979	892,128	-
Noncategorical aid from state					3,712,293	-	-	-
Total General Revenues					<u>37,737,907</u>	<u>14,945,765</u>	<u>3,858,456</u>	<u>599,842</u>
Change in Net Assets					3,841,962	1,264,239	1,483,956	(24,631)
Net Assets - Beginning of Year					<u>41,462,754</u>	<u>15,007,149</u>	<u>6,607,778</u>	<u>(335,463)</u>
Net Assets - End of Year					<u>\$ 45,304,716</u>	<u>\$ 16,271,388</u>	<u>\$ 8,091,734</u>	<u>\$ (360,094)</u>

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

## County of Henry, Virginia

## Balance Sheet

## Governmental Funds

At June 30, 2009

	<u>General Fund</u>	<u>Comprehensive Services Act Fund</u>	<u>E-911 Central Dispatch Fund</u>	<u>Law Library Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash	\$ 22,020,628	\$ -	\$ -	\$ -	\$ -	\$ 22,020,628
Receivables - net						
Taxes	1,087,737	-	-	-	-	1,087,737
Licenses	71,631	-	-	-	-	71,631
Accounts	952,019	-	-	2,867	-	954,886
Due from other funds	314,985	-	-	131,670	71,898	518,553
Due from component units	4,158,817	-	-	-	-	4,158,817
Due from other governments	1,905,644	98,619	442,894	-	50,275	2,497,432
Inventory	41,281	-	-	-	-	41,281
Total Assets	<u>\$ 30,552,742</u>	<u>\$ 98,619</u>	<u>\$ 442,894</u>	<u>\$ 134,537</u>	<u>\$ 122,173</u>	<u>\$ 31,350,965</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 548,909	\$ 50,640	\$ 6,391	\$ 1,291	\$ 17,251	\$ 624,482
Accrued liabilities	34,256	-	1,477	-	-	35,733
Deferred revenue	1,110,374	-	-	-	35,834	1,146,208
Due to other funds	203,568	47,979	267,006	-	-	518,553
Due to component units	3,526,759	-	-	-	-	3,526,759
Revenue anticipation note	3,896,000	-	-	-	-	3,896,000
Total Liabilities	9,319,866	98,619	274,874	1,291	53,085	9,747,735
<b>Fund Balances</b>						
Designated	8,769,937	-	-	-	-	8,769,937
Unreserved/Undesignated	12,462,939	-	168,020	133,246	69,088	12,833,293
Total Fund Balances	<u>21,232,876</u>	<u>-</u>	<u>168,020</u>	<u>133,246</u>	<u>69,088</u>	<u>21,603,230</u>
Total Liabilities and Fund Balances	<u>\$ 30,552,742</u>	<u>\$ 98,619</u>	<u>\$ 442,894</u>	<u>\$ 134,537</u>	<u>\$ 122,173</u>	<u>\$ 31,350,965</u>

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

County of Henry, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

At June 30, 2009

Total Fund Balances for Governmental Funds		\$ 21,603,230
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	\$ 4,985,424	
Construction in progress - schools	1,227,655	
Buildings and improvements, net of accumulated depreciation	12,899,975	
Buildings and improvements, net of accumulated depreciation - schools	25,150,802	
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>1,872,908</u>	
Total Capital Assets		46,136,764
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred revenue		1,085,434
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net assets are as follows:		
Bonds, capital leases, and notes payable with related premiums	(20,859,189)	
Accrued interest payable	(405,297)	
Landfill closure and postclosure liability	(444,548)	
Compensated absences	<u>(1,811,678)</u>	
Total		<u>(23,520,712)</u>
Total Net Assets of Governmental Activities		<u>\$ 45,304,716</u>

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

**County of Henry, Virginia**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2009

	<b>General Fund</b>	<b>Comprehensive Services Act Fund</b>	<b>E-911 Central Dispatch Fund</b>	<b>Law Library Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
General property taxes	\$ 21,673,232	\$ -	\$ -	\$ -	\$ -	\$ 21,673,232
Other local taxes	11,342,729	-	-	-	-	11,342,729
Permits, privilege fees, and regulatory licenses	104,741	-	-	-	-	104,741
Fines and forfeitures	203,667	-	-	-	-	203,667
Use of money and property	606,678	-	-	-	-	606,678
Charges for services	291,270	-	-	14,778	-	306,048
Miscellaneous	42,241	-	-	-	-	42,241
Recovered costs	2,068,626	38,571	287,551	7,762	30,614	2,433,124
<i>Intergovernmental</i>						
Revenue from the Commonwealth of Virginia	8,917,748	390,054	1,105,416	-	44,380	10,457,598
Revenue from the Federal Government	2,142,972	-	-	-	180,134	2,323,106
<b>Total Revenues</b>	<b>47,393,904</b>	<b>428,625</b>	<b>1,392,967</b>	<b>22,540</b>	<b>255,128</b>	<b>49,493,164</b>
<b>Expenditures</b>						
<b>Current</b>						
General government administration	2,937,885	-	-	-	-	2,937,885
Judicial administration	2,511,244	-	-	15,302	-	2,526,546
Public safety	11,529,242	-	1,337,452	-	-	12,866,694
Public works	3,152,799	-	-	-	-	3,152,799
Health and welfare	1,418,405	599,558	-	-	-	2,017,963
Education	15,907,519	-	-	-	-	15,907,519
Parks, recreation, and cultural	1,792,030	-	-	-	-	1,792,030
Community development	4,155,274	-	-	-	235,213	4,390,487
Nondepartmental	88,832	-	-	-	-	88,832
<i>Debt service</i>						
Principal	595,000	-	-	-	-	595,000
Interest	323,465	-	-	-	-	323,465
Capital lease payments	711,518	-	-	-	-	711,518
Capital outlay	1,740,706	-	-	-	-	1,740,706
<b>Total Expenditures</b>	<b>46,863,919</b>	<b>599,558</b>	<b>1,337,452</b>	<b>15,302</b>	<b>235,213</b>	<b>49,051,444</b>
Excess (Deficiency) of Revenues Over Expenditures	529,985	(170,933)	55,515	7,238	19,915	441,720
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	170,933	-	-	-	170,933
Transfers out	(170,933)	-	-	-	-	(170,933)
<b>Total Other Financing Sources (Uses)</b>	<b>(170,933)</b>	<b>170,933</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	359,052	-	55,515	7,238	19,915	441,720
Fund Balances - Beginning of Year	20,873,824	-	112,505	126,008	49,173	21,161,510
Fund Balances - End of Year	<b>\$ 21,232,876</b>	<b>\$ -</b>	<b>\$ 168,020</b>	<b>\$ 133,246</b>	<b>\$ 69,088</b>	<b>\$ 21,603,230</b>

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

County of Henry, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds		\$ 441,720
<p>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 depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$ 5,022,411	
Depreciation expense	<u>(1,923,356)</u>	
		3,099,055
<p>Revenues in the statement of activities that do not provide current financial resources are deferred in the fund statements. This negative amount represents that there were additional amounts deferred in the prior year which were recorded as revenue in the fund statements in the current year, but had already been recognized in the statement of activities during the previous year.</p>		
		(134,509)
<p>Bond and capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Assets.</p>		
Tower lease	(241,600)	
Repayment of principal	1,907,421	
Change in accrued interest	<u>69,800</u>	
Net Adjustment		1,735,621
<p>Construction of the new school building renovations requires that the building and related debt be held by the primary government until the debt is paid off. Therefore, the restricted cash held by the school and the construction in progress has to be transferred to the County.</p>		
Construction account	<u>(1,216,634)</u>	
		(1,216,634)
<p>Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:</p>		
Landfill obligation	(9,900)	
Compensated absences	<u>(73,391)</u>	
Net Adjustment		<u>(83,291)</u>
Change in Net Assets of Governmental Activities		<u>\$ 3,841,962</u>

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

## County of Henry, Virginia

## Statement of Fiduciary Assets and Liabilities

Year Ended June 30, 2009

	<u>Agency Funds</u>					
	<u>Special Welfare</u>	<u>Southern Virginia Recreation Facilities Authority</u>	<u>Seizure</u>	<u>Jail Inmate</u>	<u>OPEB Trust</u>	<u>Total</u>
<b>Assets</b>						
Cash - unrestricted	\$ 9,781	\$ -	\$ 10,036	\$ 40,101	\$ 397,758	\$ 457,676
Accounts receivable, net	-	6,628	-	-	-	6,628
Total Assets	<u>\$ 9,781</u>	<u>\$ 6,628</u>	<u>\$ 10,036</u>	<u>\$ 40,101</u>	<u>\$ 397,758</u>	<u>\$ 464,304</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 6,628	\$ -	\$ -	\$ -	\$ 6,628
Amounts held for others	9,781	-	10,036	40,101	397,758	457,676
Total Liabilities	9,781	6,628	10,036	40,101	397,758	464,304
<b>Fund Balances</b>						
Unreserved/Undesignated	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
Total Liabilities and Fund Balances	<u>\$ 9,781</u>	<u>\$ 6,628</u>	<u>\$ 10,036</u>	<u>\$ 40,101</u>	<u>\$ 397,758</u>	<u>\$ 464,304</u>

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

## County of Henry, Virginia

### Notes to Financial Statements

Year Ended June 30, 2009

## 1 Organization and Nature of Operations

### *Narrative Profile*

The County of Henry, Virginia (the "County") has a population of approximately 57,930 living within an area of 382 square miles. The County is located in the foothills of the Blue Ridge Mountains, in the southern Piedmont region of Virginia. The borders are shared with Patrick County to the west, Franklin County to the north, Pittsylvania County to the east, and the North Carolina line to the south.

The County was named for Patrick Henry, who lived there from 1780 to 1784. They originally were part of Pittsylvania County, but then went on their own in 1777.

### *Reporting Entity*

The County of Henry, Virginia (the "County") is governed under the County Administration-Board of Supervisors form of government. The County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, housing and human service programs, transportation and environmental services, planning, community development and recreation, cultural, library, and historic activities.

## 2 Summary of Significant Accounting Policies

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

### **A. Financial Reporting Entity**

The County follows GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

- Management's Discussion and Analysis: A narrative introduction and analytical overview of the County's financial activities. This analysis is similar to the analysis the private sector provides in their annual reports.
- Government-Wide Financial Statements: These include the financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Activities.



- Statement of Net Assets: The Statement of Net Assets displays the financial position of the primary government (government) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.
- Statement of Activities: The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).
- Budgetary Comparison Schedules: Demonstrating compliance with the legally adopted budget is an important component of a government’s accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary 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 and, therefore, data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each discretely presented component unit has a June 30 fiscal year-end.

## **B. Government-Wide and Fund Accounting Financial Statements**

The basic financial statements include both government-wide (based on the County as a whole) and fund accounting financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the County as a whole or major individual funds (within the fund financial statements). The focus is on both the County as a whole and the fund accounting financial statements, including the major individual funds of the governmental and business-type categories, as well as the Fiduciary Funds (by category), and the Component Units. Both the government-wide and fund accounting financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Proprietary Fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings, and other revenues not directly derived from the providing of services.

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

This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

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

The County's Fiduciary Funds are presented in the fund financial statements by type (agency). Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in fiscal year 2009:

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. Each fund is considered a major fund because each one has a legally adopted budget. The individual Governmental Funds are:

a. *General Fund*

The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes. A significant part of the General Fund's revenue is transferred to other funds and component units, principally to finance the operations of the County's Public Schools.

b. *Comprehensive Services Act Fund*

The Comprehensive Services Act Fund accounts for revenue derived from the Commonwealth of Virginia for the care of the localities' special needs children. This special revenue fund is considered a major governmental fund for reporting purposes.

c. *E-911 Central Dispatch Fund*

The E-911 Central Dispatch Fund accounts for the financial transactions associated with the operation of the County's 911 Emergency Services Center. Revenues are primarily derived from the consumers' E-911 telephone tax and reimbursements from the City of Martinsville, the State Compensation Board and Virginia Wireless Board. This special revenue fund is considered a major governmental fund for reporting purposes.

d. *Law Library Fund*

The Law Library Fund accounts for revenue received from other funds for the use of the library. This special revenue fund is considered a major governmental fund for reporting purposes.

e. *Capital Projects Fund*

The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities. This fund is considered a major governmental fund for reporting purposes.

**2. *Proprietary Fund***

The County has no proprietary funds at this time. However, the Component Unit – IDA Fund is accounted for as a proprietary fund.

**3. *Fiduciary Funds***

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Special Welfare Fund is used to account for funds held for the benefit of children under the County's care. The Jail Inmate Fund accounts for funds received and disbursed for the benefit of the jail's inmates. The Southern Virginia Recreation Facilities Authority accounts for activities for the joint activity between Martinsville and Henry County. This will be the

final year the County will be the Authority's fiscal agent per Board resolution. The OPEB Trust Fund holds funds for postemployment retiree benefits.

**C. Discretely Presented Component Units**

Henry County School Board (the "School Board") is organized as an independently governed school system for operating the public schools in the County. Citizens of the County elect school board members. The School Board is financially dependent on appropriations by the County Board of Supervisors for current operations, with any surplus funds returned to the County annually. In addition, major capital improvements are financed by long-term debt issued by the County. In accordance with requirements of the Auditor of Public Accounts of the Commonwealth of Virginia, the School Board is considered to be a major component unit of the County. The government-wide statements are shown on the Statement of Net Assets and the Statement of Activities, and the School Board governmental fund combining statements are shown in the Other Supplementary Information section.

The Industrial Development Authority of Henry County, Virginia (the "IDA") operates as an enterprise activity by assisting local industry with bond financing. The IDA is a legally separate organization; however, the Board of Supervisors of the County appoints all of the IDA's Board, and the County is legally obligated for the debts of the IDA. The IDA is presented as a discretely presented component unit for reporting purposes. The government-wide statements are shown on the Statement of Net Assets and the Statement of Activities and the governmental fund statements are shown in the Other Supplementary Information section.

The Henry-Martinsville Social Services Board (the "HMSS") operates the Department of Social Services for both the County and the City. This joint entity was established June 1, 1997. Of the nine board members, the County appoints six. The County is financially accountable for HMSS because it appoints a majority of the board members and because the County is legally obligated to finance the deficits of, and provide financial support to, the Board. The County and the City have an agreement in which the City will reimburse the County for their share of administrative, operating, and maintenance costs that are unreimbursed by state or federal grants. The government-wide statements are shown on the Statement of Net Assets and the Statement of Activities, and the governmental fund statements are shown in the Other Supplementary Information section. These entities are collectively included and referred to as the "County."

**D. Related Organizations**

The primary function of Henry County Public Service Authority (the "HCPSA") is to provide water and sewer services to areas of the County. The HCPSA Board of Directors approves its own budget and maintains oversight of all programs. Most of the funding for HCPSA comes from state and federal grants as well as from charges for services. The County provides some financial assistance, but HCPSA is not financially dependent on the County. Each member of the Board of Supervisors appoints one board member of the HCPSA from the members of their district. While not a component unit of the County, HCPSA is considered to be a related organization since the County has determinable ongoing financial interests in or responsibilities for HCPSA. The County contributed \$406,800 to the Authority for fire hydrant rental during the year.

#### **E. Basis of Accounting**

The government-wide Statements of Net Assets and Statement of Activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the Statement of Net Assets.

The Statement of Fiduciary Assets and Liabilities is presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet in the funds statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The fund financial statements of the General, Comprehensive Services Act, E-911 Central Dispatch, Law Library, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenues and other local taxes, the term "available" is limited to collections within sixty days after the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Investment income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures are recorded when the fund liability is incurred.

#### **F. Encumbrances**

Encumbrance accounting, the recording of purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General, Comprehensive Services Act, E-911 Central Dispatch, Law Library, and Capital Projects funds. Encumbrances which are carried over to the subsequent year are recorded as a designation of fund balance.

#### **G. Cash and Cash Equivalents**

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

#### **H. Allowance for Uncollectible Accounts**

The County calculates its allowance based on historical data. The allowance amounted to approximately \$2,535,622 at June 30, 2009 and is comprised solely of property taxes.

The IDA calculated an allowance of \$839,939 at June 30, 2009 based on the amount determined to be collectible.

The other component units' accounts receivable are considered fully collectible, and, therefore, an allowance for uncollectible accounts is not applicable to those receivables.

**I. Land and Building – Held for Sale**

The IDA has land and building that are held for resale to potential industries in the County. The assets are recorded at cost. Periodically, incidental rent is received for the use of these facilities.

**J. Capital Assets**

Capital outlays are recorded as expenditures of the General, Comprehensive Services Act, E-911 Central Dispatch, Law Library, and Capital Projects funds and as assets in the government-wide financial statements to the extent the County's capitalization thresholds are met. The capitalization threshold for capitalizing capital assets is \$5,000 and \$100,000 for building additions. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation is recorded on general capital assets on a government-wide basis.

In the fund financial statements, maintenance, repairs, and minor equipment costs are charged to operations when incurred. Expenditures that meet the County's capitalization policy and materially change capacities or extend useful lives are capitalized in the government-wide financial statements. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in current year's operations.

**K. Compensated Absences and Other Employee Benefits**

Expenditures for compensated absences, hospitalization and workers' compensation insurance in governmental funds are recorded when the obligations are paid. The current portions are not recorded as liabilities in governmental funds since these will not be liquidated with expendable available financial resources. The liability for compensated absences and other employee benefits is shown on the statement of net assets as part of long-term liabilities.

**Compensated Absences**

County employees earn vacation based on length of service and sick leave at the rate of one day per month. Twenty-five percent of the amount for unused sick leave is paid for upon termination. All accumulated unused vacation is paid upon termination.

**Group Hospitalization**

All permanent employees of the County, including elected officials and their staff, are eligible to participate in the County's group insurance program. The County contributes the entire premium for active participating employees.

## **Other Postemployment Benefits**

All permanent employees of the County, with 15 years of service, are eligible to continue their hospitalization and group life insurance after retiring until reaching age 65. The County does not contribute to the cost of this insurance.

### **L. Long-Term Debt**

For governmental fund types, bond premiums or discounts as well as issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### **M. Fund Balance**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **Reservations of Fund Balance**

Except for those required to comply with accounting standards, any reservations and designations of the General Fund balance reflect a Board of Supervisors action in the context of adoption of the County's budget.

#### **Encumbrances**

These fund balances have been reserved for goods and services encumbered or ordered, before the end of the fiscal year, for which delivery of goods and services have not been made prior to the close of the fiscal year.

#### **Approved Capital Projects**

These balances are reserved for capital projects that the Board of Supervisors has already approved.

## **3 Deposits and Investments**

### **Deposits**

All cash of the County and its component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 *et seq.* of the *Code of Virginia* (the "Code") or covered by Federal Depository Insurance.

### **Investments**

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

The County has invested bond proceeds subject to rebate of arbitrage earnings in SNAP. SNAP is an open-end management investment company registered with the SEC designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. This program provides comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities, and towns.

**Interest Rate Risk**

At year end, the County is only invested in SNAP, which has a dollar weighted average portfolio maturity of 90 days and money market funds which are readily available.

**Custodial Credit Risk**

As required by the Code of Virginia, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, all of the County's investments are held in a bank's trust department in the County's name by the County's designated custodian. All investment activity during the year was in securities of the type held at year end.

The above items are reflected in the statements as follows:

	<u>Component Units</u>					
	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry- Martinsville Social Services</u>	<u>Total</u>
<b>Fund Statements</b>						
<b>Deposits and Investments</b>						
Cash on hand	\$ 1,125	\$ -	\$ -	\$ -	\$ -	\$ 1,125
Deposits	<u>22,019,503</u>	<u>457,676</u>	<u>2,183,784</u>	<u>1,165,517</u>	<u>4,358</u>	<u>25,830,838</u>
	<u>\$ 22,020,628</u>	<u>\$ 457,676</u>	<u>\$ 2,183,784</u>	<u>\$ 1,165,517</u>	<u>\$ 4,358</u>	<u>\$ 25,831,963</u>
<b>Statement of Net Assets</b>						
<b>Deposits and Investments</b>						
Cash and cash equivalents	\$ 22,020,628	\$ -	\$ 2,183,784	\$ 1,165,517	\$ 4,358	\$ 25,374,287
Fiduciary fund cash	<u>-</u>	<u>457,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,676</u>
	<u>\$ 22,020,628</u>	<u>\$ 457,676</u>	<u>\$ 2,183,784</u>	<u>\$ 1,165,517</u>	<u>\$ 4,358</u>	<u>\$ 25,831,963</u>

**Credit Risk**

State statute requires that obligations of the Commonwealth of Virginia and its political subdivisions have a debt rating of at least AA by Standard & Poor's (S&P) or equivalent by Moody's Investors Service (Moody's). Repurchase agreements are collateralized by Treasury or Agency obligations of which the market value is at least 102 percent of the purchase price of the agreement. Commercial paper must be issued by an entity incorporated in the U.S. and rated at least A-1 by S&P and P-1 by Moody's. Corporate notes and bonds have a rating of at least AA by S&P and Aa by Moody's. Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines.



### ***Concentration of Credit Risk***

Although the intent of the County is to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the County places no limit on the amount it may invest in any one issuer.

## **4 Property Taxes Receivable**

The County levies real estate taxes on all real property on a fiscal year basis, at a rate enacted by the County Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue of Henry County. The Commonwealth of Virginia assesses public utility property. Neither the County nor the Commonwealth of Virginia imposes a limitation on the tax rate. All property is assessed at 100 percent of fair market value and real estate is reassessed every four years. The Commissioner of Revenue prorates billings for property incomplete as of January 1, but completed during the year. Any taxes paid after the due date is subject to a 10 percent penalty and 8 percent interest charge.

Real estate taxes are billed annually and due by December 5. Liens are placed on the property on the date real estate taxes are delinquent, and interest at the rate of 10 percent per annum is added to the delinquent tax and penalty, and must be satisfied prior to the sale or transfer of the property. Any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance.

Personal property tax assessments on tangible business property are based on 71 percent of cost and all motor vehicles are based on 100 percent of loan value of the property as of January 1 of each year. Personal property taxes do not create a lien on property; however, County vehicle decals, which are required by law for all vehicles garaged in the County, may not be issued to any individual having outstanding personal property taxes. Any taxes paid after the due date is subject to a 10 percent penalty and 8 percent interest charge.

Property taxes receivable are included as deferred revenue in the fund financial statements since these taxes are not considered to be available to liquidate liabilities of the current period.

Any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the County receives taxpayers' payments in fiscal year 2009 from the State for its share of the local personal property tax payment (for personal use motor vehicles), with the remainder collected by the County.

## 5 Capital Assets

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

### Primary Government

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 1,411,471	\$ 175,100	\$ 1,100	\$ 1,585,471
Construction in progress	1,501,408	1,991,101	78,740	3,413,769
Construction in progress - school renovations	<u>10,382,954</u>	<u>2,234,589</u>	<u>11,389,888</u>	<u>1,227,655</u>
Total Capital Assets Not Being Depreciated	13,295,833	4,400,790	11,469,728	6,226,895
<b>Capital Assets, Depreciable</b>				
Buildings and improvements	22,491,145	463,837	385,097	22,569,885
Buildings and improvements - schools	16,554,025	11,389,888	-	27,943,913
Furniture, equipment, and vehicles	<u>9,022,807</u>	<u>622,721</u>	<u>339,687</u>	<u>9,305,841</u>
Total Capital Assets - Depreciable	48,067,977	12,476,446	724,784	59,819,639
<b>Less: Accumulated depreciation for</b>				
Land and land improvements	10,362	3,454	-	13,816
Buildings and improvements	9,106,492	563,418	-	9,669,910
Buildings and improvements - schools	2,380,390	412,721	-	2,793,111
Furniture, equipment, and vehicles	<u>6,828,857</u>	<u>943,763</u>	<u>339,687</u>	<u>7,432,933</u>
Total Accumulated Depreciation	<u>18,326,101</u>	<u>1,923,356</u>	<u>339,687</u>	<u>19,909,770</u>
Other Capital Assets, Net	<u>29,741,876</u>	<u>10,553,090</u>	<u>385,097</u>	<u>39,909,869</u>
Net Capital Assets	<u>\$ 43,037,709</u>	<u>\$ 14,953,880</u>	<u>\$ 11,854,825</u>	<u>\$ 46,136,764</u>

Depreciation expense was allocated as follows:

General government administration	\$ 153,791
Judicial administration	240,794
Public safety	811,688
Public works	102,422
Health and welfare	51,169
Education	412,721
Parks, recreation, and cultural	89,277
Community development	<u>61,494</u>
Total Depreciation Expense	<u>\$ 1,923,356</u>

**Component Unit - School Board**

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 674,839	\$ 125,500	\$ 1,100	<u>\$ 799,239</u>
Total Capital Assets Not Being Depreciated	674,839	125,500	1,100	<b>799,239</b>
<b>Capital Assets, Depreciable</b>				
Buildings and improvements	36,410,517	847,851	445,391	<b>36,812,977</b>
Furniture and equipment	<u>8,934,634</u>	<u>693,909</u>	<u>158,187</u>	<u><b>9,470,356</b></u>
Total Capital Assets, Depreciable	45,345,151	1,541,760	603,578	<b>46,283,333</b>
<b>Less: Accumulated depreciation for</b>				
Land and land improvements	11,050	3,683	-	<b>14,733</b>
Buildings and improvements	24,423,058	1,005,984	445,391	<b>24,983,651</b>
Furniture and equipment	<u>6,578,733</u>	<u>668,563</u>	<u>138,585</u>	<u><b>7,108,711</b></u>
Total Accumulated Depreciation	<u>31,012,841</u>	<u>1,678,230</u>	<u>583,976</u>	<u><b>32,107,095</b></u>
Other Capital Assets, Net	<u>14,332,310</u>	<u>(136,470)</u>	<u>19,602</u>	<u><b>14,176,238</b></u>
Net Capital Assets	<u>\$ 15,007,149</u>	<u>\$ (10,970)</u>	<u>\$ 20,702</u>	<u><b>\$ 14,975,477</b></u>
Depreciation is allocated as follows:				
Instruction	\$ 10,994			
Administration, attendance, and health	22,546			
Pupil transportation	504,256			
Operation and maintenance	52,370			
Cafeterias	62,738			
Facilities	962,317			
Technology	<u>63,009</u>			
Total Depreciation Expense	<u>\$ 1,678,230</u>			

**Component Unit - Henry-Martinsville Social Services**

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
<b>Other Capital Assets</b>				
Machinery and equipment	\$ 213,724	\$ 14,334	\$ -	\$ 228,058
Total Other Capital Assets	213,724	14,334	-	228,058
<b>Less: Accumulated depreciation for</b>				
Machinery and equipment	185,646	16,814	-	202,460
Total Accumulated Depreciation	185,646	16,814	-	202,460
Other Capital Assets, Net	28,078	(2,480)	-	25,598
Net Capital Assets	<u>\$ 28,078</u>	<u>\$ (2,480)</u>	<u>\$ -</u>	<u>\$ 25,598</u>
Depreciation is allocated as follows:				
Health and welfare	\$ 16,814			
Total Depreciation Expense	<u>\$ 16,814</u>			

**Component Unit - IDA**

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
<b>Capital Assets, Depreciable</b>				
Equipment	\$ 2,676,042	\$ 1,764,017	\$ -	\$ 4,440,059
Total Capital Assets - Depreciable	2,676,042	1,764,017	-	4,440,059
<b>Less: Accumulated depreciation for</b>				
Equipment	-	634,294	-	634,294
Total Accumulated Depreciation	-	634,294	-	634,294
Net Capital Assets	<u>\$ 2,676,042</u>	<u>\$ 1,129,723</u>	<u>\$ -</u>	<u>\$ 3,805,765</u>

Depreciation expense was allocated as follows:

Community development	\$ 634,294
Total Depreciation Expense	<u>\$ 634,294</u>

Capital assets are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated lives of the assets as follows:

Buildings	15-40 years
Equipment	3-15 years

Capital outlays are reported as expenditures in the governmental funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

## **6** Commitments and Contingencies

### **A. *Litigation***

The County is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of County management and the County Attorney that any losses not covered by insurance, which may ultimately be incurred as a result of the suits and claims, will not be material.

### **B. *Federally Assisted Grant Programs***

The County participates in a number of federally assisted grant programs. Although the County has been audited in accordance with the provisions of OMB Circular A-133, these programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, County management believes such disallowances, if any, will not be significant.

### **C. *Performance Agreements***

The County has signed performance agreements with various companies that have located within the County. As part of many of these agreements, the County has agreed to pay cash incentives to the companies. As of June 30, 2009, the County had no outstanding commitments for future payments under these agreements.

### **D. *Risk Management***

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool and Virginia Association of Counties Group Self-Insurance Risk Pool, both public entity risk pools currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss creating a deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry insurance for all other risks of loss, including employee health, dishonesty, and surety bond insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The following Constitutional Officers and County employees are covered by surety bonds issued in the amounts shown as of June 30, 2009:

Treasurer	\$ 750,000
Commissioner of Revenue	3,000
Clerk of Circuit Court	124,000
Sheriff	30,000
Employees of above officers - blanket bond	1,000,000
County Administrator	1,000,000
Employees of County and Board members - blanket bond	1,000,000
Clerk of the School Board	10,000
Director of Public Welfare	100,000
Employees of Social Services - blanket bond	100,000

## 7 Long-Term Debt

### A. Bonds Payable

The schedule below represents long-term debt payable at June 30, 2009:

#### Primary Government

<u>Description</u>	<u>Original Issue</u>	<u>Next Annual Amount</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>Outstanding June 30, 2009</u>
General Obligation Bonds - 2002	\$ 6,040,000	\$ 615,000	3.00-5.00	2014	\$ 4,085,000
Va. Public School Authority Bonds - 2007B	2,711,471	110,618	5.10	2028	2,609,308
Va. Public School Authority Bonds - 2006	6,009,728	252,244	4.60-5.10	2027	5,533,549
Va. Public School Authority Bonds - 2005	2,342,487	99,870	4.60-5.10	2026	2,059,870
Va. Public School Authority Bonds - 1995	1,916,194	103,516	5.10-6.10	2016	790,501
Magna Vista Literary Loan - 1994	2,000,000	100,000	3.00	2010	100,000
Sanville Elementary Literary Loan - 1998	2,080,772	104,039	2.00	2018	936,343
Laurel Park Literary Loan - 1998	1,387,370	69,500	2.00	2018	622,870
Rich Acres Literary Loan - 1998	2,462,218	122,750	2.00	2018	1,111,968
Stanleytown Literary Loan - 1998	2,425,951	120,000	2.00	2018	1,105,951
Fieldale-Collinsville Literary Loan - 1998	2,500,000	125,000	2.00	2019	1,250,000
					<u>\$ 20,205,360</u>

#### Component Unit - Industrial Development Authority

<u>Description</u>	<u>Original Issue</u>	<u>Next Annual Amount</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>Outstanding June 30, 2009</u>
Public Improvement Bond - Series 2007	\$ 4,000,000	\$ 349,172	3.79	2018	\$ 3,663,578
Public Improvement Equipment Lease Revenue Bond - Series 2008	4,400,000	586,512	3.39	2015	3,833,300
Series 2008 Lease Revenue Bond	1,500,000	N/A	3.40	2014	1,500,000
Series 2009 Lease Revenue Bond	2,000,000	N/A	3.40	2014	832,639
					<u>\$ 9,829,517</u>

**B. Governmental Obligation**

The following table is a summary of the changes in long-term liabilities that are recorded in the Statement of Net Assets for the year ended June 30, 2009:

**Primary Government**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
General obligations bonds - County	\$ 4,680,000	\$ -	\$ 595,000	\$ 4,085,000	\$ 615,000
General obligations bonds - public schools	11,641,094	-	647,866	10,993,228	566,308
Literary Fund loans	5,768,421	-	641,289	5,127,132	641,289
Subtotal	22,089,515	-	1,884,155	20,205,360	1,822,597
Add: Bond premiums	435,495	-	23,266	412,229	-
Subtotal after premiums	22,525,010	-	1,907,421	20,617,589	1,822,597
 Note payable to Verizon (Tower)	 -	 265,600	 24,000	 241,600	 19,200
Landfill closure monitoring	434,648	9,900	-	444,548	-
Compensated absences	1,738,287	73,391	-	1,811,678	-
	<u>\$ 24,697,945</u>	<u>\$ 348,891</u>	<u>\$ 1,931,421</u>	<u>\$ 23,115,415</u>	<u>\$ 1,841,797</u>

Compensated absences expenses are allocated by department and by fund. The change in compensated absences for the Statement of Activities is charged to general government.

Debt service on the preceding long-term debt in future years is as follows:

**Primary Government**

Fiscal Year Ending June 30,	General Obligation Bonds		General Obligation Bonds - School Board		Literary Fund Loans		Totals		Long-Term Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 615,000	\$ 162,713	\$ 566,308	\$ 520,443	\$ 641,289	\$ 103,545	\$ 1,822,597	\$ 786,701	\$ 19,200	\$ -
2011	640,000	139,950	579,013	491,238	541,289	89,720	1,760,302	720,908	19,200	-
2012	665,000	114,650	592,383	461,367	541,289	78,894	1,798,672	654,911	19,200	-
2013	690,000	87,550	606,181	431,070	541,289	68,068	1,837,470	586,688	19,200	-
2014	720,000	55,750	620,422	400,328	541,289	57,242	1,881,711	513,320	19,200	-
2015-2019	755,000	18,875	2,951,774	1,540,726	2,320,687	123,211	6,027,461	1,682,812	96,000	-
2020-2024	-	-	3,041,993	845,508	-	-	3,041,993	845,508	49,600	-
2025-2029	-	-	2,035,154	157,596	-	-	2,035,154	157,596	-	-
	<u>\$ 4,085,000</u>	<u>\$ 579,488</u>	<u>\$ 10,993,228</u>	<u>\$ 4,848,276</u>	<u>\$ 5,127,132</u>	<u>\$ 520,680</u>	<u>\$ 20,205,360</u>	<u>\$ 5,948,444</u>	<u>\$ 241,600</u>	<u>\$ -</u>

**C. General Obligation Debt Limit**

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxable real property on the amount of general obligation borrowing which a County may issue.

The legal debt margin of the County at June 30, 2009 is computed as follows:

Total assessed value of taxed real property	<u>\$ 2,517,050,185</u>
Debt limits per Constitution of Virginia - 10% assessed value	\$ 251,705,019
Amount of debt applicable to debt limit:	
Gross debt	<u>20,205,360</u>
Legal debt margin - June 30, 2009	<u>\$ 231,499,659</u>

<sup>(1)</sup>Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes capital leases, landfill closure, postretirement health care benefits, and compensated absences.

**D. Long-Term Agreement**

The County entered into a long-term agreement with Verizon for construction and renovations made to a tower. The agreement was for \$265,600 and will be paid back over approximately 14 years in lieu of Verizon paying rent. The annual amount is \$19,200.

**E. Component Units**

Following is a summary of the changes in long-term liabilities that are recorded in the component units for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
<b>School Board</b>					
Compensated absences	<u>\$ 533,766</u>	<u>\$ 64,941</u>	<u>\$ -</u>	<u>\$ 598,707</u>	<u>\$ -</u>
<b>Henry-Martinsville Social Services</b>					
Compensated absences	<u>\$ 363,541</u>	<u>\$ 22,151</u>	<u>\$ -</u>	<u>\$ 385,692</u>	<u>\$ -</u>
<b>Industrial Development Authority</b>					
Series 2008 Lease Revenue Bonds	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
Series 2009 Lease Revenue Bonds	-	832,639	-	832,639	-
Public Improvement Bond - Series 2007	4,000,000	-	336,422	3,663,578	349,172
Public Improvement Equipment Lease Revenue Bond, Series 2008	<u>4,400,000</u>	<u>-</u>	<u>566,700</u>	<u>3,833,300</u>	<u>586,512</u>
Total	<u>\$ 8,400,000</u>	<u>\$ 2,332,639</u>	<u>\$ 903,122</u>	<u>\$ 9,829,517</u>	<u>\$ 935,684</u>



Estimated principal maturities for future years ended June 30 follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 935,684	\$ 336,548
2011	968,969	342,703
2012	1,003,441	307,971
2013	1,039,142	271,999
2014	3,408,756	115,744
2015-2019	<u>2,473,525</u>	<u>155,737</u>
	<u>\$ 9,829,517</u>	<u>\$ 1,530,702</u>

## 8 Interfund Receivables/Payables

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
<b>County of Henry, Virginia - Due to/from's</b>		
General Fund	\$ 314,985	\$ 203,568
Comprehensive Services Act Fund	-	47,979
E-911 Central Dispatch Fund	-	267,006
Law Library Fund	131,670	-
Capital Projects Fund	71,898	-
Net Due from Other Funds	<u>\$ 518,553</u>	<u>\$ 518,553</u>

### Component Units Interfund Accounts - Due to/from's

Due from Industrial Development Authority to County	\$ 3,358,218
Due from Social Services to County	709,867
Due from School Cafeteria to County	90,732
Subtotal	<u>\$ 4,158,817</u>

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
<b>County of Henry, Virginia</b>		
<b>General Fund</b>		
From General Fund to Comprehensive Services	\$ -	\$ 170,933
<b>Comprehensive Services Act Fund</b>		
From General Fund to Comprehensive Services	170,933	-
	<u>\$ 170,933</u>	<u>\$ 170,933</u>

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>County of Henry, Virginia to Component Units</b>		
<b>Primary Government - County of Henry, Virginia</b>		
To Component Unit - Social Services	\$ -	\$ 599,842
To Component Unit - Industrial Development Authority	-	2,195,515
To Component Unit - School Board	-	15,849,384
<b>Component Unit - Social Services</b>		
From Primary Government - County of Henry, Virginia	599,842	-
<b>Component Unit - Industrial Development Authority</b>		
From Primary Government - County of Henry, Virginia	2,195,515	-
<b>Component Unit - School Board</b>		
From Primary Government - County of Henry, Virginia	<u>15,849,384</u>	<u>-</u>
	<u>\$ 18,644,741</u>	<u>\$ 18,644,741</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Component Unit - School Board</b>		
<b>School Fund</b>		
From School to School Textbook Fund	\$ -	\$ 659,215
<b>School Textbook Fund</b>		
From School to School Textbook Fund	<u>659,215</u>	<u>-</u>
	<u>\$ 659,215</u>	<u>\$ 659,215</u>

## 9 Due from Other Governments

	<u>County of Henry, Virginia</u>	<u>School Board</u>	<u>Henry-Martinsville Social Services</u>
<b>Commonwealth of Virginia</b>			
Local sales taxes	\$ 634,738	\$ 1,118,922	\$ -
Communications tax	241,638	-	-
911 taxes	442,894	-	-
Auto rental tax	17,544	-	-
Mobile home tax	18,549	-	-
Compensation Board	548,480	-	-
Recordation tax	13,253	-	-
Motor vehicle carrier tax	41,809	-	-
Educational technology	-	518,000	-
School lunch and breakfast program	-	34,367	-
Development funds	236,138	-	-
Other reimbursements	203,770	1,878	-
Public assistance	<u>98,619</u>	<u>-</u>	<u>705,509</u>
	2,497,432	1,673,167	705,509
<b>Federal Government</b>			
Title VIB	-	444,180	-
Reading First	-	68,915	-
Preschool handicapped	-	12,477	-
Title I	-	471,861	-
Title II	-	156,864	-
Other reimbursements	<u>-</u>	<u>67,223</u>	<u>-</u>
	<u>-</u>	<u>1,221,520</u>	<u>-</u>
	<u>\$ 2,497,432</u>	<u>\$ 2,894,687</u>	<u>\$ 705,509</u>

## 10 Defined Benefit Pension Plan

### A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of

their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2009 was 7.64% of annual covered payroll. The Component Unit – School Board's contribution rate for non-professional employees for the fiscal year ended 2009 was 7.18% of annual covered payroll. The Component Unit – School Board contributed \$3,083,418 to the teacher cost-sharing pool at a rate of 8.18%.

**C. Annual Pension Cost**

For fiscal year 2009, the County's and the County School Board non-professionals' annual employer pension cost of \$1,055,991 and \$397,885, respectively, was equal to the County's required and actual contributions.

**Three-Year Trend Information for County**

	<u>Fiscal Year Ended</u>	<u>*Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<b>County</b>	June 30, 2007	\$ 848,314	100%	\$ -
	June 30, 2008	952,625	100%	-
	<b>June 30, 2009</b>	<b>1,055,991</b>	<b>100%</b>	-
<b>School Board Non-Professional</b>	June 30, 2007	\$ 368,378	100%	\$ -
	June 30, 2008	373,255	100%	-
	<b>June 30, 2009</b>	<b>397,885</b>	<b>100%</b>	-

\*Required employer cost only.

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.73% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

**D. Funded Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the plan was 93.41% funded. The actuarial accrued liability for benefits was \$51,164,070, and the actuarial value of assets was \$50,596,863, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,567,207. The covered payroll (annual payroll of active employees covered by the plan) was \$13,686,331, and ratio of the UAAL to the covered payroll was 26.06%.

For the nonprofessional School Board, as of June 30, 2008, the most recent actuarial valuation date, the plan was 94.91% funded. The actuarial accrued liability for benefits was \$16,119,545, and the actuarial value of assets was \$15,299,147, resulting in an unfunded actuarial accrued liability (UAAL) of \$820,398. The covered payroll (annual payroll of active employees covered by the plan) was \$5,152,682, and ratio of the UAAL to the covered payroll was 15.92%.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress for County

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
<b>County of Henry, Virginia</b>						
June 30, 2006	\$ 41,208,785	\$ 42,077,205	\$ 868,420	97.94%	\$ 12,400,546	7.00%
June 30, 2007	46,244,967	48,921,679	2,676,712	94.53%	12,966,207	20.64%
<b>June 30, 2008</b>	<b>50,596,863</b>	<b>54,164,070</b>	<b>3,567,207</b>	<b>93.41%</b>	<b>13,686,331</b>	<b>26.06%</b>
<b>Component Unit - School Board</b>						
June 30, 2006	\$ 12,564,743	\$ 13,425,181	\$ 860,438	93.59%	\$ 4,922,706	17.48%
June 30, 2007	13,993,130	15,288,892	1,295,762	91.52%	5,036,775	25.73%
<b>June 30, 2008</b>	<b>15,299,147</b>	<b>16,119,545</b>	<b>820,398</b>	<b>94.91%</b>	<b>5,152,682</b>	<b>15.92%</b>

### Notes to Required Supplementary Information

This information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>County</u>	<u>Component Unit - School Board</u>
Valuation Date	June 30, 2008	June 30, 2008
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open
Payroll Growth Rate	3.00%	3.00%
Remaining Amortization Period	20 years	20 years
Asset Valuation Method	5-Year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial Assumptions		
Investment rate of return <sup>1</sup>	7.50%	7.50%
Projected salary increases <sup>1</sup>		
NonLaw Enforcement Officer Employees	3.75% to 5.60%	3.75% to 5.60%
Law Enforcement Officer Employees	3.50% to 4.75%	3.50% to 4.75%
Cost-of-living adjustments	2.50%	2.50%

<sup>1</sup>Includes inflation of 2.50%.

## 11 Landfill Postclosure Care Cost

The County maintains a landfill, which was closed in 1993. In accordance with state and federal laws and regulations, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions at the site for a minimum of ten years after closure. A high concentration of methane has been detected at the landfill; therefore, the Department of Environmental Quality ("DEQ") has required an additional monitoring period as well as the installation of certain equipment at the landfill for remediation of the high methane concentrations. The County expects the methane monitoring to continue for approximately twenty years. The County is currently in compliance with groundwater protection standards and, as such, expects the DEQ to allow the County to stop groundwater monitoring within the next two years.

The \$444,548 reported as landfill postclosure care liability at June 30, 2009 represents what it would cost to perform all postclosure care in 2009. The estimated liability is based on the DEQ accepting the active remedy proposed by the County. If the DEQ does not accept the active remedy, the actual costs may increase. Also, actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from general revenues. The County uses the financial test method of demonstrating assurance for postclosure care cost.

## 12 Revenue Anticipation Note

On January 15, 2009, the County issued revenue anticipation notes, Series 2009 in the amount of \$4,066,000 carrying an interest rate of 2.49 percent. The County made a principal payment on the note of \$170,000 during fiscal year 2009. The proceeds of this note are used for cash management purposes.

On January 15, 2008, the County issued revenue anticipation notes, Series 2008 in the amount of \$4,500,000 carrying an interest rate of 2.99 percent. The principal balance is due on January 15, 2009. The proceeds of this note were used for cash management purposes.

### **13** Notes Receivable – Component Unit

The Component Unit – Industrial Development Authority has a note receivable from a company in the amount of \$3,138,799. The Company had been making payments in accordance with a bankruptcy decree from 1999. In 2007 with the Company coming out of bankruptcy and still owing the Industrial Development Authority a substantial amount of money on the note, the County filed a lawsuit against the shareholders, co-obligors of the note. In December 2008, the County, the Company, and co-obligors reached a settlement agreement. This agreement calls for monthly payments beginning January 1, 2009 of \$25,000 plus accrued interest. The interest rate is at 3 percent but could increase to as much as 5 percent depending on the total payments the Company makes on an annual basis. As a part of the agreement, the co-obligors executed documents giving the County a third priority lien and security interest in certain real estate holdings on which the Company operates.

### **14** Budgets and Budgetary Accounting

Prior to April 18, 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 budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally adopted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board and Henry-Martinsville Social Services are authorized to transfer budgeted amounts within each of their respective budget categories. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

### **15** Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet recognizable. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Governmental funds</b>			
Taxes	\$ 936,378	\$ -	\$ 936,378
Business licenses	71,631	-	71,631
Meals tax	64,751	-	64,751
Deposits and prepayments on miscellaneous accounts	12,674	-	12,674
Grant Draw Downs Prior to Meeting All Eligibility Requirements	<u>-</u>	<u>60,774</u>	<u>60,774</u>
 Total	 <u>\$ 1,085,434</u>	 <u>\$ 60,774</u>	 <u>\$ 1,146,208</u>
<b>Component Unit - School Board</b>			
Grant Draw Downs Prior to Meeting All Eligibility Requirements	<u>\$ -</u>	<u>\$ 146,807</u>	<u>\$ 146,807</u>
<b>Component Unit - Industrial Development Authority</b>			
Grant Draw Downs Prior to Meeting All Eligibility Requirements	<u>\$ -</u>	<u>\$ 44,530</u>	<u>\$ 44,530</u>

## 16 Appropriations from General Fund

Following is a summary of adjustments made to the local school appropriation when converting from fund financial statements to government-wide statements:

	<u>School Board</u>
Appropriation from General Fund	\$ 15,849,384
Loan subsidies received for construction on school building renovations	880,340
Depreciation expense on the school buildings related to the debt on the school buildings in the County's name	412,721
Transfer of school construction in progress since the County owns the buildings until the debt is paid off	(3,176,602)
Transfer of restricted cash for school construction	1,216,634
Debt and loan subsidies paid by the School Board for debt held by the County of the school building renovations	<u>(1,987,855)</u>
Appropriation to School Fund per Government-Wide Statements	<u>\$ 13,194,622</u>

## 17 Postemployment Healthcare Plan

*Plan Description.* County of Henry, Virginia provides postemployment health benefits in the form of medical insurance benefits to eligible retirees and their spouses.



Three-year trend information is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
<b>County</b>			
06/30/09	\$ 95,287	100.00%	\$ (36,492)
<b>School Board</b>			
06/30/09	\$ 386,724	100.00%	\$ (226,191)
<b>Henry-Martinsville Social Services</b>			
06/30/09	\$ 18,544	100.00%	\$ (17,592)

Following are disclosures for the County's postemployment benefits:

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Plan Assets (a)</u>	<u>Accrued Liability (b)</u>	<u>Unfunded Liability (b-a)</u>	<u>Normal Cost (c)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (d)</u>	<u>Unfunded % of Payroll (b-a)/(d)</u>
<b>County</b>							
07/01/2008	\$ -	\$ 1,131,258	\$ 1,131,258	\$ 22,708	0%	\$ 10,855,984	10.4%
<b>School Board</b>							
07/01/2008	\$ -	\$ 4,778,503	\$ 4,778,503	\$ 80,707	0%	\$ 36,085,945	13.2%
<b>Henry-Martinsville Social Services</b>							
07/01/2008	\$ -	\$ 178,951	\$ 178,951	\$ 6,940	0%	\$ 2,815,049	6.4%

**Schedule of Contributions**

<u>FYE</u>	<u>Actuarial Valuation Date</u>	<u>ARC</u>	<u>Actual Contribution</u>	<u>% Contributed</u>	<u>Contribution as % of Payroll</u>
<b>County</b>					
06/30/2009	07/01/2008	\$ 95,287	\$ 131,779	138.3%	1.2%
<b>School Board</b>					
06/30/2009	07/01/2008	\$ 386,724	\$ 612,915	158.5%	1.7%
<b>Henry-Martinsville Social Services</b>					
06/30/2009	07/01/2008	\$ 18,544	\$ 18,544	194.9%	1.3%

**Annual Pension OPEB Cost Summary**

<u>Plan Year</u>	<u>BOY NOPEBO</u>	<u>ARC</u>	<u>Annual OPEB Int.</u>	<u>Cost Adj.</u>	<u>Total</u>	<u>Actual Cont.</u>	<u>EOY NOPEBO</u>	<u>Interest Rate</u>	<u>Amort. Period</u>
<b>County</b>									
2008-09	\$ -	\$ 95,287	\$ -	\$ -	\$ 95,287	\$(131,779)	\$(36,492)	7.50%	30
<b>School Board</b>									
2008-09	\$ -	\$ 386,724	\$ -	\$ -	\$ 386,724	\$(612,915)	\$(226,191)	7.50%	30
<b>Henry-Martinsville Social Services</b>									
2008-09	\$ -	\$ 18,544	\$ -	\$ -	\$ 18,544	\$(36,136)	\$(17,592)	7.50%	30

# REQUIRED SUPPLEMENTARY INFORMATION



**County of Henry, Virginia**  
Budgetary Comparison Schedule  
**General Fund**  
Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
<b>General Property Taxes</b>				
Current year property taxes	\$ 21,143,965	\$ 21,143,965	\$ 21,278,383	\$ 134,418
Penalties - all tax years	244,500	244,500	237,482	(7,018)
Interest - all tax years	149,300	149,300	157,367	8,067
Total General Property Taxes	<u>21,537,765</u>	<u>21,537,765</u>	<u>21,673,232</u>	<u>135,467</u>
<b>Other Local Taxes</b>				
Local sales and use taxes	4,130,000	3,930,000	3,742,956	(187,044)
Consumer utility tax	2,900,500	2,740,500	2,704,390	(36,110)
Business license taxes	1,513,500	1,513,500	1,622,916	109,416
Motor vehicle licenses	1,009,000	1,009,000	952,914	(56,086)
Bank franchise taxes	132,800	132,800	154,912	22,112
Transient occupancy taxes	115,000	115,000	102,632	(12,368)
Taxes on recordation and wills	262,900	262,900	206,983	(55,917)
Restaurant food taxes	1,812,000	1,812,000	1,855,026	43,026
Total Other Local Taxes	<u>11,875,700</u>	<u>11,515,700</u>	<u>11,342,729</u>	<u>(172,971)</u>
<b>Permits, Privilege Fees, and Regulatory Licenses</b>				
Animal licenses	9,430	9,430	20,107	10,677
Building and related permits	122,000	122,000	79,400	(42,600)
Other permits, licenses, and fees	6,775	6,775	5,234	(1,541)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>138,205</u>	<u>138,205</u>	<u>104,741</u>	<u>(33,464)</u>
<b>Fines and Forfeitures</b>				
Court fines and forfeitures	216,477	216,477	203,667	(12,810)
<b>Revenue from Use of Money and Property</b>				
Revenue from use of money	665,570	499,004	344,943	(154,061)
Revenue from use of property	191,900	191,900	261,735	69,835
Total Revenue from Use of Money and Property	<u>857,470</u>	<u>690,904</u>	<u>606,678</u>	<u>(84,226)</u>
<b>Charges for Services</b>				
Court costs	300	300	182	(118)
Sheriff fees	23,054	23,054	25,423	2,369
Commonwealth's attorney	2,900	2,900	2,644	(256)
County and hired attorneys	67,000	67,000	84,081	17,081
Law enforcement and traffic control	32,000	32,000	58,930	26,930
Charges for sanitation and waste removal	55,000	55,000	59,253	4,253
Animal warden	700	700	405	(295)
Parks and recreation	43,000	43,000	43,112	112
Utility bill collection	12,000	12,000	13,657	1,657
Miscellaneous other charges for services	2,500	2,500	3,583	1,083
Total Charges for Services	<u>238,454</u>	<u>238,454</u>	<u>291,270</u>	<u>52,816</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Recovered Costs</b>				
Jail costs - Commonwealth of Virginia	431,236	431,236	568,465	137,229
Salary - court secretary	27,000	27,000	21,270	(5,730)
City share of extension services	4,500	9,000	9,000	-
School share of school resource officer	277,159	277,159	275,128	(2,031)
M/HC Economic Development Corporation	758,971	758,971	723,821	(35,150)
Harvest Foundation Grant	-	-	16,116	16,116
Donations and special gifts	-	47,278	47,277	(1)
Transportation Grants	54,834	68,516	52,873	(15,643)
Other recovered costs	2,600	16,277	49,104	32,827
Insurance recoveries	-	-	36,452	36,452
Miscellaneous refunds	196,989	331,082	269,120	(61,962)
Total Recovered Costs	<u>1,753,289</u>	<u>1,966,519</u>	<u>2,068,626</u>	<u>102,107</u>
<b>Miscellaneous</b>	23,000	23,000	42,241	19,241
<b>Intergovernmental</b>				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Noncategorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	33,000	33,000	41,809	8,809
Mobile home titling tax	120,000	120,000	82,840	(37,160)
Tax on deeds	59,000	59,000	60,687	1,687
Auto rental sales tax	61,000	61,000	50,401	(10,599)
Personal Property Tax Relief Act funds	1,771,828	1,771,828	1,771,828	-
PARA mutual tax	47,000	47,000	39,842	(7,158)
Communication tax	1,685,200	1,685,200	1,664,886	(20,314)
Total Noncategorical Aid	<u>3,777,028</u>	<u>3,777,028</u>	<u>3,712,293</u>	<u>(64,735)</u>
<i>Categorical Aid</i>				
<i>Shared Expenses</i>				
Commonwealth's Attorney	550,964	550,964	569,474	18,510
Sheriff and Sheriff's auto	4,085,105	4,085,105	2,935,034	(1,150,071)
Commissioner of the Revenue	195,146	195,146	195,166	20
Treasurer	196,336	196,336	196,870	534
Electoral Board and General Registrar	57,090	57,090	58,339	1,249
Clerk of Circuit Court	500,743	500,743	411,318	(89,425)
Total Categorical Aid	<u>5,585,384</u>	<u>5,585,384</u>	<u>4,366,201</u>	<u>(1,219,183)</u>
<i>Other Categorical Aid</i>				
Emergency services grant	-	3,125	13,525	10,400
Fire programs fund	-	155,401	155,401	-
Victim witness program	18,000	18,000	19,206	1,206
Transportation grant funds	30,734	30,835	30,835	-
Litter control program	21,585	21,585	20,943	(642)
State EMS Two for Life funds	-	54,517	54,517	-
Other State grants	-	688,934	490,030	(198,904)
Library of Virginia	-	52,719	27,983	(24,736)
Asset forfeiture funds	-	458	26,814	26,356
Total Other Categorical Aid	<u>70,319</u>	<u>1,025,574</u>	<u>839,254</u>	<u>(186,320)</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total Revenue from the Commonwealth of Virginia	9,432,731	10,387,986	8,917,748	(1,470,238)
<b>Revenue from the Federal Government</b>				
Payments in lieu of taxes	1,807	1,807	4,242	2,435
Forfeited property	-	17,676	67,835	50,159
Emergency services	24,874	24,874	24,790	(84)
Law enforcement grants	-	133,094	68,285	(64,809)
Victim Witness Program	72,000	72,000	76,825	4,825
Transportation grants	55,033	86,594	50,692	(35,902)
HUD grant	-	31,200	25,000	(6,200)
State Fiscal Stabilization Fund (SFSF) - County	-	-	1,202,337	1,202,337
Other federal reimbursements	-	1,500	1,500	-
Other federal grants - EMS	-	1,060,000	621,466	(438,534)
Total Revenue from the Federal Government	<u>153,714</u>	<u>1,428,745</u>	<u>2,142,972</u>	<u>714,227</u>
Total Intergovernmental Revenue	<u>9,586,445</u>	<u>11,816,731</u>	<u>11,060,720</u>	<u>(756,011)</u>
Total Revenues	46,226,805	48,143,755	47,393,904	(749,851)
<b>Expenditures</b>				
<b>Current</b>				
<i>General Government Administration</i>				
Board of Supervisors	153,605	143,903	109,891	34,012
County Administrator	331,104	325,724	317,876	7,848
Independent auditor	50,000	50,000	37,120	12,880
Human resources/training	51,380	51,380	43,925	7,455
County Attorney	141,910	138,160	146,087	(7,927)
Commissioner of Revenue	541,912	540,437	530,734	9,703
Assessors	175,512	164,138	135,741	28,397
Treasurer	580,219	595,706	568,413	27,293
Finance	349,847	353,166	362,502	(9,336)
Information services	391,250	389,283	285,476	103,807
Central purchasing	188,619	185,358	183,368	1,990
Board of Elections - registrar	221,696	217,196	216,752	444
Total General Government Administration	<u>3,177,054</u>	<u>3,154,451</u>	<u>2,937,885</u>	<u>216,566</u>
<i>Judicial Administration</i>				
Circuit Court	87,536	89,999	76,791	13,208
General District Court	17,775	17,415	19,037	(1,622)
Magistrates	4,600	4,508	2,585	1,923
Juvenile and Domestic Relations	13,590	13,319	7,587	5,732
Clerk of the Circuit Court	677,124	666,381	627,769	38,612
Sheriff Civil and Court Security	922,967	914,517	894,091	20,426
Victim/Witness Assist	130,767	130,067	129,095	972
Commonwealth's Attorney	755,716	757,216	754,289	2,927
Total Judicial Administration	<u>2,610,075</u>	<u>2,593,422</u>	<u>2,511,244</u>	<u>82,178</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Safety</i>				
Law enforcement and traffic control	5,275,756	5,415,170	5,165,086	250,084
School resource officer	153,988	153,988	157,797	(3,809)
Fire and rescue services	1,141,830	1,802,825	1,564,126	238,699
Emergency medical services	187,600	226,148	214,740	11,408
School rescue training	60,748	70,639	68,699	1,940
School fire training	76,213	81,872	78,289	3,583
Fire marshal	277,122	273,704	267,028	6,676
Correction and detention	2,339,378	2,431,808	2,331,042	100,766
Probation	349,062	347,821	303,505	44,316
Code enforcement	330,182	346,364	326,896	19,468
Public safety	121,758	118,172	119,093	(921)
Electronic monitoring	30,473	32,661	30,906	1,755
Animal control	134,567	133,992	127,631	6,361
Other protection	8,051	1,276,051	774,404	501,647
Total Public Safety	10,486,728	12,711,215	11,529,242	1,181,973
<i>Public Works</i>				
Maintenance of highways, streets, bridges, sidewalks	57,310	56,273	49,857	6,416
Refuse collection	1,817,530	1,746,161	1,536,274	209,887
Refuse disposal - closure maintenance	44,700	43,806	27,889	15,917
<i>Maintenance of buildings and grounds</i>				
General engineering	249,152	249,196	240,420	8,776
Communication equipment	64,501	63,211	58,128	5,083
Administrative building	345,969	354,479	353,302	1,177
Courthouse	286,682	293,974	300,061	(6,087)
Sheriff's office	47,000	47,471	42,870	4,601
Jail	227,550	217,654	212,803	4,851
Other	199,599	237,976	202,637	35,339
Dupont property	149,957	157,377	128,558	28,819
Total Maintenance of Buildings and Grounds	1,570,410	1,621,338	1,538,779	82,559
Total Public Works	3,489,950	3,467,578	3,152,799	314,779
<i>Health and Welfare</i>				
Henry-Martinsville Social Services	613,606	662,450	599,842	62,608
Health Department	325,129	325,129	325,129	-
Mental health and retardation	130,268	130,268	130,268	-
Transportation grants	140,600	185,943	135,904	50,039
Property tax relief for the elderly	100,000	100,000	76,079	23,921
Group home services	73,343	73,343	73,343	-
Other welfare and social services	75,771	82,971	77,840	5,131
Total Health and Welfare	1,458,717	1,560,104	1,418,405	141,699
<i>Education</i>				
Contributions to community colleges	58,135	58,135	58,135	-
Contributions to component unit - school board	17,451,958	19,873,144	15,849,384	4,023,760
Total Education	17,510,093	19,931,279	15,907,519	4,023,760

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
<i>Parks, Recreation, and Cultural</i>				
Parks, recreation, and cultural	880,975	875,581	856,844	18,737
Cultural enrichment	58,000	110,720	85,983	24,737
Library	849,203	849,203	849,203	-
Total Parks, Recreation, and Cultural	<u>1,788,178</u>	<u>1,835,504</u>	<u>1,792,030</u>	<u>43,474</u>
<i>Community Development</i>				
Planning and community development	271,483	269,556	265,950	3,606
Engineering and mapping	264,803	259,703	246,655	13,048
M/HC Economic Development Corporation	758,971	758,971	723,821	35,150
Cooperative extension program	51,442	55,942	53,251	2,691
Henry County Industrial Development Authority	1,229,673	2,490,347	2,195,515	294,832
Other community and economic development	647,073	698,773	670,082	28,691
Total Community Development	<u>3,223,445</u>	<u>4,533,292</u>	<u>4,155,274</u>	<u>378,018</u>
<i>Nondepartmental</i>				
Employee benefits, pooled vehicles, mobile command	125,503	124,540	28,608	95,932
OPEB funding	-	67,292	60,224	7,068
Contingency reserve	117,010	106,510	-	106,510
Total Nondepartmental	<u>242,513</u>	<u>298,342</u>	<u>88,832</u>	<u>209,510</u>
<i>Capital Projects</i>				
Communication system	-	3,197,022	486,816	2,710,206
Motor Pool Building	553,599	553,599	553,599	-
To Henry County PSA	131,401	155,353	155,353	-
Other miscellaneous capital projects	249,004	1,214,399	544,938	669,461
Total Capital Projects	<u>934,004</u>	<u>5,120,373</u>	<u>1,740,706</u>	<u>3,379,667</u>
<i>Debt Service</i>				
Principal	845,000	845,000	595,000	250,000
Capital lease payments	711,518	711,518	711,518	-
Interest and other costs	352,388	352,388	323,465	28,923
Total Debt Service	<u>1,908,906</u>	<u>1,908,906</u>	<u>1,629,983</u>	<u>278,923</u>
Total Expenditures	<u>46,829,663</u>	<u>57,114,466</u>	<u>46,863,919</u>	<u>10,250,547</u>
Excess (Deficiency) of Revenues Over Expenditures	(602,858)	(8,970,711)	529,985	9,500,696
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	-	1,704,534	-	(1,704,534)
Transfers to other funds	(332,142)	(378,717)	(170,933)	207,784
Total Other Financing Sources (Uses)	<u>(332,142)</u>	<u>1,325,817</u>	<u>(170,933)</u>	<u>(1,496,750)</u>



	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
Net Change in Fund Balance Before Transfer from Surplus	(935,000)	(7,644,894)	359,052	8,003,946
Transfer from Surplus Funds	<u>935,000</u>	<u>7,644,894</u>	<u>-</u>	<u>(7,644,894)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	359,052	<u>\$ 359,052</u>
Fund Balance - Beginning of Year			<u>20,873,824</u>	
Fund Balance - End of Year			<u>\$ 21,232,876</u>	

**Comprehensive Services Act Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Recovered costs	\$ 38,571	\$ 38,571	\$ 38,571	\$ -
<b>Intergovernmental</b>				
Revenue from the Commonwealth of Virginia	<u>652,295</u>	<u>652,295</u>	<u>390,054</u>	<u>(262,241)</u>
Total Intergovernmental Revenue	<u>652,295</u>	<u>652,295</u>	<u>390,054</u>	<u>(262,241)</u>
Total Revenues	690,866	690,866	428,625	(262,241)
<b>Expenditures</b>				
<b>Current</b>				
<i>Health and Welfare</i>				
Welfare and social services	<u>1,023,008</u>	<u>1,023,008</u>	<u>599,558</u>	<u>423,450</u>
Total Expenditures	<u>1,023,008</u>	<u>1,023,008</u>	<u>599,558</u>	<u>423,450</u>
Excess (Deficiency) of Revenues Over Expenditures	(332,142)	(332,142)	(170,933)	161,209
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>332,142</u>	<u>332,142</u>	<u>170,933</u>	<u>(161,209)</u>
Total Other Financing Sources (Uses)	<u>332,142</u>	<u>332,142</u>	<u>170,933</u>	<u>(161,209)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			<u>\$ -</u>	

**E-911 Central Dispatch Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Recovered costs	\$ 317,057	\$ 314,398	\$ 287,551	\$ (26,847)
<b>Intergovernmental</b>				
Revenue from the Commonwealth of Virginia	1,393,851	1,385,194	1,105,416	(279,778)
Revenue from the Federal Government	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total Intergovernmental Revenue	1,393,851	1,435,194	1,105,416	(329,778)
Reserve from surplus	<u>-</u>	<u>12,034</u>	<u>-</u>	<u>(12,034)</u>
Total Revenues	1,710,908	1,761,626	1,392,967	(368,659)
<b>Expenditures</b>				
<b>Current</b>				
Public Safety	<u>1,710,908</u>	<u>1,761,626</u>	<u>1,337,452</u>	<u>424,174</u>
Total Expenditures	<u>1,710,908</u>	<u>1,761,626</u>	<u>1,337,452</u>	<u>424,174</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	55,515	<u>\$ 55,515</u>
Fund Balance - Beginning of Year			<u>112,505</u>	
Fund Balance - End of Year			<u>\$ 168,020</u>	

Law Library Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Charges for services	\$ 13,100	\$ 13,100	\$ 14,778	\$ 1,678
Recovered costs	6,600	6,600	7,762	1,162
Reserve to balance budget	<u>8,300</u>	<u>8,300</u>	<u>-</u>	<u>(8,300)</u>
Total Revenues	28,000	28,000	22,540	(5,460)
<b>Expenditures</b>				
<b>Current</b>				
Judicial administration	<u>28,000</u>	<u>28,000</u>	<u>15,302</u>	<u>12,698</u>
Total Expenditures	<u>28,000</u>	<u>28,000</u>	<u>15,302</u>	<u>12,698</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	7,238	<u>\$ 7,238</u>
Fund Balance - Beginning of Year			<u>126,008</u>	
Fund Balance - End of Year			<u>\$ 133,246</u>	

**Capital Projects Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Recovered costs	\$ 155,375	\$ 155,375	\$ 30,614	\$ (124,761)
<b>Intergovernmental</b>				
Revenue from the Commonwealth of Virginia	104,780	293,007	44,380	(248,627)
Revenue from the Federal Government	<u>1,094,302</u>	<u>1,399,204</u>	<u>180,134</u>	<u>(1,219,070)</u>
Total Revenues	1,354,457	1,847,586	255,128	(1,592,458)
<b>Expenditures</b>				
<b>Current</b>				
Community Development	<u>1,354,457</u>	<u>1,894,161</u>	<u>235,213</u>	<u>1,658,948</u>
Total Expenditures	<u>1,354,457</u>	<u>1,894,161</u>	<u>235,213</u>	<u>1,658,948</u>
Net Change in Fund Balance Before Transfers	-	(46,575)	19,915	66,490
Transfer from Other Funds	<u>-</u>	<u>46,575</u>	<u>-</u>	<u>(46,575)</u>
Net Change in Fund Balance Before Transfers	<u>\$ -</u>	<u>\$ -</u>	19,915	<u>\$ 19,915</u>
Fund Balance - Beginning of Year			<u>49,173</u>	
Fund Balance - End of Year			<u>\$ 69,088</u>	

Henry County School Board  
School Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Revenue from the use of money and property	\$ 22,000	\$ 27,658	\$ 31,001	\$ 3,343
Charges for services	96,500	606,512	494,923	(111,589)
Recovered costs	370,000	370,000	392,664	22,664
Miscellaneous				
Harvest Foundation	-	583,576	494,304	(89,272)
Educational Technology	518,000	518,000	440,000	(78,000)
Other miscellaneous	450,000	450,000	799,675	349,675
Contribution - County of Henry, Virginia	17,451,958	19,873,144	15,849,384	(4,023,760)
Reserve to balance budget	-	415,062	-	(415,062)
<b>Intergovernmental</b>				
Revenue from the Commonwealth of Virginia	50,576,823	52,509,081	51,125,254	(1,383,827)
Revenue from the Federal Government	9,500,000	10,243,412	5,876,101	(4,367,311)
Total Intergovernmental Revenue	<u>60,076,823</u>	<u>62,752,493</u>	<u>57,001,355</u>	<u>(5,751,138)</u>
Total Revenues	78,985,281	85,596,445	75,503,306	(10,093,139)
<b>Expenditures</b>				
Instruction	46,162,531	47,066,594	45,609,762	1,456,832
Administration, attendance, and health	2,842,542	2,968,680	2,567,606	401,074
Pupil transportation	5,654,834	5,657,298	4,978,138	679,160
Operation and maintenance	7,152,434	7,473,986	6,817,146	656,840
Facilities	2,596,431	4,826,763	3,176,602	1,650,161
Special grants	9,500,000	13,271,203	8,552,576	4,718,627
Technology	2,414,315	2,550,065	2,449,809	100,256
Contingency reserve	100	100	-	100
Debt service				
Principal	1,289,155	1,289,155	1,289,155	-
Interest and other charges	709,058	709,058	698,700	10,358
Total Expenditures	<u>78,321,400</u>	<u>85,812,902</u>	<u>76,139,494</u>	<u>9,673,408</u>
Excess (Deficiency) of Revenues Over Expenditures	663,881	(216,457)	(636,188)	(419,731)
<b>Other Financing Sources (Uses)</b>				
Loan subsidies	-	880,338	880,340	2
Transfers out	(663,881)	(663,881)	(659,215)	4,666
Total Other Financing Sources (Uses)	<u>(663,881)</u>	<u>216,457</u>	<u>221,125</u>	<u>4,668</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(415,063)	<u>\$ (415,063)</u>
Fund Balance - Beginning of Year			415,063	
Fund Balance - End of Year			<u>\$ -</u>	

Henry County School Board  
School Textbook Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 7,052	\$ 7,052
Total Revenues	-	-	7,052	7,052
<b>Expenditures</b>				
Textbooks	663,881	663,881	219,158	444,723
Total Expenditures	663,881	663,881	219,158	444,723
Excess (Deficiency) of Revenues Over Expenditures	(663,881)	(663,881)	(212,106)	451,775
<b>Other Financing Sources (Uses)</b>				
Transfers in	663,881	663,881	659,215	(4,666)
Total Other Financing Sources (Uses)	663,881	663,881	659,215	(4,666)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	447,109	<u>\$ 447,109</u>
Fund Balance - Beginning of Year			<u>1,335,337</u>	
Fund Balance - End of Year			<u>\$ 1,782,446</u>	

Henry County School Board  
School Cafeteria Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ (187)	\$ (8,187)
Charges for services	1,768,450	1,768,450	1,424,518	(343,932)
<b>Intergovernmental</b>				
Revenue from the Commonwealth of Virginia	-	-	99,129	99,129
Revenue from the Federal Government	<u>2,210,949</u>	<u>2,210,949</u>	<u>2,373,623</u>	<u>162,674</u>
Total Intergovernmental Revenue	<u>2,210,949</u>	<u>2,210,949</u>	<u>2,472,752</u>	<u>261,803</u>
Total Revenues	3,987,399	3,987,399	3,897,083	(90,316)
<b>Expenditures</b>				
Cafeteria	<u>3,987,399</u>	<u>3,987,399</u>	<u>3,784,911</u>	<u>202,488</u>
Total Expenditures	<u>3,987,399</u>	<u>3,987,399</u>	<u>3,784,911</u>	<u>202,488</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	112,172	112,172
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	112,172	<u>\$ 112,172</u>
Fund Balance - Beginning of Year			<u>-</u>	
Fund Balance - End of Year			<u>\$ 112,172</u>	



# OTHER SUPPLEMENTARY INFORMATION



**County of Henry, Virginia**  
Combining Balance Sheet  
Component Unit - School Board  
Year Ended June 30, 2009

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Public Schools</u>
<b>Assets</b>				
Cash	\$ 6,877	\$ 1,782,446	\$ 394,461	\$ 2,183,784
Receivables - net	366,400	-	5,965	372,365
Due from primary government	3,526,759	-	-	3,526,759
Due from other governments	<u>2,860,320</u>	<u>-</u>	<u>34,367</u>	<u>2,894,687</u>
Total Assets	<u>\$ 6,760,356</u>	<u>\$ 1,782,446</u>	<u>\$ 434,793</u>	<u>\$ 8,977,595</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 446,512	\$ -	\$ 44,159	\$ 490,671
Deferred revenue	146,807	-	-	146,807
Due to primary government	-	-	90,732	90,732
Accrued salaries and benefits	<u>6,167,037</u>	<u>-</u>	<u>187,730</u>	<u>6,354,767</u>
Total Liabilities	6,760,356	-	322,621	7,082,977
<b>Fund Balances</b>				
Unreserved	<u>-</u>	<u>1,782,446</u>	<u>112,172</u>	<u>1,894,618</u>
Total Fund Balances	<u>-</u>	<u>1,782,446</u>	<u>112,172</u>	<u>1,894,618</u>
Total Liabilities and Fund Balances	<u>\$ 6,760,356</u>	<u>\$ 1,782,446</u>	<u>\$ 434,793</u>	<u>\$ 8,977,595</u>
				Fund Balances - per above \$ 1,894,618
				Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 14,975,477
				Compensated absences are long-term liabilities and are not due and payable in the current period; therefore, are not reported in the funds. <u>(598,707)</u>
				Net Assets of Governmental Activities <u>\$ 16,271,388</u>

## County of Henry, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Component Unit - School Board

Year Ended June 30, 2009

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Public Schools</u>
<b>Revenues</b>				
Revenue from use of money and property	\$ 31,001	\$ 7,052	\$ (187)	\$ 37,866
Charges for services	494,923	-	1,424,518	1,919,441
Recovered costs	392,664	-	-	392,664
Miscellaneous	1,733,979	-	-	1,733,979
<b>Intergovernmental</b>				
County of Henry, Virginia	15,849,384	-	-	15,849,384
Commonwealth of Virginia	51,125,254	-	99,129	51,224,383
Federal	5,876,101	-	2,373,623	8,249,724
Total Revenues	<u>75,503,306</u>	<u>7,052</u>	<u>3,897,083</u>	<u>79,407,441</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	45,609,762	219,158	-	45,828,920
Administration, attendance, and health	2,567,606	-	-	2,567,606
Pupil transportation	4,978,138	-	-	4,978,138
Operation and maintenance	6,817,146	-	-	6,817,146
Cafeteria - school food service	-	-	3,784,911	3,784,911
Facilities	3,176,602	-	-	3,176,602
Special grants	8,552,576	-	-	8,552,576
Technology	2,449,809	-	-	2,449,809
<b>Debt service</b>				
Principal	1,289,155	-	-	1,289,155
Interest and other charges	698,700	-	-	698,700
Total Expenditures	<u>76,139,494</u>	<u>219,158</u>	<u>3,784,911</u>	<u>80,143,563</u>
Excess (Deficiency) of Expenditures Over Revenues	(636,188)	(212,106)	112,172	(736,122)
<b>Other Financing Sources (Uses)</b>				
Virginia loan subsidy	880,340	-	-	880,340
Transfers in	-	659,215	-	659,215
Transfers out	(659,215)	-	-	(659,215)
Total Other Financing Sources (Uses)	<u>221,125</u>	<u>659,215</u>	<u>-</u>	<u>880,340</u>
Net Change in Fund Balances	(415,063)	447,109	112,172	144,218
Fund Balances - Beginning of Year	415,063	1,335,337	-	1,750,400
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 1,782,446</u>	<u>\$ 112,172</u>	<u>\$ 1,894,618</u>
Net Change in Fund Balances - per above				\$ 144,218
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.				
				(31,672)
Construction related to renovation of school buildings is part of the County Primary Government since the debt is in the County name. However, the school building belongs to the County until such time the debt is paid off. The construction activity has to be transferred to the County. This consists of the restricted cash as well as the fixed assets.				
				1,216,634
Change in compensated absences				<u>(64,941)</u>
Change in Net Assets of Governmental Activities				<u>\$ 1,264,239</u>

## County of Henry, Virginia

## Statement of Net Assets

## Component Unit - Industrial Development Authority

At June 30, 2009

	<u>Industrial Site Project Fund #37</u>	<u>Main Operating Fund Fund #45</u>	<u>Total Industrial Development Authority</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash - unrestricted	\$ -	\$ 1,165,517	\$ 1,165,517
Receivables - net	-	7,847	7,847
Inventory	<u>2,381,146</u>	<u>12,032,348</u>	<u>14,413,494</u>
Total Current Assets	2,381,146	13,205,712	15,586,858
<b>Noncurrent Assets</b>			
Fixed assets, net of accumulated depreciation	-	3,805,765	3,805,765
Notes receivables - net	<u>-</u>	<u>2,298,860</u>	<u>2,298,860</u>
Total Noncurrent Assets	<u>-</u>	<u>6,104,625</u>	<u>6,104,625</u>
Total Assets	<u>\$ 2,381,146</u>	<u>\$ 19,310,337</u>	<u>\$ 21,691,483</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ -	\$ 297,257	\$ 297,257
Accrued interest payable	-	70,227	70,227
Deferred revenue	-	44,530	44,530
Current portion of long-term debt	<u>-</u>	<u>935,684</u>	<u>935,684</u>
Total Current Liabilities	-	1,347,698	1,347,698
<b>Long-Term Liabilities</b>			
Long-term debt - due in more than one year	-	8,893,833	8,893,833
Due to primary government - County of Henry, Virginia	<u>-</u>	<u>3,358,218</u>	<u>3,358,218</u>
Total Long-Term Liabilities	<u>-</u>	<u>12,252,051</u>	<u>12,252,051</u>
Total Liabilities	-	13,599,749	13,599,749
<b>Net Assets</b>			
Invested in capital assets, net of related debt	-	(27,535)	(27,535)
Unrestricted	<u>2,381,146</u>	<u>5,738,123</u>	<u>8,119,269</u>
Total Net Assets	<u>2,381,146</u>	<u>5,710,588</u>	<u>8,091,734</u>
Total Liabilities and Net Assets	<u>\$ 2,381,146</u>	<u>\$ 19,310,337</u>	<u>\$ 21,691,483</u>

**County of Henry, Virginia**

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Component Unit - Industrial Development Authority

Year Ended June 30, 2009

	<b>Industrial Site Project Fund #37</b>	<b>Main Operating Fund Fund #45</b>	<b>Total Industrial Development Authority</b>
<b>Operating Revenues</b>			
Payment from primary government	\$ -	\$ 2,195,515	\$ 2,195,515
Tobacco indemnification revenues	-	1,605,972	1,605,972
Governor's Opportunity Fund	-	500,000	500,000
Miscellaneous	-	<u>892,128</u>	<u>892,128</u>
Total Operating Revenues	-	5,193,615	5,193,615
<b>Operating Expenses</b>			
Economic development	4,903	3,494,861	3,499,764
Depreciation expense	-	<u>634,294</u>	<u>634,294</u>
Total Operating Expenses	<u>4,903</u>	<u>4,129,155</u>	<u>4,134,058</u>
Operating Income (Loss)	(4,903)	1,064,460	1,059,557
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	-	59,295	59,295
Rental of property	-	711,518	711,518
Interest expense	-	<u>(346,414)</u>	<u>(346,414)</u>
Total Nonoperating Revenues (Expenses)	-	<u>424,399</u>	<u>424,399</u>
Change in Net Assets Before Transfers	(4,903)	1,488,859	1,483,956
Transfer Between Funds	-	-	-
Change in Net Assets After Transfers	(4,903)	1,488,859	1,483,956
Total Net Assets - Beginning of Year	<u>2,386,049</u>	<u>4,221,729</u>	<u>6,607,778</u>
Total Net Assets - End of Year	<u>\$ 2,381,146</u>	<u>\$ 5,710,588</u>	<u>\$ 8,091,734</u>

## County of Henry, Virginia

## Statement of Cash Flows

Component Unit - Industrial Development Authority

Year Ended June 30, 2009

	<b>Industrial Site Project Fund #37</b>	<b>Main Operating Fund Fund #45</b>	<b>Total Industrial Development Authority</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from primary government	\$ -	\$ 2,195,515	\$ 2,195,515
Other miscellaneous receipts	-	1,017,110	1,017,110
State grants	-	2,486,140	2,486,140
Cash paid for economic development	-	(3,224,529)	(3,224,529)
Net Cash Provided by Operating Activities	-	2,474,236	2,474,236
<b>Cash Flows from Noncapital Financing Activities</b>			
Payments for due to primary government	6,050	(242,064)	(236,014)
Transfers between funds	(6,050)	-	(6,050)
Net Cash Used in Noncapital Financing Activities	-	(242,064)	(242,064)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for purchases of fixed assets	-	(1,764,017)	(1,764,017)
Payments for purchases of inventory held for resale	-	(3,748,052)	(3,748,052)
Principal proceeds from long-term debt	-	2,332,639	2,332,639
Payments of principal on long-term debt	-	(903,122)	(903,122)
Interest payments on long-term debt	-	(276,187)	(276,187)
Net Cash Used in Capital and Related Financing Activities	-	(4,358,739)	(4,358,739)
<b>Cash Flows from Investing Activities</b>			
Rental income	-	711,518	711,518
Interest income	-	59,295	59,295
Net Cash Provided by Investing Activities	-	770,813	770,813
Net Decrease in Cash and Cash Equivalents	-	(1,355,754)	(1,355,754)
Cash and Cash Equivalents - Beginning of Year	-	2,521,271	2,521,271
Cash and Cash Equivalents - End of Year	\$ -	\$ 1,165,517	\$ 1,165,517
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating income (loss)	\$ (4,903)	\$ 1,064,460	\$ 1,059,557
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	-	634,294	634,294
Changes in assets and liabilities			
Receivables	6,050	311,278	317,328
Due from other governments	(1,147)	211,000	209,853
Deferred revenue	-	(17,128)	(17,128)
Accounts payable	-	270,332	270,332
Net Cash Provided by Operating Activities	\$ -	\$ 2,474,236	\$ 2,474,236

**County of Henry, Virginia**

Balance Sheet

Component Unit - Henry-Martinsville Social Services

At June 30, 2009

**Assets**

Cash - unrestricted	\$ 4,358
Due from other governments	<u>705,509</u>

Total Assets	<u>\$ 709,867</u>
--------------	-------------------

**Liabilities and Fund Balance**

**Liabilities**

Due to County of Henry, Virginia	<u>709,867</u>
----------------------------------	----------------

Total Liabilities	709,867
-------------------	---------

**Fund Balance**

Total Liabilities and Fund Balance	<u>\$ 709,867</u>
------------------------------------	-------------------

Fund Balance - per above	\$ -
--------------------------	------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,598
---	--------

Compensated absences are long-term liabilities and are not due and payable in the current period; therefore, are not reported in the funds.	<u>(385,692)</u>
---	------------------

Net Assets (Deficit) of Governmental Activities	<u>\$ (360,094)</u>
---	---------------------

**County of Henry, Virginia**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Unit - Henry-Martinsville Social Services

Year Ended June 30, 2009

**Revenues**

Payments from County of Henry, Virginia	\$ 599,842
Payments from City of Martinsville, Virginia	320,048
<b><i>Intergovernmental</i></b>	
Revenue from the Commonwealth of Virginia	2,343,109
Revenue from the Federal Government	<u>3,348,804</u>
Total Intergovernmental	<u>5,691,913</u>
Total Revenues	6,611,803

**Expenditures**

Health and welfare	<u>6,611,803</u>
Net Change in Fund Balance	-
Fund Balance - Beginning of Year	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>
Net Change in Fund Balance - per above	\$ -
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.	(2,480)
Change in compensated absences	<u>(22,151)</u>
Change in Net Assets of Governmental Activities	<u>\$ (24,631)</u>



**County of Henry, Virginia**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Agency Fund - Southern Virginia Recreation Facilities Authority

Year Ended June 30, 2009

**Revenues**

Payments from Harvest Foundation	\$	206,256
Miscellaneous		<u>26,761</u>
Total Revenues		233,017

**Expenditures**

Salaries		139,677
Fringe benefits and car allowance		42,560
Professional services		14,000
Travel		8,662
Other		<u>28,887</u>
Total Expenditures		<u>233,786</u>
Net Change in Fund Balance		(769)
Fund Balance - Beginning of Year		418,406
Turned Over Account to Facility - Board Voted to Terminate Being the Fiscal Agent for This Entity		<u>(417,637)</u>
Fund Balance - End of Year	\$	<u><u>-</u></u>

# OTHER INFORMATION SECTION



**County of Henry, Virginia**

General Governmental Revenues by Source<sup>(1)(2)</sup>

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits, Privilege Fees, and Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter-Governmental</u>	<u>Total</u>
2000	\$ 17,597,548	\$ 12,988,309	\$ 182,326	\$ 62,470	\$ 1,201,632	\$ 1,639,948	\$ 582,603	\$ 979,384	\$ 55,129,281	\$ 90,363,501
2001	17,944,315	13,301,181	176,659	82,052	904,631	1,694,676	601,516	1,149,867	54,581,733	90,436,630
2002	19,800,777	13,473,128	152,142	147,622	373,032	1,697,004	627,045	1,606,255	55,777,001	93,654,006
2003	20,180,396	13,123,865	103,648	166,977	326,701	1,909,088	754,844	1,364,305	57,793,692	95,723,516
2004	19,208,175	13,357,655	119,802	155,089	297,645	2,051,700	966,811	1,531,942	58,602,306	96,291,125
2005	19,540,174	13,780,132	112,369	161,990	454,669	2,027,306	726,790	1,862,503	66,312,679	104,978,612
2006	21,246,088	14,408,533	112,336	202,521	899,919	2,127,892	361,981	2,615,293	65,747,399	107,721,962
2007	21,847,876	14,330,730	116,515	203,468	1,417,852	2,215,871	1,647,418	2,633,972	69,824,695	114,238,397
2008	21,256,169	11,996,247	100,628	208,384	1,045,777	2,356,744	1,528,184	3,227,325	73,789,646	115,509,104
<b>2009</b>	<b>21,673,232</b>	<b>11,342,729</b>	<b>104,741</b>	<b>203,667</b>	<b>644,544</b>	<b>2,225,489</b>	<b>1,776,220</b>	<b>2,825,788</b>	<b>78,266,772</b>	<b>119,063,182</b>

<sup>(1)</sup> Includes General and Special Revenue Funds of the Primary Government and Component Units - School Board and Social Services.

<sup>(2)</sup> Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from intergovernmental revenues.

## County of Henry, Virginia

General Governmental Expenditures by Function <sup>(1)(2)</sup>

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non-Departmental</u>	<u>Debt Service</u>	<u>Capital Projects</u> <sup>(3)</sup>	<u>Total</u>
2000	\$ 2,818,843	\$ 1,762,423	\$ 8,230,921	\$ 2,125,696	\$ 6,197,017	\$ 61,968,057	\$ 1,456,746	\$ 6,259,854	\$ -	\$ 3,766,602	\$ -	\$ 94,586,159
2001	2,836,966	2,047,311	8,275,766	2,173,243	6,021,165	62,234,734	1,557,112	3,972,247	-	3,817,539	-	92,936,083
2002	2,555,376	2,013,484	8,616,617	2,011,761	6,242,202	60,583,769	1,457,012	2,674,671	-	3,313,623	-	89,468,515
2003	2,345,445	1,907,224	8,625,089	2,113,430	6,708,774	63,066,071	1,463,726	4,747,090	-	8,683,020	-	99,659,869
2004	2,585,657	1,983,940	9,731,901	3,181,529	6,951,063	62,750,519	1,528,821	4,211,590	-	2,483,037	-	95,408,057
2005	2,638,922	2,023,616	10,820,270	3,439,122	7,286,654	65,642,278	1,646,679	6,136,677	3,151	2,401,250	-	102,038,619
2006	2,759,517	2,299,953	11,551,916	3,038,015	7,036,536	70,526,351	1,652,420	3,082,520	214,601	2,374,446	-	104,536,275
2007	2,841,009	2,381,242	10,921,945	3,182,094	7,145,129	80,903,238	1,718,770	3,247,917	12,822	2,211,316	2,969,089	117,534,571
2008	2,957,629	2,595,729	11,566,312	3,550,417	7,639,331	81,419,251	1,756,762	5,008,458	20,103	2,710,262	2,225,500	121,449,754
<b>2009</b>	<b>2,937,885</b>	<b>2,526,546</b>	<b>12,866,694</b>	<b>3,152,799</b>	<b>8,029,924</b>	<b>78,213,843</b>	<b>1,792,030</b>	<b>4,390,487</b>	<b>88,832</b>	<b>3,617,838</b>	<b>1,740,706</b>	<b>119,357,584</b>

<sup>(1)</sup> Includes General and Special Revenue Funds of the Primary Government and Component Units - School Board and Social Services.

<sup>(2)</sup> Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from the respective function.

<sup>(3)</sup> Capital projects included on schedule starting fiscal year 2007.

### County of Henry, Virginia

#### Assessed Value of Taxable Property

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Machinery and Tools</u>	<u>Public Service</u>	<u>Total</u>
2000	\$ 1,754,560,400	\$ 327,873,177	\$ 39,429,214	\$ 320,554,185	\$ 101,785,074	\$ 2,544,202,050
2001	1,790,177,058	312,607,825	44,047,995	345,813,692	108,306,918	2,600,953,488
2002	2,123,944,478	333,275,933	39,771,839	362,469,906	123,767,281	2,983,229,437
2003	2,181,426,481	343,747,437	38,040,185	373,580,756	115,504,630	3,052,299,489
2004	2,202,989,259	337,420,821	36,322,407	331,930,756	117,441,586	3,026,104,829
2005	2,235,438,454	313,964,759	36,110,824	307,718,340	116,518,674	3,009,751,051
2006	2,425,535,000	329,734,102	35,541,852	315,503,025	128,647,847	3,234,961,826
2007	2,474,852,700	361,648,966	36,723,110	329,586,082	127,296,205	3,330,107,063
2008	2,488,039,444	345,073,303	32,921,111	314,957,563	121,445,558	3,302,436,979
<b>2009</b>	<b>2,517,050,185</b>	<b>364,278,309</b>	<b>32,545,185</b>	<b>314,962,269</b>	<b>117,198,478</b>	<b>3,346,034,426</b>

#### Property Tax Rates - Last Ten Fiscal Years

Tax Rates per Hundred Dollars of Assessed Valuation

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Equipment/ Machinery and Tools</u>
2000	\$ 0.60	\$ 1.19	\$ 0.60	\$ 1.19
2001	0.60	1.19	0.60	1.19
2002	0.54	1.48	0.54	1.19
2003	0.54	1.48	0.54	1.19
2004	0.54	1.48	0.54	1.19
2005	0.54	1.48	0.54	1.19
2006	0.54	1.48	0.54	1.19
2007	0.54	1.48	0.54	1.19
2008	0.54	1.48	0.54	1.19
<b>2009</b>	<b>0.54</b>	<b>1.48</b>	<b>0.54</b>	<b>1.19</b>

### County of Henry, Virginia

#### Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2000	\$ 19,085,142	\$ 17,727,148	92.88%	\$ 287,239	\$ 18,014,387	94.39%	\$ 3,317,249	17.38%
2001	19,586,047	17,722,835	90.49%	966,939	18,689,774	95.42%	3,696,240	18.87%
2002	21,432,218	19,889,455	92.80%	1,237,833	21,127,288	98.58%	3,923,627	18.31%
2003	21,905,203	20,738,250	94.67%	1,145,252	21,883,502	99.90%	3,863,612	17.64%
2004	21,430,662	19,751,363	92.16%	892,537	20,643,900	96.33%	4,381,656	20.45%
2005	20,972,830	19,948,957	95.12%	824,849	20,773,806	99.05%	4,796,499	22.87%
2006	22,399,726	21,318,128	95.17%	1,237,452	22,555,580	100.70%	3,748,689	16.74%
2007	23,288,657	22,273,650	95.64%	904,648	23,178,298	99.53%	3,468,909	14.90%
2008	22,887,615	21,986,728	96.06%	655,530	22,642,258	98.93%	3,470,897	15.16%
<b>2009</b>	<b>23,299,439</b>	<b>22,271,371</b>	<b>95.59%</b>	<b>778,839</b>	<b>23,050,210</b>	<b>98.93%</b>	<b>3,623,359</b>	<b>15.55%</b>

### County of Henry, Virginia

Ratio of Net General Obligation Bonded Debt  
to Assessed Taxable Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Assessed Value</u> <sup>(2)</sup>	<u>Net Bonded Debt</u> <sup>(3)</sup>	<u>Ratio on Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2000	56,942	\$ 2,544,202,050	\$ 23,713,325	0.93%	\$ 416
2001	56,942	2,600,953,488	22,055,748	0.85%	387
2002	56,942	2,983,229,437	20,391,482	0.68%	358
2003	57,930	3,052,299,489	19,235,439	0.63%	332
2004	57,930	3,026,104,829	17,592,080	0.58%	304
2005	57,930	3,009,751,051	15,935,821	0.53%	275
2006	57,930	3,234,961,826	16,598,967	0.51%	287
2007	57,930	3,330,107,063	21,122,673	0.63%	365
2008	57,930	3,302,436,979	22,089,515	0.67%	381
<b>2009</b>	<b>57,930</b>	<b>3,346,034,426</b>	<b>20,205,360</b>	<b>0.60%</b>	<b>349</b>

<sup>(1)</sup> Weldon Cooper Center, University of Virginia, Latest Census Records.

<sup>(2)</sup> From Table 3.

<sup>(3)</sup> Includes all long-term general obligation bonded debt, bond anticipation notes, and Literary Fund Loans. Excludes revenue bonds, capital leases, and compensated absences.

### County of Henry, Virginia

#### Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures<sup>(1)</sup>

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures<sup>(2)</sup></u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2000	\$1,655,972	\$1,003,072	\$2,659,044	\$ 94,586,159	2.81%
2001	1,657,577	932,047	2,589,624	92,936,083	2.79%
2002	1,664,266	859,842	2,524,108	89,468,515	2.82%
2003	7,280,058	1,402,962	8,683,020	99,659,869	8.71%
2004	1,732,070	750,967	2,483,037	95,408,057	2.60%
2005	1,750,890	650,360	2,401,250	102,038,619	2.35%
2006	1,777,286	597,160	2,374,446	104,536,275	2.27%
2007	1,486,022	725,294	2,211,316	117,534,571	1.88%
2008	1,744,629	965,633	2,710,262	121,449,754	2.23%
<b>2009</b>	<b>1,884,155</b>	<b>1,022,165</b>	<b>2,906,320</b>	<b>119,357,584</b>	<b>2.43%</b>

<sup>(1)</sup> Excludes debt service payments on notes payable and capital leases.

<sup>(2)</sup> Beginning in 2006, the amounts paid to component unit - school board are no longer shown as transfers.



# COMPLIANCE SECTION





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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henry, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Henry, Virginia's basic financial statements and have issued our report thereon dated January 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *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 Henry, 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 Henry, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Henry, Virginia's internal control over financial reporting.

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

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

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

### Compliance and Other Matters

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

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

*Credle, Jones & Alga, P.C.*

Credle, Jones & Alga, P.C.  
Certified Public Accountants

South Hill, Virginia  
January 11, 2010



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

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

**Compliance**

We have audited the compliance of the County of Henry, Virginia with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Henry, 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 Henry, Virginia's management. Our responsibility is to express an opinion on the County of Henry, 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards, OMB Circular A-133, and specifications 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 Henry, 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 Henry, Virginia's compliance with those requirements.

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

**Internal Control Over Compliance**

The management of the County of Henry, 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 Henry, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Henry, Virginia's internal control over compliance.

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

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

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

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

*Credle, Jones & Alga, P.C.*

Credle, Jones & Alga, P.C.  
Certified Public Accountants

South Hill, Virginia  
January 11, 2010



## **REPORT ON COMPLIANCE WITH COMMONWEALTH OF VIRGINIA'S LAWS, REGULATIONS, CONTRACTS, AND GRANTS**

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

We have audited the basic financial statements of the County of Henry, Virginia, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 11, 2010.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County of Henry, Virginia, is the responsibility of the County of Henry, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Henry, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

### *Code of Virginia*

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property
- Enhanced 911 Services Tax
- Personal Property Tax Relief Act

*State Agency Requirements*

- Social Services
- Education
- Comprehensive Services Act Funds
- Economic Development Opportunity Fund

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Henry, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Board of Supervisors, County of Henry, Virginia's management, the Auditor of Public Accounts and applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Creedle, Jones & Alga, P.C.*

Creedle, Jones & Alga, P.C.  
Certified Public Accountants

South Hill, Virginia  
January 11, 2010

**County of Henry, Virginia**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

<b>Federal Granting Agency/Recipient State Agency/ Grant Program</b>	<b>Federal Catalog Number</b>	<b>State Agency Number</b>	<b>Expenditures</b>
<b>Primary Government</b>			
<b>U. S. Department of Transportation</b>			
<b>Pass-Through Payments</b>			
<i>Department of Motor Vehicles</i>			
Ground transportation and other law enforcement	20.607	154	\$ 118,977
<b>U. S. Department of the Interior</b>			
<b>Direct Payments</b>			
<i>Bureau of Land Management</i>			
Payments in Lieu of Taxes - Public Law (National Forest Acreage in the Localities)	10.664	N/A	4,242
<b>U. S. Department of Justice</b>			
<b>Pass-Through Payments</b>			
<i>Department of Criminal Justice Services</i>			
Victim witness	16.575	140	76,825
<b>U. S. Department of Housing and Urban Development</b>			
<b>Pass-Through Payments</b>			
<i>Department of Housing and Community Development</i>			
Community Development Block Grant - States Program	14.228	165	25,000
<b>U. S. Department of Homeland Security</b>			
<b>Pass-Through Payments</b>			
<i>Department of Emergency Services</i>			
State Homeland Security Grant - Emergency Preparedness	97.042	127	<u>646,256</u>
Total - Primary Government			871,300
<b>Henry-Martinsville Social Services</b>			
<b>U. S. Department of Agriculture</b>			
<b>Pass-Through Payments</b>			
<i>Department of Social Services</i>			
<i>Food Stamp Cluster</i>			
Administration for Food Stamp Program	10.561	765	<u>589,595</u>
Total Food Stamp Cluster			<u>589,595</u>
Subtotal - U. S. Department of Agriculture			589,595
<b>U. S. Department of Health and Human Services</b>			
<b>Pass-Through Payments</b>			
<i>Department of Social Services</i>			
<i>Child Care Cluster</i>			
Payments to states for child care assistance	93.575	765	456,006
Child care and development fund	93.596	765	<u>295,911</u>
Total Child Care Cluster			<u>751,917</u>



<b>Federal Granting Agency/Recipient State Agency/ Grant Program</b>	<b>Federal Catalog Number</b>	<b>State Agency Number</b>	<b>Expenditures</b>
<i>Department of Social Services</i>			
Temporary assistance for needy families	93.558	765	699,255
Family preservation and support	93.556	765	55,017
Refugee and entrant assistance	93.566	765	1,573
Low income home energy assistance	93.568	765	36,728
Child welfare services	93.645	765	3,731
ILP education and training vouchers	93.599	765	2,467
Foster care - Title IV-E	93.658	765	326,936
Adoption assistance	93.659	765	170,533
Independent living	93.674	765	16,551
State children's insurance program	93.767	765	44,866
Social services block grant	93.667	765	275,036
Medical Assistance Program (Medicaid; Title XIX)	93.778	765	374,599
			2,759,209
Subtotal - U. S. Department of Health and Human Services			2,759,209
Total - Henry-Martinsville Social Services			3,348,804
<b>School Board</b>			
<b>U. S. Department of Agriculture</b>			
<b>Pass-Through Payments</b>			
<i>Department of Education</i>			
Food distribution - donated commodities	10.559	197	4,721
Food distribution - donated commodities	10.555	197	291,009
Child Nutrition Cluster			
School Breakfast Program	10.553	197	666,208
Fresh Fruit and Vegetables	10.582	197	35,331
National School Lunch Program	10.555	197	1,672,084
			2,669,353
Subtotal - U. S. Department of Agriculture			2,669,353
<b>U. S. Department of Education</b>			
<b>Pass-Through Payments</b>			
<i>Department of Education</i>			
Special Education Cluster			
IDEA 611 Flow-Through	84.027	197	2,144,015
Preschool Handicapped Allocations	84.173	197	75,737
Total Special Education Cluster			2,219,752
Adult education - state administered basic grant program	84.002	197	157,755
Title I grants to local education agencies	84.010	197	2,487,060
Vocational education (Carl Perkins)	84.048	197	187,024
Safe and drug-free schools - state grants	84.186	197	39,448
Title II, Part D - Education Technology	84.318	197	21,311
English language acquisition grants	84.365	197	60,594
Title II, Part A - Improving Teacher Quality	84.367	197	447,119
Reading First Program	84.357	197	256,038
			5,876,101
Subtotal - U. S. Department of Education			5,876,101
State Fiscal Stabilization Fund (SFSF) - County	84.397	197	1,202,337
			9,747,791
Subtotal - U. S. Department of Education			9,747,791
Grand Totals			\$ 13,967,895

## Notes to Schedule of Expenditures of Federal Awards

### 1. ***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County and is presented on GAAP. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

### 2. ***Commodities – Food Distribution***

Nonmonetary assistance in the form of food distribution amounting to \$295,730 for the schools is reported in the schedule as being received and disbursed.

## County of Henry, Virginia

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

#### 1. Summary of Audit Results

- (a) The auditor's report expresses an **unqualified opinion** on the financial statements of the County of Henry, Virginia.
- (b) **No significant deficiencies** relating to the audit of the financial statements are reported in the 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*.
- (c) **No instances of noncompliance** material to the financial statements of the County of Henry, Virginia were disclosed during the audit.
- (d) **No significant deficiencies** relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
- (e) The auditor's report on compliance for the major federal award programs for the County of Henry, Virginia expresses an **unqualified opinion** on all major federal programs.
- (f) There were **no audit findings** relative to the major federal award programs for the County of Henry, Virginia to be reported in this schedule.
- (g) The programs tested as major programs included:
  - 1. **CFDA #10.555 and 10.553, Child Nutrition Cluster**
  - 2. **CFDA #84.027, Special Education Cluster**
  - 3. **CFDA #93.575 and 93.596, Child Care Cluster**
  - 4. **CFDA #93.778, Medical Assistance Program**
  - 5. **CFDA #97.042, Emergency Preparedness**
  - 6. **CFDA #93.558, Temporary Assistance to Needy Families**
  - 7. **CFDA #84.048, Vocational Education (Carl Perkins)**
  - 8. **CFDA #93.667, Social Services Block Grant**
  - 9. **CFDA #84.397, State Fiscal Stabilization Fund**
- (h) The **threshold** for distinguishing Types A and B programs was **\$300,000**.
- (i) The County of Henry, Virginia **was** determined to be a **low-risk auditee**.

#### 2. Findings Relating to the Financial Statements Reported in Accordance With *Government Auditing Standards*:

None.

#### 3. Findings and Questioned Costs Relating to Federal Awards:

None.

**County of Henry, Virginia**

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2009

**FINANCIAL STATEMENT AUDIT**

**FINDINGS**

There were no findings in the prior year.