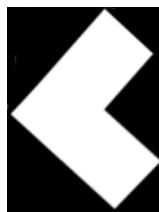


County of Henry, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2011



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

County of Henry, Virginia

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FINANCIAL SECTION





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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Henry, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henry, Virginia, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 9 and 45 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Credle, Jones & Alga, P.C.

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

South Hill, Virginia
January 30, 2012

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, 2011. We encourage readers to read this discussion and analysis in conjunction with the County's financial statements.

Financial Highlights for Fiscal Year 2011

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 \$52,859,984. Of this amount, \$27,173,881 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 \$48,271,574 and expenses amounted to \$42,087,647. The County's total net assets increased \$6,183,927.

Highlights for Fund Financial Statements

- As of June 30, 2011, the County's Governmental Funds reported combined fund balances of \$28,686,792, an increase of \$5,625,681 in comparison with the prior year. The fund balances are available to meet the County's current and future needs based on fund classifications explained in the Notes to the financial statements.
- The General Fund reported a fund balance of \$28,197,857, an increase of \$5,676,933 from June 30, 2010.

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 Gateway Streetscape Foundation, Inc. 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.

Gateway Streetscape Foundation, Inc. – This fund is used to account for the funds of a local nonprofit organization whose purpose is to improve the Community's aesthetic value by planting flowers and trees on major roadways.

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.

Fieldale Sanitary District – This fund accounts for money held in trust for the benefit of the Fieldale Sanitary District.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

	Summary of Net Assets	
	As of June 30, 2011 and 2010	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Assets		
Current and other assets	\$ 35,288,395	\$ 27,451,806
Capital assets (net)	48,144,987	46,089,936
Total Assets	<u>\$ 83,433,382</u>	<u>\$ 73,541,742</u>
Liabilities		
Other liabilities	\$ 5,559,627	\$ 3,530,392
Long-term liabilities	25,013,771	23,335,293
Total Liabilities	<u>30,573,398</u>	26,865,685
Net Assets		
Invested in capital assets, net of related debt	25,553,628	25,095,810
Restricted	132,475	-
Unrestricted	<u>27,173,881</u>	<u>21,580,247</u>
Total Net Assets	<u>52,859,984</u>	<u>46,676,057</u>
Total Liabilities and Net Assets	<u>\$ 83,433,382</u>	<u>\$ 73,541,742</u>

Statement of Activities

The following table summarizes revenues and expenses for the primary government as of June 30, 2011:

Summary of Changes in Net Assets

For the Fiscal Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues		
Charges for services	\$ 575,290	\$ 583,985
Grants and contributions	9,938,465	8,627,659
General Revenues		
General property taxes, real and personal	21,178,113	21,777,859
Other taxes	11,478,570	11,222,729
Noncategorical aid from state	4,387,275	3,710,892
Use of property	278,521	842,068
Investment earnings	329,259	364,267
Miscellaneous	106,081	86,751
Total Revenues	<u>48,271,574</u>	47,216,210
Expenses		
General government administration	2,359,054	3,082,796
Judicial administration	2,710,177	2,705,174
Public safety	11,839,991	11,907,180
Public works	3,366,592	3,576,362
Health and welfare	1,854,021	1,869,619
Education	13,925,184	17,184,568
Parks, recreation, and cultural	1,837,347	1,867,647
Community development	3,436,700	2,088,564
Interest on long-term debt	758,581	1,562,959
Total Expenses	<u>42,087,647</u>	45,844,869
Increase in Net Assets	6,183,927	1,371,341
Beginning Net Assets	<u>46,676,057</u>	45,304,716
Ending Net Assets	<u>\$ 52,859,984</u>	<u>\$ 46,676,057</u>

Governmental activities increased the County's net assets by \$6,183,927 for fiscal year 2011. Revenues from governmental activities totaled \$48,271,574. Property taxes comprise the largest source of these revenues, totaling \$21,178,113 or 43.9 percent of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$42,087,647. Education is the County's largest program with expenses totaling \$13,925,184. Public safety expenses, which total \$11,839,991, 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, 2011 and 2010

	<u>2011</u>		<u>2010</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	\$ 2,359,054	\$ (1,979,889)	\$ 3,082,796	\$ (2,680,439)
Judicial administration	2,710,177	(1,584,718)	2,705,174	(1,574,731)
Public safety	11,839,991	(6,419,083)	11,907,180	(5,960,837)
Public works	3,366,592	(2,416,485)	3,576,362	(3,411,851)
Health and welfare	1,854,021	(1,359,713)	1,869,619	(1,381,104)
Parks, recreation, and cultural	1,837,347	(1,783,858)	1,867,647	(1,810,870)
Community development	3,436,700	(1,346,381)	2,088,564	(1,065,866)
Education	13,925,184	(13,925,184)	17,184,568	(17,184,568)
Interest on long-term debt	758,581	(758,581)	1,562,959	(1,562,959)
Total	\$ 42,087,647	\$ (31,573,892)	\$ 45,844,869	\$ (36,633,225)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2011, the County's Governmental Funds reported a combined ending fund balance of \$28,686,792, an increase of \$5,625,681 in comparison with the prior year. The unassigned fund balance is available for spending at the government's discretion.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$15,792,167. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 38.2 percent of total fund expenditures.

- The General Fund contributed operating funds to finance the component units as follows: \$13,046,784 School Board operations; \$229,300 to finance the Industrial Development Authority; and \$550,551 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, 2011 and 2010

	<u>2011</u>			<u>2010</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 21,429,029	\$ 20,331,288	\$ 21,018,605	\$ 21,624,118	\$ 21,624,118	\$ 21,654,940
Other	13,761,909	15,107,703	14,938,976	13,708,723	14,582,074	15,194,288
Intergovernmental	9,664,065	13,890,843	11,909,665	9,650,269	11,436,327	10,293,226
Total	44,855,003	49,329,834	47,867,246	44,983,110	47,642,519	47,142,454
Expenditures	43,824,920	54,041,688	41,322,864	44,925,835	54,077,612	45,685,488
Excess (Deficiency) of Revenues Over Expenditures	1,030,083	(4,711,854)	6,544,382	57,275	(6,435,093)	1,456,966
Other Financing Sources (Uses)						
Transfers in (out)	(1,030,083)	(1,089,160)	(867,449)	(332,142)	(378,717)	(168,918)
Total	(1,030,083)	(1,089,160)	(867,449)	(332,142)	(378,717)	(168,918)
Net Change in Fund Balance Before Transfer from Surplus	-	(5,801,014)	5,676,933	(274,867)	(6,813,810)	1,288,048
Transfer from Surplus Funds	-	5,801,014	-	274,867	6,813,810	-
Change in Fund Balance	\$ -	\$ -	\$ 5,676,933	\$ -	\$ -	\$ 1,288,048

The final amended budget appropriations for expenditures exceeded the original appropriation by \$10,216,768. This increase is due primarily to additional funding for education, public safety, and capital outlay for the waterline to the Henry County Public Service Authority.

Final amended budget revenues were more than the original budget by \$4,474,831 prior to transfers for a contingency reserve to finance the above projects.

Actual revenues were less than final budget amounts by \$1,462,588 prior to transfers while actual expenditures were \$12,718,824 less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2011, the County's investment in capital assets totals \$25,553,628, which are net capital assets less related debt for governmental activities.

For fiscal year 2011, 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, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Land and land improvements	\$ 1,688,889	\$ 1,226,977	\$ 2,915,866
Buildings and improvements	26,900,856	3,445,380	30,346,236
Furniture, equipment, and vehicles	9,305,841	(255,960)	9,049,881
Total Capital Assets	37,895,586	4,416,397	42,311,983
Less: Accumulated depreciation and amortization	(18,232,854)	(1,612,748)	(19,845,602)
Total Capital Assets, Net before allocation of schools	<u>\$ 19,662,732</u>	<u>\$ 2,803,649</u>	<u>22,466,381</u>
Allocation of net school buildings with outstanding debt			<u>25,678,606</u>
Total Capital Assets, Net			<u>\$ 48,144,987</u>

Component Units

School Board

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Land and land improvements	\$ 799,239	\$ (8,723)	\$ 790,516
Construction in process	3,094,783	(1,527,987)	1,566,796
Buildings and improvements	66,255,081	543,921	66,799,002
Furniture, equipment, and vehicles	10,451,331	773,101	11,224,432
Total Capital Assets	80,600,434	(219,688)	80,380,746
Less: Accumulated depreciation and amortization	(36,753,306)	(850,977)	(37,604,283)
Total Capital Assets, Net before allocation to County	<u>\$ 43,847,128</u>	<u>\$ (1,070,665)</u>	<u>42,776,463</u>
Allocation of net school buildings with outstanding debt			<u>(25,678,606)</u>
Total Capital Assets, Net			<u>\$ 17,097,857</u>

IDA

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Equipment	\$ 4,440,059	\$ -	\$ 4,440,059
Total Capital Assets	4,440,059	-	4,440,059
Less: Accumulated depreciation and amortization	(1,268,588)	(634,294)	(1,902,882)
Total Capital Assets, Net	<u>\$ 3,171,471</u>	<u>\$ (634,294)</u>	<u>\$ 2,537,177</u>

Henry-Martinsville Social Services

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Machinery and equipment	\$ 257,056	\$ 366	\$ 257,422
Less: Accumulated depreciation and amortization	<u>(211,730)</u>	<u>(1,496)</u>	<u>(213,226)</u>
Total Capital Assets, Net	<u>\$ 45,326</u>	<u>\$ (1,130)</u>	<u>\$ 44,196</u>

Long-Term Debt

As of June 30, 2011, the County's long-term obligations, excluding the Component Units, are summarized below:

	<u>Balance June 30, 2010</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2011</u>
Governmental Activities			
General obligation bonds	\$ 13,896,920	\$ 2,180,987	\$ 16,077,907
Literary Fund loans	4,485,843	(541,289)	3,944,554
Recovery Zone bonds	2,000,000	-	2,000,000
Landfill obligation	484,214	2,404	486,618
OPEB obligation	-	28,009	28,009
Compensated absences	1,856,953	50,832	1,907,785
LT Agreement	<u>222,400</u>	<u>(19,200)</u>	<u>203,200</u>
	22,946,330	1,701,743	24,648,073
Add: Premiums	<u>388,963</u>	<u>(23,265)</u>	<u>365,698</u>
 Total Governmental Activities	 <u>\$ 23,335,293</u>	 <u>\$ 1,678,478</u>	 <u>\$ 25,013,771</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 2011 was 10.7 percent, a decrease of 3 percent from June 2010. This compares unfavorably to the state's rate of 6.3 percent and unfavorably to the national rate of 9.3 percent.
- According to the 2010 U.S. Census, the population in Henry County, Virginia was 54,151, a decrease of 6.5%, since the 2000 U.S. Census.
- The per capita income in Henry County, Virginia was \$28,773, compared to \$44,246 for the state, according to the latest available estimates from the U.S. Department of Commerce Bureau of Economic Analysis.

The fiscal year 2012 Adopted Budget anticipates General Fund revenues and expenditures to be \$48,400,937, a 7.9 percent increase over the fiscal year 2011 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.henrycountyva.gov.

BASIC FINANCIAL STATEMENTS



County of Henry, Virginia

Statement of Net Assets

At June 30, 2011

	<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>
Assets				
Cash	\$ 25,550,512	\$ 2,758,282	\$ 891,076	\$ 6,770
Cash - restricted	-	3,432,875	-	-
Receivables, net	2,504,515	372,463	48,133	-
Due from County of Henry, Virginia	-	1,722,023	-	-
Due from component units	3,430,973	-	-	-
Due from other governments/agencies	3,757,763	4,129,820	-	710,833
Inventory	44,632	-	14,459,171	-
Notes receivable	-	-	2,076,360	-
Net OPEB prepaid liability	-	255,271	-	73,081
Capital Assets				
Land and construction in progress	2,915,866	2,357,312	-	-
Other capital assets, net of accumulated depreciation	45,229,121	14,740,545	2,537,177	44,196
Capital Assets, Net	48,144,987	17,097,857	2,537,177	44,196
Total Assets	\$ 83,433,382	\$ 29,768,591	\$ 20,011,917	\$ 834,880
Liabilities				
Accounts payable	\$ 774,624	\$ 800,695	\$ -	\$ -
Accrued payroll and other liabilities	56,311	5,855,005	63,416	-
Accrued interest	325,885	-	93,345	-
Deferred revenue	810,638	171,432	1,791,772	-
Due to other governments/agencies	19,165	-	-	-
Due to component units	3,573,004	-	-	-
Due to County of Henry, Virginia	-	-	862,389	717,603
Long-Term Liabilities				
<i>Due within one year</i>				
Bonds, loans, other	2,088,651	61,296	1,003,441	41,934
<i>Due in more than one year</i>				
Landfill obligation	486,618	-	-	-
Net OPEB obligation	28,009	-	-	-
Compensated absences	1,717,006	551,660	-	377,409
Bonds, capital leases, and loans payable, net of premiums	20,693,487	-	7,946,406	-
Total Liabilities	30,573,398	7,440,088	11,760,769	1,136,946
Net Assets				
Invested in capital assets, net of related debt	25,553,628	17,097,857	(103,077)	44,196
Restricted	132,475	3,580,153	-	-
Unrestricted	27,173,881	1,650,493	8,354,225	(346,262)
Total Net Assets	52,859,984	22,328,503	8,251,148	(302,066)
Total Liabilities and Net Assets	\$ 83,433,382	\$ 29,768,591	\$ 20,011,917	\$ 834,880

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, 2011

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>					
Primary Government								
Governmental Activities								
General government administration	\$ 2,359,054	\$ 10,772	\$ 368,393	\$ -	\$ (1,979,889)			
Judicial administration	2,710,177	101,049	1,024,410	-	(1,584,718)			
Public safety	11,839,991	259,399	5,161,509	-	(6,419,083)			
Public works	3,366,592	150,581	19,528	779,998	(2,416,485)			
Health and welfare	1,854,021	-	494,308	-	(1,359,713)			
Parks, recreation, and cultural	1,837,347	53,489	-	-	(1,783,858)			
Community development	3,436,700	-	1,350,535	739,784	(1,346,381)			
Education - local school	13,872,717	-	-	-	(13,872,717)			
Education - community college	52,467	-	-	-	(52,467)			
Interest on long-term debt	758,581	-	-	-	(758,581)			
Total Primary Government	<u>\$ 42,087,647</u>	<u>\$ 575,290</u>	<u>\$ 8,418,683</u>	<u>\$ 1,519,782</u>	(31,573,892)			
Component Units								
School Board								
Instruction	\$ 38,937,690	\$ 448,961	\$ 52,515,309	\$ -		\$ 14,026,580		
Administration, attendance, and health	2,197,973	-	-	-		(2,197,973)		
Pupil transportation	4,754,405	-	-	-		(4,754,405)		
Operation and maintenance	5,498,628	-	-	-		(5,498,628)		
Cafeterias	3,800,505	1,146,553	3,018,038	-		364,086		
Special grants	10,635,220	-	-	-		(10,635,220)		
Facilities	2,187,592	-	-	-		(2,187,592)		
Technology	2,293,193	-	-	-		(2,293,193)		
Total School Board	70,305,206	1,595,514	55,533,347	-		(13,176,345)		
Industrial Development Authority								
Economic development	6,355,846	-	308,228	4,585,000			\$ (1,462,618)	
Interest	325,134	-	-	-			(325,134)	
Total Industrial Development Authority	6,680,980	-	308,228	4,585,000			(1,787,752)	
Henry-Martinsville Social Services								
Health and welfare	6,218,249	-	5,715,887	-				\$ (502,362)
Total - Component Units	<u>\$ 83,204,435</u>	<u>\$ 1,595,514</u>	<u>\$ 61,557,462</u>	<u>\$ 4,585,000</u>				(502,362)
General Revenues								
Unrestricted								
General property taxes					21,178,113	-	-	-
Other local taxes					11,478,570	-	-	-
Payments - County of Henry, Virginia					-	13,872,717	229,300	550,551
Use of property					278,521	113,779	913,823	-
Investment income					329,259	-	154,536	-
Miscellaneous					106,081	1,699,775	248,091	-
Noncategorical aid from state					4,387,275	-	-	-
Total General Revenues					<u>37,757,819</u>	<u>15,686,271</u>	<u>1,545,750</u>	<u>550,551</u>
Change in Net Assets					6,183,927	2,509,926	(242,002)	48,189
Net Assets - Beginning of Year					<u>46,676,057</u>	<u>19,818,577</u>	<u>8,493,150</u>	<u>(350,255)</u>
Net Assets - End of Year					<u>\$ 52,859,984</u>	<u>\$ 22,328,503</u>	<u>\$ 8,251,148</u>	<u>\$ (302,066)</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, 2011

	<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>
Assets						
Cash	\$ 25,550,512	\$ -	\$ -	\$ -	\$ -	\$ 25,550,512
Receivables - net						
Taxes	1,359,336	-	-	-	-	1,359,336
Licenses	75,150	-	-	-	-	75,150
Accounts	1,067,844	-	-	2,185	-	1,070,029
Due from other funds	629,391	-	-	136,120	-	765,511
Due from component units	3,430,973	-	-	-	-	3,430,973
Due from other governments/agencies	2,631,533	148,409	349,375	-	628,446	3,757,763
Inventory	44,632	-	-	-	-	44,632
Total Assets	<u>\$ 34,789,371</u>	<u>\$ 148,409</u>	<u>\$ 349,375</u>	<u>\$ 138,305</u>	<u>\$ 628,446</u>	<u>\$ 36,053,906</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 658,672	\$ 31,561	\$ 298	\$ 764	\$ 83,329	\$ 774,624
Accrued liabilities	55,487	-	824	-	-	56,311
Deferred revenue	2,149,066	-	-	-	29,433	2,178,499
Due to other governments/agencies	19,165	-	-	-	-	19,165
Due to other funds	136,120	116,848	99,672	-	412,871	765,511
Due to component units	3,573,004	-	-	-	-	3,573,004
Total Liabilities	6,591,514	148,409	100,794	764	525,633	7,367,114
Fund Balances						
Restricted fund balance	132,475	-	-	137,541	102,813	372,829
Committed fund balance	5,656,669	-	-	-	-	5,656,669
Assigned fund balance	6,616,546	-	248,581	-	-	6,865,127
Unassigned fund balance	15,792,167	-	-	-	-	15,792,167
Total Fund Balances	<u>28,197,857</u>	<u>-</u>	<u>248,581</u>	<u>137,541</u>	<u>102,813</u>	<u>28,686,792</u>
Total Liabilities and Fund Balances	<u>\$ 34,789,371</u>	<u>\$ 148,409</u>	<u>\$ 349,375</u>	<u>\$ 138,305</u>	<u>\$ 628,446</u>	<u>\$ 36,053,906</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, 2011

Total Fund Balances for Governmental Funds		\$ 28,686,792
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	\$ 2,890,066	
School assets associated with debt held by County	25,678,606	
Buildings and improvements, net of accumulated depreciation	15,686,040	
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>3,890,275</u>	
Total Capital Assets		48,144,987
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred revenue		1,367,861
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	(22,591,359)	
Accrued interest payable	(325,885)	
OPEB obligation	(28,009)	
Landfill closure and postclosure liability	(486,618)	
Compensated absences	<u>(1,907,785)</u>	
Total		<u>(25,339,656)</u>
Total Net Assets of Governmental Activities		<u>\$ 52,859,984</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, 2011

	General Fund	Comprehensive Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Capital Projects Fund	Total Governmental Funds
Revenues						
General property taxes	\$ 21,018,605	\$ -	\$ -	\$ -	\$ -	\$ 21,018,605
Other local taxes	11,478,570	-	-	-	-	11,478,570
Permits, privilege fees, and regulatory licenses	73,618	-	-	-	-	73,618
Fines and forfeitures	195,181	-	-	-	-	195,181
Use of money and property	695,107	-	-	-	-	695,107
Charges for services	295,394	-	-	11,097	-	306,491
Miscellaneous	86,656	-	-	-	19,425	106,081
Recovered costs	2,114,450	38,571	313,455	6,231	38,758	2,511,465
<i>Intergovernmental</i>						
Revenue from the Commonwealth of Virginia	10,001,607	402,611	820,518	-	52,106	11,276,842
Revenue from the Federal Government	1,908,058	-	-	-	1,140,840	3,048,898
Total Revenues	47,867,246	441,182	1,133,973	17,328	1,251,129	50,710,858
Expenditures						
Current						
General government administration	2,933,146	-	-	-	-	2,933,146
Judicial administration	2,484,014	-	-	16,186	-	2,500,200
Public safety	11,363,336	-	1,897,984	-	-	13,261,320
Public works	3,330,174	-	-	-	-	3,330,174
Health and welfare	1,283,775	613,722	-	-	-	1,897,497
Education	13,099,251	-	-	-	-	13,099,251
Parks, recreation, and cultural	1,713,172	-	-	-	-	1,713,172
Community development	2,181,819	-	-	-	1,234,421	3,416,240
Nondepartmental	4,650	-	-	-	-	4,650
<i>Debt service</i>						
Principal	640,000	-	-	-	-	640,000
Interest	139,950	-	-	-	-	139,950
Capital outlay	2,149,577	-	-	-	-	2,149,577
Total Expenditures	41,322,864	613,722	1,897,984	16,186	1,234,421	45,085,177
Excess (Deficiency) of Revenues Over Expenditures	6,544,382	(172,540)	(764,011)	1,142	16,708	5,625,681
Other Financing Sources (Uses)						
Transfers in	-	172,540	694,335	-	574	867,449
Transfers out	(867,449)	-	-	-	-	(867,449)
Total Other Financing Sources (Uses)	(867,449)	172,540	694,335	-	574	-
Net Change in Fund Balances	5,676,933	-	(69,676)	1,142	17,282	5,625,681
Fund Balances - Beginning of Year	22,520,924	-	318,257	136,399	85,531	23,061,111
Fund Balances - End of Year	\$ 28,197,857	\$ -	\$ 248,581	\$ 137,541	\$ 102,813	\$ 28,686,792

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, 2011

Net Change in Fund Balances - Total Governmental Funds		\$ 5,625,681
<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>		
Net capital outlays and dispositions of assets	\$ 5,492,052	
Transfer old school buildings back to County	(1,129,892)	
Depreciation expense	<u>(1,558,511)</u>	
		2,803,649
<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>		
		159,508
<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	19,200	
Proceeds from bonds	(3,400,000)	
Repayment of principal	1,783,567	
Change in accrued interest	<u>22,165</u>	
Net Adjustment		(1,575,068)
<p>Change in allocation of school's capital assets (new school buildings) that have debt held and payable by the County associated with the buildings.</p>		
Change in net school assets allocated to County	<u>(748,598)</u>	
		(748,598)
<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	(2,404)	
OPEB obligation	(28,009)	
Compensated absences	<u>(50,832)</u>	
Net Adjustment		<u>(81,245)</u>
Change in Net Assets of Governmental Activities		<u>\$ 6,183,927</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, 2011

Agency Funds

	<u>Special Welfare</u>	<u>Gateway Streetscape Foundation, Inc.</u>	<u>Fieldale Sanitary District</u>	<u>Jail Inmate</u>	<u>OPEB Trust</u>	<u>Total</u>
Assets						
Cash	\$ 4,261	\$ 58,173	\$ 174,226	\$ 45,286	\$ 929,751	\$ 1,211,697
Due from other governmental unit	-	-	19,165	-	-	19,165
Capital assets, net	-	2,927	-	-	-	2,927
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,261</u>	<u>\$ 61,100</u>	<u>\$ 193,391</u>	<u>\$ 45,286</u>	<u>\$ 929,751</u>	<u>\$ 1,233,789</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 1,033	\$ 1,198	\$ -	\$ -	\$ 2,231
Due to other governmental unit	-	10,782	-	-	-	10,782
Amounts held for others	4,261	49,285	192,193	45,286	929,751	1,220,776
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 4,261</u>	<u>\$ 61,100</u>	<u>\$ 193,391</u>	<u>\$ 45,286</u>	<u>\$ 929,751</u>	<u>\$ 1,233,789</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, 2011

1 Organization and Nature of Operations

Narrative Profile

The County of Henry, Virginia (the "County") has a population of approximately 54,151 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 2011:

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 reimbursements from the City of Martinsville, Virginia, County of Henry, Virginia, 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 recording activity for CDBG and related type grants. 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 Gateway Streetscape Foundation, Inc. accounts for the funds of a local nonprofit organization whose purpose is to improve the Community's

aesthetic value by planting flowers and trees on major roadways. The OPEB Trust Fund holds funds for postemployment retiree benefits.

Beginning in January 2011, the County became the fiscal agent for the Fieldale Sanitary District. The district was created in the 1940s to provide water and sewer to the citizens and businesses of the community of Fieldale. Over time, the water and sewer operations were turned over to the Henry County Public Service Authority. The district now only maintains select street lights and curb maintenance in the Fieldale community.

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. The Board of Supervisors appoints a Board member to the HCPSA from each County 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.

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 \$1,695,026 at June 30, 2011 and is comprised solely of property taxes.

The IDA calculated an allowance of \$839,939 at June 30, 2011 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

The County follows government accounting standards for reporting fund balances as follows:

Nonspendable

Fund balances that represent amounts that cannot be spent or are legally required to remain intact.

Restricted

Fund balances that are restricted by external sources or entities or restricted by law.

Committed

Fund balances that can be used for purposes created by the decision-making authority (the Board) of the County through formal action taken by the Board. The Board is the only one that can remove or change the commitment by the same action.

Assigned

Fund balances representing the County's intent to be used for specific purposes.

Unassigned

Fund balance that is the residual funds in the general fund that has not met the previous four classifications.

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>
Fund Statements						
Deposits and Investments						
Petty cash	\$ 1,125	\$ -	\$ -	\$ -	\$ -	\$ 1,125
Deposits	<u>25,549,387</u>	<u>1,211,697</u>	<u>6,191,157</u>	<u>891,076</u>	<u>6,770</u>	<u>33,850,087</u>
	<u>\$ 25,550,512</u>	<u>\$ 1,211,697</u>	<u>\$ 6,191,157</u>	<u>\$ 891,076</u>	<u>\$ 6,770</u>	<u>\$ 33,851,212</u>
Statement of Net Assets						
Deposits and Investments						
Cash and cash equivalents	\$ 25,550,512	\$ -	\$ 6,191,157	\$ 891,076	\$ 6,770	\$ 32,639,515
Fiduciary fund cash	<u>-</u>	<u>1,211,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,211,697</u>
	<u>\$ 25,550,512</u>	<u>\$ 1,211,697</u>	<u>\$ 6,191,157</u>	<u>\$ 891,076</u>	<u>\$ 6,770</u>	<u>\$ 33,851,212</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.

For fiscal year 2011, personal property tax assessments on tangible business property were 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 2011 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, 2011:

Primary Government

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 1,688,889	\$ 1,218,254	\$ -	\$ 2,907,143
Transfer from schools (Annex Shop)	-	11,723	3,000	8,723
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets Not Being Depreciated	1,688,889	1,229,977	3,000	2,915,866
Capital Assets, Depreciable				
Buildings and improvements	24,415,705	837,609	-	25,253,314
Transfer from schools (Irisburg and Annex Shop)	-	2,640,271	32,500	2,607,771
Furniture, equipment, and vehicles	11,790,992	871,522	1,127,482	11,535,032
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets - Depreciable	36,206,697	4,349,402	1,159,982	39,396,117
Less: Accumulated depreciation for				
Land and land improvements	17,270	8,530	-	25,800
Buildings and improvements	10,278,511	799,142	-	11,077,653
Transfer from schools (Irisburg and Annex Shop)	-	1,129,892	32,500	1,097,392
Furniture, equipment, and vehicles	7,937,073	750,839	1,043,155	7,644,757
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	18,232,854	2,688,403	1,075,655	19,845,602
	<hr/>	<hr/>	<hr/>	<hr/>
Other Capital Assets, Net	17,973,843	1,660,999	84,327	19,550,515
	<hr/>	<hr/>	<hr/>	<hr/>
Net Capital Assets before Allocation from School	\$ 19,662,732	\$ 2,890,976	\$ 87,327	22,466,381
	<hr/>	<hr/>	<hr/>	<hr/>
Add: Net school buildings allocated to County with outstanding debt				25,678,606
				<hr/>
Net Capital Assets				\$ 48,144,987
				<hr/>
Depreciation expense was allocated as follows:				
General government administration	\$ 209,416			
Judicial administration	234,302			
Public safety	861,116			
Public works	67,620			
Health and welfare	53,900			
Parks, recreation, and cultural	124,175			
Community development	7,982			
	<hr/>			
Total Depreciation Expense	\$ 1,558,511			
	<hr/>			
Additions allocated to transfers	\$ 1,129,892			
	<hr/>			

Component Unit - School Board

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 799,239	\$ -	\$ -	\$ 799,239
Transfer from schools (Irisburg and Annex Shop)	-	3,000	11,723	(8,723)
Construction in progress - school renovations	<u>3,094,783</u>	<u>1,254,008</u>	<u>2,781,995</u>	<u>1,566,796</u>
Total Capital Assets Not Being Depreciated	3,894,022	1,257,008	2,793,718	2,357,312
Capital Assets, Depreciable				
Buildings and improvements	66,255,081	3,151,692	-	69,406,773
Transfer from schools (Irisburg and Annex Shop)	-	32,500	2,640,271	(2,607,771)
Furniture and equipment	<u>10,451,331</u>	<u>968,462</u>	<u>195,361</u>	<u>11,224,432</u>
Total Capital Assets, Depreciable	76,706,412	4,152,654	2,835,632	78,023,434
Less: Accumulated depreciation for				
Land and land improvements	14,733	-	-	14,733
Transfer from schools (Irisburg and Annex Shop)	-	32,500	1,129,892	(1,097,392)
Buildings and improvements	29,222,341	1,446,136	29,046	30,639,431
Furniture and equipment	<u>7,516,232</u>	<u>726,640</u>	<u>195,361</u>	<u>8,047,511</u>
Total Accumulated Depreciation	<u>36,753,306</u>	<u>2,205,276</u>	<u>1,354,299</u>	37,604,283
Other Capital Assets, Net	<u>39,953,106</u>	<u>1,947,378</u>	<u>1,481,333</u>	40,419,151
Net Capital Assets before Allocation to County	<u>\$ 43,847,128</u>	<u>\$ 3,204,386</u>	<u>\$ 4,275,051</u>	42,776,463
Less: Net school buildings allocated to County with outstanding debt				(25,678,606)
Net Capital Assets				<u>\$ 17,097,857</u>
 Depreciation is allocated as follows:				
Instruction	\$ 66,283			
Administration, attendance, and health	38,404			
Pupil transportation	439,007			
Operation and maintenance	87,568			
Cafeterias	47,918			
Special grants	2,474			
Facilities	1,454,143			
Technology	<u>69,479</u>			
Total Depreciation Expense	<u>\$ 2,205,276</u>			

Component Unit - IDA

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital Assets - Depreciable				
Equipment	\$ 4,440,059	\$ -	\$ -	\$ 4,440,059
Total Capital Assets - Depreciable	4,440,059	-	-	4,440,059
Less: Accumulated depreciation for Equipment	<u>1,268,588</u>	<u>634,294</u>	<u>-</u>	<u>1,902,882</u>
Total Accumulated Depreciation	<u>1,268,588</u>	<u>634,294</u>	<u>-</u>	<u>1,902,882</u>
Net Capital Assets	<u>\$ 3,171,471</u>	<u>\$ (634,294)</u>	<u>\$ -</u>	<u>\$ 2,537,177</u>

Depreciation expense was allocated as follows:

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

Component Unit - Henry-Martinsville Social Services

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Other Capital Assets				
Machinery and equipment	\$ 257,056	\$ 13,892	\$ 13,526	\$ 257,422
Total Other Capital Assets	257,056	13,892	13,526	257,422
Less: Accumulated depreciation for Machinery and equipment	<u>211,730</u>	<u>15,022</u>	<u>13,526</u>	<u>213,226</u>
Total Accumulated Depreciation	<u>211,730</u>	<u>15,022</u>	<u>13,526</u>	<u>213,226</u>
Other Capital Assets, Net	<u>45,326</u>	<u>(1,130)</u>	<u>-</u>	<u>44,196</u>
Net Capital Assets	<u>\$ 45,326</u>	<u>\$ (1,130)</u>	<u>\$ -</u>	<u>\$ 44,196</u>

Depreciation is allocated as follows:

Health and welfare	<u>\$ 15,022</u>
Total Depreciation Expense	<u>\$ 15,022</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, except as noted in Item E below.

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, 2011, the County had one outstanding commitment for future payments under these agreements in the amount of \$100,000 expected to be paid in fiscal year 2012.

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.

E. *Tax Assessment Lawsuits*

The County has several outstanding legal actions against it involving tax assessments. If the County loses the lawsuits, refunds of taxes could approximate \$732,000 at a maximum.

F. Surety Bonds

The following Constitutional Officers and County employees are covered by surety bonds issued in the amounts shown as of June 30, 2011:

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, 2011:

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, 2011</u>
General Obligation Bonds - 2002	\$ 6,040,000	\$ 665,000	3.00-5.00	2014	\$ 2,830,000
Va. Public School Authority Bonds - 2007B	2,711,471	115,128	5.10	2028	2,385,875
Va. Public School Authority Bonds - 2006	6,009,728	263,541	4.60-5.10	2027	5,023,556
Va. Public School Authority Bonds - 2005	2,342,487	104,279	4.60-5.10	2026	1,857,982
Va. Public School Authority Bonds - 1995	1,916,194	109,435	5.10-6.10	2016	580,494
VML/ VACO Recovery Zone Bonds - 2010	2,000,000	80,000	2.00-6.57	2030	2,000,000
VPSA QSCB Recovery Act Bonds - 2011	3,400,000	-	0.00	2027	3,400,000
Sanville Elementary Literary Loan - 1998	2,080,772	104,039	2.00	2018	728,265
Laurel Park Literary Loan - 1998	1,387,370	69,500	2.00	2018	483,870
Rich Acres Literary Loan - 1998	2,462,218	122,750	2.00	2018	866,468
Stanleytown Literary Loan - 1998	2,425,951	120,000	2.00	2018	865,951
Fieldale-Collinsville Literary Loan - 1998	2,500,000	125,000	2.00	2019	1,000,000
					<u>\$ 22,022,461</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, 2011</u>
Public Improvement Bond - Series 2007	\$ 4,000,000	\$ 376,141	3.79	2018	\$ 2,952,000
Public Improvement Equipment Lease Revenue Bond - Series 2008	4,400,000	627,300	3.39	2015	2,640,254
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	1,857,593
					<u>\$ 8,949,847</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, 2011:

Primary Government

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
General obligations bonds - County	\$ 3,470,000	\$ -	\$ 640,000	\$ 2,830,000	\$ 665,000
General obligations bonds - public schools	10,426,920	3,400,000	579,013	13,247,907	592,383
Literary Fund loans	4,485,843	-	541,289	3,944,554	541,289
Recovery Zone bonds	2,000,000	-	-	2,000,000	80,000
Subtotal	20,382,763	3,400,000	1,760,302	22,022,461	1,878,672
Add: Bond premiums	388,963	-	23,265	365,698	-
Subtotal after premiums	20,771,726	3,400,000	1,783,567	22,388,159	1,878,672
Note payable to Verizon (Tower)	222,400	-	19,200	203,200	19,200
Landfill closure monitoring	484,214	2,404	-	486,618	-
OPEB obligation - County	-	28,009	-	28,009	-
Compensated absences	1,856,953	50,832	-	1,907,785	190,779
	<u>\$ 23,335,293</u>	<u>\$ 3,481,245</u>	<u>\$ 1,802,767</u>	<u>\$ 25,013,771</u>	<u>\$ 2,088,651</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		Recovery Zone Bonds and Literary Fund Loans		Totals		Long-Term Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 665,000	\$ 114,650	\$ 592,383	\$ 602,892	\$ 621,289	\$ 187,228	\$ 1,878,672	\$ 904,770	\$ 19,200	\$ -
2013	690,000	87,550	606,181	584,070	626,289	174,722	1,922,470	846,342	19,200	-
2014	720,000	55,750	729,222	553,328	626,289	162,111	2,075,511	771,189	19,200	-
2015	755,000	18,875	751,282	521,569	626,289	148,650	2,132,571	689,094	19,200	-
2016	-	-	767,618	488,732	631,289	134,750	1,398,907	623,482	19,200	-
2017-2021	-	-	4,221,174	2,025,127	1,718,109	473,850	5,939,283	2,498,977	96,000	-
2022-2026	-	-	4,590,896	1,318,438	565,000	285,178	5,155,896	1,603,616	11,200	-
2027-2031	-	-	989,151	178,964	530,000	90,005	1,519,151	268,969	-	-
	<u>\$ 2,830,000</u>	<u>\$ 276,825</u>	<u>\$ 13,247,907</u>	<u>\$ 6,273,120</u>	<u>\$ 5,944,554</u>	<u>\$ 1,656,494</u>	<u>\$ 22,022,461</u>	<u>\$ 8,206,439</u>	<u>\$ 203,200</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, 2011 is computed as follows:

Total assessed value of taxed real property	<u>\$ 2,960,170,435</u>
Debt limits per Constitution of Virginia - 10% assessed value	\$ 296,017,044
Amount of debt applicable to debt limit:	
Gross debt	<u>22,022,461</u>
Legal debt margin - June 30, 2011	<u>\$ 273,994,583</u>

Note: 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, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
School Board					
Compensated absences	<u>\$ 601,899</u>	<u>\$ 11,057</u>	<u>\$ -</u>	<u>\$ 612,956</u>	<u>\$ 61,296</u>
Industrial Development Authority					
Series 2008 Lease Revenue Bonds	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ -
Series 2009 Lease Revenue Bonds	1,857,593	-	-	1,857,593	-
Public Improvement Bond - Series 2007	3,314,406	-	362,406	2,952,000	376,141
Public Improvement Equipment Lease Revenue Bond - Series 2008	<u>3,246,803</u>	<u>-</u>	<u>606,549</u>	<u>2,640,254</u>	<u>627,300</u>
Total	<u>\$ 9,918,802</u>	<u>\$ -</u>	<u>\$ 968,955</u>	<u>\$ 8,949,847</u>	<u>\$ 1,003,441</u>
Henry-Martinsville Social Services					
Compensated absences	<u>\$ 395,581</u>	<u>\$ 23,762</u>	<u>\$ -</u>	<u>\$ 419,343</u>	<u>\$ 41,934</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>
2012	\$ 1,003,441	\$ 307,970
2013	1,039,142	271,999
2014	4,433,711	115,744
2015	1,113,833	77,159
2016	436,488	43,262
2017-2021	<u>923,232</u>	<u>35,316</u>
	<u>\$ 8,949,847</u>	<u>\$ 851,450</u>

8 Interfund Receivables/Payables

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
County of Henry, Virginia - Due to/from's		
General Fund	\$ 629,391	\$ 136,120
Comprehensive Services Act Fund	-	116,848
E-911 Central Dispatch Fund	-	99,672
Law Library Fund	136,120	-
Capital Projects Fund	-	412,871
Due from Other Funds - Governmental Funds	<u>\$ 765,511</u>	<u>\$ 765,511</u>
	<u>Due</u> <u>From</u>	<u>Due</u> <u>To</u>
Component Unit Interfund Accounts		
Due from Industrial Development Authority to County	\$ 2,713,371	\$ 2,713,371
Due to Regional Industrial Site Project from County	1,850,982	1,850,982
Due from Social Services to County	717,603	717,603
Due to School from County	1,655,658	1,655,658
Due to School Cafeteria from County	66,365	66,365
Subtotal	<u>\$ 7,003,979</u>	<u>\$ 7,003,979</u>
	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
County of Henry, Virginia		
General Fund		
From General Fund to Capital Projects Fund	\$ -	\$ 574
From General Fund to Central Dispatch Fund	-	694,335
From General Fund to Comprehensive Services Fund	-	172,540
Comprehensive Services Act Fund		
From General Fund to Comprehensive Services Fund	172,540	-
Central Dispatch Fund		
From General Fund to Central Dispatch Fund	694,335	-
Capital Projects Fund		
From General Fund to Capital Projects Fund	574	-
	<u>\$ 867,449</u>	<u>\$ 867,449</u>

	Transfers <u>In</u>	Transfers <u>Out</u>
County of Henry, Virginia to Component Units		
Primary Government - County of Henry, Virginia		
To Component Unit - Social Services	\$ 550,551	\$ -
To Component Unit - Industrial Development Authority	229,300	-
To Component Unit - School Board	13,046,784	-
Component Unit - Social Services		
From Primary Government - County of Henry, Virginia	-	550,551
Component Unit - Industrial Development Authority		
From Primary Government - County of Henry, Virginia	-	229,300
Component Unit - School Board		
From Primary Government - County of Henry, Virginia	-	13,046,784
	<u>\$ 13,826,635</u>	<u>\$ 13,826,635</u>

	Transfers <u>In</u>	Transfers <u>Out</u>
Component Unit - School Board		
School Fund		
From School to School Textbook Fund	\$ 381,932	\$ -
School Textbook Fund		
From School to School Textbook Fund	-	381,932
	<u>\$ 381,932</u>	<u>\$ 381,932</u>

9 Due from Other Governments

	<u>County of Henry, Virginia</u>	<u>School Board</u>	<u>Henry-Martinsville Social Services</u>
Commonwealth of Virginia			
Local sales taxes	\$ 660,216	\$ 1,207,135	\$ -
Communications tax	368,375	-	-
Auto rental tax	9,666	-	-
Mobile home tax	16,811	-	-
Compensation Board	463,851	-	-
Recordation tax	14,216	-	-
Motor vehicle carrier tax	1,343	-	-
Comprehensive services	148,409	-	-
Central Dispatch 911 operations	36,080	-	-
Emergency Services	49,477	-	-
Tobacco Indemnification	157,589	-	-
Other reimbursements	2,706	2,430	-
Public assistance	-	-	185,538
	<u>1,928,739</u>	<u>1,209,565</u>	<u>185,538</u>
Federal Government			
Title VIB	-	491,088	-
Title VI Rural and Low Income	-	113,400	-
Preschool Handicapped	-	57,885	-
ARRA State Fiscal Stabilization	-	1,214,633	-
Title I and ARRA Title I	-	824,939	-
Title II	-	107,313	-
Small Business Administration	739,784	-	-
National Park Service - special project	97,481	-	-
Law enforcement	76,495	-	-
Development grants - special projects	530,965	-	-
Public assistance	-	-	283,259
Other reimbursements	<u>33,432</u>	<u>110,997</u>	-
	<u>1,478,157</u>	<u>2,920,255</u>	<u>283,259</u>
Other Governmental Entities			
911 operations - City of Martinsville, Virginia	313,295	-	-
Gateway Streetscape Foundation, Inc.	10,782	-	-
City of Martinsville, Virginia	26,790	-	-
Social services operations - City of Martinsville, VA	-	-	242,036
	<u>\$ 3,757,763</u>	<u>\$ 4,129,820</u>	<u>\$ 710,833</u>

10 Defined Benefit Pension Plan

A. Plan Description

Name of Plan:

Virginia Retirement System (VRS)

Identification of Plan:

Agent and Cost-Sharing Multiple-Employer
Defined Benefit Pension Plan

Administering Entity:

Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by

VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, 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 compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was 9.51% of annual covered payroll. The Component Unit – School Board's contribution rate for non-professional employees for the fiscal year ended 2011 was 8.40% of annual covered payroll. The Component Unit – School Board contributed \$1,271,499 to the teacher cost-sharing pool at a rate of 3.93%.

C. Annual Pension Cost

For fiscal year 2011, the County and the School Board's non-professionals' annual employer pension cost of \$1,287,877 and \$288,740, respectively, was equal to the County and School Board non-professional's required and actual contributions.

Three-Year Trend Information for County and School Board Non-Professional

	<u>Fiscal Year Ended</u>	<u>*Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County	June 30, 2009	\$ 1,055,991	100%	\$ -
	June 30, 2010	1,054,459	100%	-
	June 30, 2011	1,287,877	100%	-
School Board Non-Professional	June 30, 2009	\$ 397,885	100%	\$ -
	June 30, 2010	401,356	100%	-
	June 30, 2011	288,740	100%	-

***Required employer cost only.**

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of **7.50%**, (b) projected salary increases ranging from **3.75% to 5.60%** per year for general government employees and **3.50% to 4.75%** for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of **2.50%** per year. Both the investment rate of return and the projected salary increases include an inflation component of **2.50%**. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability

is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 80.63% funded. The actuarial accrued liability for benefits was \$62,778,967, and the actuarial value of assets was \$50,621,762, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,157,205. The covered payroll (annual payroll of active employees covered by the plan) was \$13,531,720, and ratio of the UAAL to the covered payroll was 89.84%.

For the nonprofessional School Board, as of June 30, 2010, the most recent actuarial valuation date, the plan was 83.51% funded. The actuarial accrued liability for benefits was \$18,229,490, and the actuarial value of assets was \$15,223,482, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,006,008. The covered payroll (annual payroll of active employees covered by the plan) was \$4,865,593, and ratio of the UAAL to the covered payroll was 61.78%.

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 and Component Unit - School Board

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
County of Henry, Virginia						
June 30, 2008	\$ 50,596,863	\$ 54,164,070	\$ 3,567,207	93.41%	\$ 13,686,331	26.06%
June 30, 2009	50,860,620	57,302,200	6,441,580	88.76%	14,020,696	45.94%
June 30, 2010	50,621,762	62,778,967	12,157,205	80.63%	13,531,720	89.84%
Component Unit - School Board						
June 30, 2008	\$ 15,299,147	\$ 16,119,545	\$ 820,398	94.91%	\$ 5,152,682	15.92%
June 30, 2009	15,408,828	17,016,445	1,607,617	90.55%	5,041,000	31.89%
June 30, 2010	15,223,482	18,229,490	3,006,008	83.51%	4,865,593	61.78%

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, 2010	June 30, 2010
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 ¹	7.00%	7.00%
Projected salary increases ¹		
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%

¹Includes 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, DEQ has allowed the County to stop groundwater monitoring.

The \$486,618 reported as landfill postclosure care liability at June 30, 2011 represents what it would cost to perform all postclosure care in 2011. 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 Notes Receivable – Component Unit

The Component Unit – Industrial Development Authority had a note receivable from a company in the amount of \$2,916,299 as of June 30, 2011. 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 County has granted temporary reduction in the amount of \$25,000 at times due to economic conditions. The interest rate can vary from 3 to 5 percent depending on the total payments the Company makes on an annual basis. The interest rate was at 5 percent in fiscal year 2011. 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.

13 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).

14 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>
Governmental funds			
Taxes	\$ 1,187,390	\$ -	\$ 1,187,390
Business licenses	75,150	-	75,150
Meals tax	76,662	-	76,662
Deposits and prepayments on miscellaneous accounts	28,659	-	28,659
Grant draw downs prior to meeting all eligibility requirements	<u>-</u>	<u>810,638</u>	<u>810,638</u>
 Total	 <u>\$ 1,367,861</u>	 <u>\$ 810,638</u>	 <u>\$ 2,178,499</u>
Component Unit - School Board			
Grant draw downs prior to meeting all eligibility requirements	<u>\$ -</u>	<u>\$ 171,432</u>	<u>\$ 171,432</u>
Component Unit - Industrial Development Authority			
Grant draw downs prior to meeting all eligibility requirements	<u>\$ -</u>	<u>\$ 1,791,772</u>	<u>\$ 1,791,772</u>

15 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	\$ 13,046,784
Debt proceeds received for construction on school building renovations	3,400,000
Net fixed asset and depreciation adjustment on the school buildings still owned by the County until the debt is paid off	748,598
Net book value of school fixed assets closed and transferred back to County	(1,519,102)
Adjustment for long-term debt paid by School on buildings owned by the County until the debt is paid off	<u>(1,803,563)</u>
Appropriation to School Fund per Government-Wide Statements	<u>\$ 13,872,717</u>

16 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>
County			
06/30/09	\$ 95,287	138.3%	\$ (36,492)
06/30/10	93,923	74.2%	(12,269)
06/30/11	78,394	48.6%	28,009
School Board			
06/30/09	\$ 386,724	158.5%	\$ (226,191)
06/30/10	375,289	74.1%	(128,902)
06/30/11	432,007	129.3%	(255,271)
Henry-Martinsville Social Services			
06/30/09	\$ 18,544	194.9%	\$ (17,592)
06/30/10	17,556	216.7%	(38,076)
06/30/11	11,621	401.2%	(73,081)

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>
County							
07/01/2008	\$ -	\$ 1,131,258	\$ 1,131,258	\$ 22,708	0.0%	\$ 10,855,984	10.4%
07/01/2008 Revised	67,868	1,173,652	1,105,784	23,276	5.8%	11,127,384	9.9%
07/01/2009	111,112	1,007,951	896,839	20,863	11.0%	10,023,578	8.9%
School Board							
07/01/2008	\$ -	\$ 4,778,503	\$ 4,778,503	\$ 80,707	0.0%	\$ 36,085,945	13.2%
07/01/2008 Revised	295,359	4,893,540	4,598,181	82,725	6.0%	36,988,094	12.4%
07/01/2009	330,009	5,640,560	5,310,551	92,988	5.9%	32,942,499	16.1%
Henry-Martinsville Social Services							
07/01/2008	\$ -	\$ 178,951	\$ 178,951	\$ 6,940	0.0%	\$ 2,815,049	6.4%
07/01/2008 Revised	34,531	197,610	163,079	7,114	17.5%	2,885,425	5.7%
07/01/2009	56,218	150,745	94,527	5,766	37.3%	2,588,432	3.7%

Schedule of Contributions

<u>FYE</u>	<u>ARC</u>	<u>Actual Contribution</u>	<u>% Contributed</u>
County			
2008-2009	\$ 95,287	\$ 131,779	138.3%
2009-2010	94,261	69,700	73.9%
2010-2011	78,507	38,116	48.6%
School Board			
2008-2009	\$ 386,724	\$ 612,915	158.5%
2009-2010	377,380	278,000	73.7%
2010-2011	433,200	558,376	128.9%
Henry-Martinsville Social Services			
2008-2009	\$ 18,544	\$ 36,136	194.9%
2009-2010	17,718	38,040	214.7%
2010-2011	11,973	46,626	389.4%

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>
County									
2008-09	\$ -	\$ 95,287	\$ -	\$ -	\$ 95,287	\$ 131,779	\$ (36,492)	7.50%	30
2009-10	(36,492)	94,261	(2,737)	2,399	93,923	69,700	(12,269)	7.50%	30
2010-11	(12,269)	78,507	(920)	807	78,394	38,116	28,009	7.50%	30
School Board									
2008-09	\$ -	\$ 386,724	\$ -	\$ -	\$ 386,724	\$ 612,915	\$ (226,191)	7.50%	30
2009-10	(226,191)	377,380	(16,964)	14,873	375,289	278,000	(128,902)	7.50%	30
2010-11	(128,902)	433,200	(9,668)	8,475	432,007	558,376	(255,271)	7.50%	30
Henry-Martinsville Social Services									
2008-09	\$ -	\$ 18,544	\$ -	\$ -	\$ 18,544	\$ 36,136	\$ (17,592)	7.50%	30
2009-10	(17,592)	17,718	(1,319)	1,157	17,556	38,040	(38,076)	7.50%	30
2010-11	(38,076)	11,973	(2,856)	2,504	11,621	46,626	(73,081)	7.50%	30

REQUIRED SUPPLEMENTARY INFORMATION



County of Henry, Virginia
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues				
General Property Taxes				
Current year property taxes	\$ 21,079,029	\$ 20,013,215	\$ 20,525,422	\$ 512,207
Penalties - all tax years	210,000	210,000	267,302	57,302
Interest - all tax years	140,000	108,073	225,881	117,808
Total General Property Taxes	21,429,029	20,331,288	21,018,605	687,317
Other Local Taxes				
Local sales and use taxes	3,578,000	3,578,000	3,818,331	240,331
Consumer utility tax	2,663,000	2,663,000	2,694,421	31,421
Business license taxes	1,532,910	1,532,910	1,697,886	164,976
Motor vehicle licenses	953,000	953,000	929,561	(23,439)
Bank franchise taxes	149,000	149,000	191,195	42,195
Transient occupancy taxes	91,000	91,000	97,749	6,749
Taxes on recordation and wills	207,000	207,000	200,909	(6,091)
Restaurant food taxes	1,775,000	1,775,000	1,848,518	73,518
Total Other Local Taxes	10,948,910	10,948,910	11,478,570	529,660
Permits, Privilege Fees, and Regulatory Licenses				
Animal licenses	14,000	14,000	11,130	(2,870)
Building and related permits	70,000	70,000	56,798	(13,202)
Other permits, licenses, and fees	5,500	5,500	5,690	190
Total Permits, Privilege Fees, and Regulatory Licenses	89,500	89,500	73,618	(15,882)
Fines and Forfeitures				
Court fines and forfeitures	196,350	196,350	195,181	(1,169)
Revenue from Use of Money and Property				
Revenue from use of money	292,000	292,000	329,259	37,259
Revenue from use of property	216,200	225,200	365,848	140,648
Total Revenue from Use of Money and Property	508,200	517,200	695,107	177,907
Charges for Services				
Court costs	150	150	227	77
Sheriff fees	19,704	19,704	18,128	(1,576)
Commonwealth's attorney	2,200	2,200	3,395	1,195
County and hired attorneys	75,000	75,000	86,330	11,330
Law enforcement and traffic control	23,500	23,500	45,489	21,989
Charges for sanitation and waste removal	60,468	60,468	61,638	1,170
Animal warden	500	500	601	101
Parks and recreation	43,000	43,000	53,489	10,489
Utility bill collection	12,000	12,000	15,325	3,325
Miscellaneous other charges for services	2,500	2,500	10,772	8,272
Total Charges for Services	239,022	239,022	295,394	56,372

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Recovered Costs				
Jail costs - Commonwealth of Virginia	339,913	339,913	352,906	12,993
Inmate housing fees	-	21,754	21,753	(1)
Salary - court secretary	21,000	21,000	18,881	(2,119)
City of Martinsville, Virginia	-	292,400	26,790	(265,610)
City share of extension services	8,122	7,695	7,695	-
School share of school resource officer	108,691	133,691	131,778	(1,913)
EMS fees for service	215,000	172,000	241,161	69,161
M/HC Economic Development Corporation	766,332	784,956	779,463	(5,493)
Harvest Foundation Grant	-	860,000	78,795	(781,205)
Local and special grants	-	27,135	29,367	2,232
Transportation Grants	55,023	77,325	58,805	(18,520)
Other recovered costs	-	12,474	19,656	7,182
Insurance recoveries	-	13,618	30,850	17,232
Miscellaneous refunds	<u>225,846</u>	<u>312,760</u>	<u>316,550</u>	<u>3,790</u>
Total Recovered Costs	1,739,927	3,076,721	2,114,450	(962,271)
Miscellaneous	40,000	40,000	86,656	46,656
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Noncategorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	41,808	41,808	1,343	(40,465)
Mobile home titling tax	65,500	65,500	55,901	(9,599)
Tax on deeds	59,000	59,000	64,520	5,520
Auto rental sales tax	56,000	56,000	43,706	(12,294)
Personal Property Tax Relief Act funds	1,771,828	1,771,828	1,771,828	-
PARA mutual tax	32,000	32,000	30,967	(1,033)
Communication tax	<u>2,377,598</u>	<u>2,377,598</u>	<u>2,419,010</u>	<u>41,412</u>
Total Noncategorical Aid	4,403,734	4,403,734	4,387,275	(16,459)
<i>Categorical Aid</i>				
<i>Shared Expenses</i>				
Commonwealth's Attorney	494,847	494,847	516,989	22,142
Sheriff	3,746,811	3,746,811	3,844,104	97,293
Commissioner of the Revenue	152,526	152,526	155,893	3,367
Treasurer	145,811	145,811	149,033	3,222
Electoral Board and General Registrar	42,960	42,960	45,038	2,078
Clerk of Circuit Court	<u>385,073</u>	<u>385,073</u>	<u>403,513</u>	<u>18,440</u>
Total Categorical Aid	4,968,028	4,968,028	5,114,570	146,542
<i>Other Categorical Aid</i>				
Emergency services grant	-	50,513	49,477	(1,036)
Fire programs fund	-	146,079	146,079	-
Victim witness program	26,096	26,096	25,977	(119)
Transportation grant funds	37,584	37,365	31,897	(5,468)
Litter control program	17,067	17,067	19,528	2,461
State EMS Two for Life funds	50,131	54,335	54,334	(1)
Tobacco Indemnification money	-	1,720,000	157,589	(1,562,411)
Asset forfeiture funds	-	5,042	14,881	9,839
Total Other Categorical Aid	<u>130,878</u>	<u>2,056,497</u>	<u>499,762</u>	<u>(1,556,735)</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	9,502,640	11,428,259	10,001,607	(1,426,652)
Revenue from the Federal Government				
Payments in lieu of taxes	1,143	1,143	3,196	2,053
Forfeited property	-	55,294	15,233	(40,061)
Emergency services	24,874	24,874	24,874	-
Law enforcement grants	-	569,273	173,920	(395,353)
Victim Witness Program	78,286	78,286	77,931	(355)
Transportation grants	57,122	97,095	59,800	(37,295)
Other federal fund grants	-	1,636,619	1,553,104	(83,515)
Total Revenue from the Federal Government	<u>161,425</u>	<u>2,462,584</u>	<u>1,908,058</u>	<u>(554,526)</u>
Total Intergovernmental Revenue	<u>9,664,065</u>	<u>13,890,843</u>	<u>11,909,665</u>	<u>(1,981,178)</u>
Total Revenues	44,855,003	49,329,834	47,867,246	(1,462,588)

Expenditures

Current

General Government Administration

Board of Supervisors	121,562	149,573	135,644	13,929
County Administrator	329,539	338,896	315,356	23,540
Independent auditor	64,000	64,000	40,960	23,040
Human resources/training	50,268	52,241	47,883	4,358
County Attorney	148,159	151,389	153,994	(2,605)
Commissioner of Revenue	511,512	524,577	522,533	2,044
Assessors	124,229	126,211	111,815	14,396
Treasurer	542,512	571,411	542,145	29,266
Finance	329,184	341,050	333,681	7,369
Information services	354,718	360,909	339,465	21,444
Central purchasing	187,434	193,031	191,209	1,822
Board of Elections - registrar	<u>214,726</u>	<u>217,632</u>	<u>198,461</u>	<u>19,171</u>
Total General Government Administration	2,977,843	3,090,920	2,933,146	157,774

Judicial Administration

Circuit Court	84,810	86,139	75,386	10,753
General District Court	18,886	18,886	13,164	5,722
Magistrates	3,210	3,210	3,119	91
Juvenile and Domestic Relations	9,795	9,795	7,098	2,697
Clerk of the Circuit Court	588,454	601,315	597,105	4,210
Sheriff Civil and Court Security	931,804	954,652	931,977	22,675
Victim/Witness Assist	131,832	134,877	133,679	1,198
Commonwealth's Attorney	<u>702,984</u>	<u>720,004</u>	<u>722,486</u>	<u>(2,482)</u>
Total Judicial Administration	2,471,775	2,528,878	2,484,014	44,864

	<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	4,981,505	5,103,495	5,029,369	74,126
Law enforcement and traffic control - grants	-	621,981	192,468	429,513
School resource officer	108,691	137,152	131,778	5,374
Fire and rescue services	1,069,504	1,463,650	1,270,811	192,839
EMS supplemental services	329,200	295,404	348,535	(53,131)
Emergency medical services	171,016	180,109	173,673	6,436
Fire marshal	268,225	273,796	270,575	3,221
Correction and detention	2,182,584	2,219,703	2,161,699	58,004
Probation	386,817	386,817	343,326	43,491
Code enforcement	331,185	414,314	330,716	83,598
Public safety	116,391	118,736	117,304	1,432
Public safety - grants	-	65,577	64,504	1,073
Payments to IDA for equipment lease	711,518	711,518	711,518	-
Electronic monitoring	1,785	1,785	1,813	(28)
Animal control	140,184	148,504	148,529	(25)
Asset forfeiture	-	60,336	59,451	885
SPCA	7,267	7,267	7,267	-
Total Public Safety	10,805,872	12,210,144	11,363,336	846,808
<i>Public Works</i>				
Maintenance of highways, streets, bridges, sidewalks	8,000	16,201	10,954	5,247
Refuse collection	1,601,620	1,610,445	1,529,704	80,741
Refuse disposal - closure maintenance	34,000	34,000	40,680	(6,680)
<i>Maintenance of buildings and grounds</i>				
General engineering	248,703	254,023	254,445	(422)
Communication equipment	57,287	58,433	48,162	10,271
Administrative building	383,834	389,092	345,665	43,427
Courthouse	322,449	319,428	276,881	42,547
Sheriff's office	52,750	92,103	89,604	2,499
Jail	257,750	376,361	311,583	64,778
Other	149,782	195,763	178,654	17,109
Social services and health department	56,412	57,361	48,808	8,553
Dupont property	150,788	202,553	195,034	7,519
Total Maintenance of Buildings and Grounds	1,679,755	1,945,117	1,748,836	196,281
Total Public Works	3,323,375	3,605,763	3,330,174	275,589
<i>Health and Welfare</i>				
Henry-Martinsville Social Services	613,606	671,069	550,551	120,518
Health Department	293,429	277,683	277,683	-
Mental health and retardation	117,567	117,567	117,567	-
Transportation grants	149,729	209,725	153,907	55,818
Property tax relief for the elderly	90,000	90,000	56,710	33,290
Group home services	66,192	66,192	66,192	-
Other welfare and social services	70,165	70,165	61,165	9,000
Total Health and Welfare	1,400,688	1,502,401	1,283,775	218,626
<i>Education</i>				
Contributions to community colleges	52,467	52,467	52,467	-
Contributions to component unit - school board	17,077,895	20,280,333	13,046,784	7,233,549
Total Education	17,130,362	20,332,800	13,099,251	7,233,549

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
<i>Parks, Recreation, and Cultural</i>				
Parks, recreation, and cultural	867,810	884,970	874,252	10,718
Cultural enrichment	52,346	52,346	52,346	-
Library	786,574	786,574	786,574	-
Total Parks, Recreation, and Cultural	<u>1,706,730</u>	<u>1,723,890</u>	<u>1,713,172</u>	<u>10,718</u>
<i>Community Development</i>				
Planning and community development	264,180	269,910	264,867	5,043
Engineering and mapping	248,325	253,007	240,175	12,832
M/HC Economic Development Corporation	766,332	784,956	779,463	5,493
Cooperative extension program	52,514	52,087	49,433	2,654
Henry County Industrial Development Authority	1,136,253	469,873	229,300	240,573
Other community and economic development	538,795	681,858	618,581	63,277
Total Community Development	<u>3,006,399</u>	<u>2,511,691</u>	<u>2,181,819</u>	<u>329,872</u>
<i>Nondepartmental</i>				
Employee benefits, pooled vehicles, mobile command	77,926	88,655	4,650	84,005
Contingency reserve	100,000	50,000	-	50,000
Total Nondepartmental	<u>177,926</u>	<u>138,655</u>	<u>4,650</u>	<u>134,005</u>
<i>Capital Projects</i>				
Existing facility	-	835,998	829,513	6,485
Henry County PSA for waterline	-	4,325,773	1,068,433	3,257,340
Other miscellaneous capital projects	44,000	454,825	251,631	203,194
Total Capital Projects	<u>44,000</u>	<u>5,616,596</u>	<u>2,149,577</u>	<u>3,467,019</u>
<i>Debt Service</i>				
Principal	640,000	640,000	640,000	-
Interest and other costs	139,950	139,950	139,950	-
Total Debt Service	<u>779,950</u>	<u>779,950</u>	<u>779,950</u>	<u>-</u>
Total Expenditures	<u>43,824,920</u>	<u>54,041,688</u>	<u>41,322,864</u>	<u>12,718,824</u>
Excess (Deficiency) of Revenues Over Expenditures	1,030,083	(4,711,854)	6,544,382	11,256,236
Other Financing Sources (Uses)				
Transfers to other funds	<u>(1,030,083)</u>	<u>(1,089,160)</u>	<u>(867,449)</u>	<u>221,711</u>
Total Other Financing Sources (Uses)	<u>(1,030,083)</u>	<u>(1,089,160)</u>	<u>(867,449)</u>	<u>221,711</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Net Change in Fund Balance Before Transfer from Surplus	-	(5,801,014)	5,676,933	11,477,947
Transfer from Surplus Funds	<u>-</u>	<u>5,801,014</u>	<u>-</u>	<u>(5,801,014)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	5,676,933	<u>\$ 5,676,933</u>
Fund Balance - Beginning of Year			<u>22,520,924</u>	
Fund Balance - End of Year			<u>\$ 28,197,857</u>	

Comprehensive Services Act Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Recovered costs	\$ 38,571	\$ 38,571	\$ 38,571	\$ -
Intergovernmental				
Revenue from the Commonwealth of Virginia	<u>652,295</u>	<u>652,295</u>	<u>402,611</u>	<u>(249,684)</u>
Total Intergovernmental Revenue	<u>652,295</u>	<u>652,295</u>	<u>402,611</u>	<u>(249,684)</u>
Total Revenues	690,866	690,866	441,182	(249,684)
Expenditures				
Current				
<i>Health and Welfare</i>				
Welfare and social services	<u>1,023,008</u>	<u>1,023,516</u>	<u>613,722</u>	<u>409,794</u>
Total Expenditures	<u>1,023,008</u>	<u>1,023,516</u>	<u>613,722</u>	<u>409,794</u>
Excess (Deficiency) of Revenues Over Expenditures	(332,142)	(332,650)	(172,540)	160,110
Other Financing Sources (Uses)				
Transfers in	<u>332,142</u>	<u>332,650</u>	<u>172,540</u>	<u>(160,110)</u>
Total Other Financing Sources (Uses)	<u>332,142</u>	<u>332,650</u>	<u>172,540</u>	<u>(160,110)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>-</u>	
Fund Balance - End of Year			<u><u>\$ -</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>
Revenues				
Local Revenues				
Recovered costs	\$ 312,364	\$ 391,146	\$ 313,455	\$ (77,691)
Total Local Revenues	312,364	391,146	313,455	(77,691)
Intergovernmental				
Revenue from the Commonwealth of Virginia	402,858	976,116	820,518	(155,598)
Total Intergovernmental Revenues	402,858	976,116	820,518	(155,598)
Reserve from surplus	-	21,357	-	(21,357)
Total Revenues	715,222	1,388,619	1,133,973	(254,646)
Expenditures				
Current				
Public Safety	1,413,163	2,102,438	1,897,984	204,454
Total Expenditures	1,413,163	2,102,438	1,897,984	204,454
Excess (Deficiency) of Revenues Over Expenditures	(697,941)	(713,819)	(764,011)	(459,100)
Other Financing Sources (Uses)				
Transfers in	697,941	713,819	694,335	(19,484)
Total Other Financing Sources (Uses)	697,941	713,819	694,335	(19,484)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(69,676)	<u>\$ (478,584)</u>
Fund Balance - Beginning of Year			<u>318,257</u>	
Fund Balance - End of Year			<u>\$ 248,581</u>	

Law Library Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 13,000	\$ 13,000	\$ 11,097	\$ (1,903)
Recovered costs	6,600	6,600	6,231	(369)
Reserve to balance budget	8,400	8,400	-	(8,400)
	<u>28,000</u>	<u>28,000</u>	<u>17,328</u>	<u>(10,672)</u>
Total Revenues				
Expenditures				
Current				
Judicial administration	<u>28,000</u>	<u>28,000</u>	<u>16,186</u>	<u>11,814</u>
Total Expenditures	<u>28,000</u>	<u>28,000</u>	<u>16,186</u>	<u>11,814</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,142	<u>\$ 1,142</u>
Fund Balance - Beginning of Year			<u>136,399</u>	
Fund Balance - End of Year			<u>\$ 137,541</u>	

Capital Projects Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Miscellaneous	\$ -	\$ 741	\$ 19,425	\$ 18,684
Recovered costs	-	309,128	38,758	(270,370)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	76,886	52,106	(24,780)
Revenue from the Federal Government	-	3,679,342	1,140,840	(2,538,502)
Total Revenues	-	4,066,097	1,251,129	(2,814,968)
Expenditures				
Current				
Community Development	-	4,108,788	1,234,421	2,874,367
Total Expenditures	-	4,108,788	1,234,421	2,874,367
Net Change in Fund Balance Before Transfers	-	(42,691)	16,708	59,399
Transfer from Other Funds	-	42,691	574	(42,117)
Net Change in Fund Balance Before Transfers	<u>\$ -</u>	<u>\$ -</u>	17,282	<u>\$ 17,282</u>
Fund Balance - Beginning of Year			<u>85,531</u>	
Fund Balance - End of Year			<u>\$ 102,813</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>
Revenues				
Revenue from the use of money and property	\$ 22,000	\$ 23,206	\$ 84,330	\$ 61,124
Charges for services	33,500	536,098	468,604	(67,494)
Recovered costs	320,000	320,000	406,888	86,888
Miscellaneous				
Harvest Foundation	-	510,000	449,512	(60,488)
Educational Technology	518,000	518,000	466,000	(52,000)
Other miscellaneous	445,750	562,932	841,607	278,675
Contribution - County of Henry, Virginia	17,077,895	20,280,333	13,046,784	(7,233,549)
Intergovernmental				
Revenue from the Commonwealth of Virginia	40,456,071	42,242,121	41,226,012	(1,016,109)
Revenue from the Federal Government	9,500,000	14,118,654	11,221,904	(2,896,750)
Total Intergovernmental Revenues	49,956,071	56,360,775	52,447,916	(3,912,859)
Reserve from surplus	-	875,362	-	(875,362)
Total Revenues	68,373,216	79,986,706	68,211,641	(11,775,065)
Expenditures				
Instruction	39,950,258	42,432,745	39,142,118	3,290,627
Administration, attendance, and health	2,441,581	2,463,694	2,276,147	187,547
Pupil transportation	4,937,766	5,878,181	4,909,555	968,626
Operation and maintenance	6,575,651	6,771,124	5,675,966	1,095,158
Facilities	414,235	7,365,544	2,430,423	4,935,121
Special grants	9,800,000	13,339,058	10,647,592	2,691,466
Technology	1,948,476	2,582,821	2,248,232	334,589
Contingency reserve	125,000	75,000	-	75,000
Debt service				
Principal	1,120,302	1,120,302	1,120,302	-
Interest and other charges	653,962	852,252	683,261	168,991
Total Expenditures	67,967,231	82,880,721	69,133,596	13,747,125
Excess (Deficiency) of Revenues Over Expenditures	405,985	(2,894,015)	(921,955)	1,972,060
Other Financing Sources (Uses)				
Proceeds from bonds	-	3,400,000	3,400,000	-
Transfers in (out)	(405,985)	(505,985)	(381,932)	124,053
Total Other Financing Sources (Uses)	(405,985)	2,894,015	3,018,068	124,053
Net Change in Fund Balance	\$ -	\$ -	2,096,113	\$ 2,096,113
Fund Balance - Beginning of Year			875,362	
Fund Balance - End of Year			<u>\$ 2,971,475</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>
Revenues				
Revenue from the use of money and property	\$ -	\$ -	\$ 29,449	\$ 29,449
Total Revenues	-	-	29,449	29,449
Expenditures				
Textbooks	<u>405,405</u>	<u>505,405</u>	<u>275,709</u>	<u>229,696</u>
Total Expenditures	<u>405,405</u>	<u>505,405</u>	<u>275,709</u>	<u>229,696</u>
Excess (Deficiency) of Revenues Over Expenditures	(405,405)	(505,405)	(246,260)	259,145
Other Financing Sources (Uses)				
Transfers in (out)	<u>405,405</u>	<u>505,405</u>	<u>381,932</u>	<u>(123,473)</u>
Total Other Financing Sources (Uses)	<u>405,405</u>	<u>505,405</u>	<u>381,932</u>	<u>(123,473)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	135,672	<u>\$ 135,672</u>
Fund Balance - Beginning of Year			<u>1,872,506</u>	
Fund Balance - End of Year			<u>\$ 2,008,178</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>
Revenues				
Revenue from the use of money and property	\$ 2,501	\$ 2,501	\$ -	\$ (2,501)
Charges for services	1,257,839	1,257,839	1,146,553	(111,286)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	-	119,367	119,367
Revenue from the Federal Government	<u>2,986,139</u>	<u>3,124,465</u>	<u>2,898,671</u>	<u>(225,794)</u>
Total Intergovernmental Revenues	<u>2,986,139</u>	<u>3,124,465</u>	<u>3,018,038</u>	<u>(106,427)</u>
Total Revenues	4,246,479	4,384,805	4,164,591	(220,214)
Expenditures				
Cafeteria	<u>4,246,479</u>	<u>4,384,805</u>	<u>3,808,597</u>	<u>576,208</u>
Total Expenditures	<u>4,246,479</u>	<u>4,384,805</u>	<u>3,808,597</u>	<u>576,208</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	355,994	355,994
Other Financing Sources (Uses)				
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>	355,994	<u>\$ 355,994</u>
Fund Balance - Beginning of Year			<u>252,684</u>	
Fund Balance - End of Year			<u>\$ 608,678</u>	

OTHER SUPPLEMENTARY INFORMATION



County of Henry, Virginia

Combining Balance Sheet

Component Unit - School Board

Year Ended June 30, 2011

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Public Schools</u>
Assets				
Cash	\$ 14,736	\$ 2,008,178	\$ 735,368	\$ 2,758,282
Cash - restricted	3,432,875	-	-	3,432,875
Receivables - net	355,516	-	16,947	372,463
Due from primary government	1,655,658	-	66,365	1,722,023
Due from other governments	<u>4,129,820</u>	<u>-</u>	<u>-</u>	<u>4,129,820</u>
Total Assets	<u>\$ 9,588,605</u>	<u>\$ 2,008,178</u>	<u>\$ 818,680</u>	<u>\$ 12,415,463</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 795,856	\$ -	\$ 4,839	\$ 800,695
Deferred revenue	153,432	-	18,000	171,432
Accrued salaries and benefits	<u>5,667,842</u>	<u>-</u>	<u>187,163</u>	<u>5,855,005</u>
Total Liabilities	6,617,130	-	210,002	6,827,132
Fund Balances				
Restricted	2,971,475	-	608,678	3,580,153
Assigned	<u>-</u>	<u>2,008,178</u>	<u>-</u>	<u>2,008,178</u>
Total Fund Balances	<u>2,971,475</u>	<u>2,008,178</u>	<u>608,678</u>	<u>5,588,331</u>
Total Liabilities and Fund Balances	<u>\$ 9,588,605</u>	<u>\$ 2,008,178</u>	<u>\$ 818,680</u>	<u>\$ 12,415,463</u>
Fund Balances - per above				\$ 5,588,331
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				17,097,857
The net prepaid OPEB liability is a long-term asset and is not a financial resource and, therefore, is not reported in the funds.				255,271
Compensated absences are long-term liabilities and are not due and payable in the current period; therefore, are not reported in the funds.				<u>(612,956)</u>
Net Assets of Governmental Activities				<u>\$ 22,328,503</u>

County of Henry, Virginia

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

Year Ended June 30, 2011

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Public Schools</u>
Revenues				
Revenue from use of money and property	\$ 84,330	\$ 29,449	\$ -	\$ 113,779
Charges for services	468,604	-	1,146,553	1,615,157
Recovered costs	406,888	-	-	406,888
Miscellaneous	1,757,119	-	-	1,757,119
Intergovernmental				
County of Henry, Virginia	13,046,784	-	-	13,046,784
Commonwealth of Virginia	41,226,012	-	119,367	41,345,379
Federal	11,221,904	-	2,898,671	14,120,575
Total Revenues	<u>68,211,641</u>	<u>29,449</u>	<u>4,164,591</u>	<u>72,405,681</u>
Expenditures				
Current				
Instruction	39,142,118	275,709	-	39,417,827
Administration, attendance, and health	2,276,147	-	-	2,276,147
Pupil transportation	4,909,555	-	-	4,909,555
Operation and maintenance	5,675,966	-	-	5,675,966
Cafeteria - school food service	-	-	3,808,597	3,808,597
Facilities	2,430,423	-	-	2,430,423
Special grants	10,647,592	-	-	10,647,592
Technology	2,248,232	-	-	2,248,232
Debt service				
Principal	1,120,302	-	-	1,120,302
Interest and other charges	683,261	-	-	683,261
Total Expenditures	<u>69,133,596</u>	<u>275,709</u>	<u>3,808,597</u>	<u>73,217,902</u>
Excess (Deficiency) of Expenditures Over Revenues	(921,955)	(246,260)	355,994	(812,221)
Other Financing Sources (Uses)				
Proceeds from bonds	3,400,000	-	-	3,400,000
Transfers in	-	381,932	-	381,932
Transfers out	(381,932)	-	-	(381,932)
Total Other Financing Sources (Uses)	<u>3,018,068</u>	<u>381,932</u>	<u>-</u>	<u>3,400,000</u>
Net Change in Fund Balances	2,096,113	135,672	355,994	2,587,779
Fund Balances - Beginning of Year	875,362	1,872,506	252,684	3,000,552
Fund Balances - End of Year	<u>\$ 2,971,475</u>	<u>\$ 2,008,178</u>	<u>\$ 608,678</u>	<u>\$ 5,588,331</u>
Net Change in Fund Balances - per above				\$ 2,587,779
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.				(1,070,665)
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.				748,598
Change in Compensated Absences				(11,057)
Change in Net OPEB Asset				<u>255,271</u>
Change in Net Assets of Governmental Activities				<u>\$ 2,509,926</u>

County of Henry, Virginia

Statement of Net Assets

Component Unit - Industrial Development Authority

At June 30, 2011

	<u>Industrial Site Project Fund #37</u>	<u>Main Operating Fund Fund #45</u>	<u>Total Industrial Development Authority</u>
Assets			
Current Assets			
Cash	\$ -	\$ 891,076	\$ 891,076
Due from primary government - Henry County, VA	1,850,982	-	1,850,982
Receivables - net	-	48,133	48,133
Inventory	<u>2,171,713</u>	<u>12,287,458</u>	<u>14,459,171</u>
Total Current Assets	4,022,695	13,226,667	17,249,362
Noncurrent Assets			
Fixed assets, net of accumulated depreciation	-	2,537,177	2,537,177
Notes receivables - net	<u>-</u>	<u>2,076,360</u>	<u>2,076,360</u>
Total Noncurrent Assets	<u>-</u>	<u>4,613,537</u>	<u>4,613,537</u>
Total Assets	<u>\$ 4,022,695</u>	<u>\$ 17,840,204</u>	<u>\$ 21,862,899</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 59,210	\$ 4,206	\$ 63,416
Accrued interest payable	-	93,345	93,345
Deferred revenue	1,791,772	-	1,791,772
Current portion of long-term debt	<u>-</u>	<u>1,003,441</u>	<u>1,003,441</u>
Total Current Liabilities	1,850,982	1,100,992	2,951,974
Long-Term Liabilities			
Long-term debt - due in more than one year	-	7,946,406	7,946,406
Due to primary government - Henry County, VA	<u>-</u>	<u>2,713,371</u>	<u>2,713,371</u>
Total Long-Term Liabilities	<u>-</u>	<u>10,659,777</u>	<u>10,659,777</u>
Total Liabilities	1,850,982	11,760,769	13,611,751
Net Assets			
Invested in capital assets, net of related debt	-	(103,077)	(103,077)
Unrestricted	<u>2,171,713</u>	<u>6,182,512</u>	<u>8,354,225</u>
Total Net Assets	<u>2,171,713</u>	<u>6,079,435</u>	<u>8,251,148</u>
Total Liabilities and Net Assets	<u>\$ 4,022,695</u>	<u>\$ 17,840,204</u>	<u>\$ 21,862,899</u>

County of Henry, Virginia

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

Component Unit - Industrial Development Authority

Year Ended June 30, 2011

	Industrial Site Project Fund #37	Main Operating Fund Fund #45	Total Industrial Development Authority
Operating Revenues			
Payment from primary government	\$ -	\$ 229,300	\$ 229,300
Grants from State	208,228	-	208,228
Tobacco Indemnification revenues	-	4,585,000	4,585,000
Governor's Opportunity Fund	-	100,000	100,000
Miscellaneous	-	248,091	248,091
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	208,228	5,162,391	5,370,619
Operating Expenses			
Economic development	417,661	5,303,891	5,721,552
Depreciation expense	-	634,294	634,294
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	417,661	5,938,185	6,355,846
Operating Loss	(209,433)	(775,794)	(985,227)
Nonoperating Revenues (Expenses)			
Interest income	-	154,536	154,536
Sale of timber	-	202,305	202,305
Rental of property	-	711,518	711,518
Interest expense	-	(325,134)	(325,134)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	-	743,225	743,225
Change in Net Assets Before Transfers	(209,433)	(32,569)	(242,002)
Transfer Between Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Change in Net Assets After Transfers	(209,433)	(32,569)	(242,002)
Total Net Assets - Beginning of Year	2,381,146	6,112,004	8,493,150
	<hr/>	<hr/>	<hr/>
Total Net Assets - End of Year	\$ 2,171,713	\$ 6,079,435	\$ 8,251,148

County of Henry, Virginia

Statement of Cash Flows

Component Unit - Industrial Development Authority

Year Ended June 30, 2011

	Industrial Site Project Fund #37	Main Operating Fund Fund #45	Total Industrial Development Authority
Cash Flows from Operating Activities			
Receipts from primary government	\$ -	\$ 229,300	\$ 229,300
Other miscellaneous receipts	500,000	482,843	982,843
State grants	1,500,000	4,685,000	6,185,000
Cash paid for economic development	<u>(149,018)</u>	<u>(4,941,055)</u>	<u>(5,090,073)</u>
Net Cash Provided by Operating Activities	1,850,982	456,088	2,307,070
Cash Flows from Noncapital Financing Activities			
Payments for "due to" primary government	<u>(1,850,982)</u>	<u>(60,642)</u>	<u>(1,911,624)</u>
Net Cash Used in Noncapital Financing Activities	(1,850,982)	(60,642)	(1,911,624)
Cash Flows from Capital and Related Financing Activities			
Payments of principal on long-term debt	-	(968,954)	(968,954)
Interest payments on long-term debt	<u>-</u>	<u>(334,576)</u>	<u>(334,576)</u>
Net Cash Used in Capital and Related Financing Activities	-	(1,303,530)	(1,303,530)
Cash Flows from Investing Activities			
Rental income	-	711,518	711,518
Sale of timber	-	202,305	202,305
Interest income	<u>-</u>	<u>154,536</u>	<u>154,536</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>1,068,359</u>	<u>1,068,359</u>
Net Increase in Cash and Cash Equivalents	-	160,275	160,275
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>730,801</u>	<u>730,801</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 891,076</u>	<u>\$ 891,076</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating loss	\$ (209,433)	\$ (775,794)	\$ (985,227)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	-	634,294	634,294
Changes in assets and liabilities			
Receivables	-	246,862	246,862
Inventory	209,433	367,229	576,662
Deferred revenue	1,791,772	(12,109)	1,779,663
Accounts payable	<u>59,210</u>	<u>(4,394)</u>	<u>54,816</u>
Net Cash Provided by Operating Activities	<u>\$ 1,850,982</u>	<u>\$ 456,088</u>	<u>\$ 2,307,070</u>
Supplemental Schedule of Non-Cash Investing, Capital and Financial Activities			
Donation of land to new industry			<u>\$ 417,661</u>
Donation of land net of timber sale to new industry			<u>\$ 159,575</u>

County of Henry, Virginia

Balance Sheet

Component Unit - Henry-Martinsville Social Services

At June 30, 2011

Assets

Cash	\$ 6,770
Due from other governments	<u>710,833</u>

Total Assets	<u>\$ 717,603</u>
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Liabilities and Fund Balance

Liabilities

Due to County of Henry, Virginia	<u>\$ 717,603</u>
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Total Liabilities	717,603
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Fund Balance

Total Liabilities and Fund Balance	<u>\$ 717,603</u>
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Fund Balance - per above	\$ -
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,196
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The net prepaid OPEB liability is a long-term asset and is not a financial resource and, therefore, is not reported in the funds.	73,081
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Compensated absences are long-term liabilities and are not due and payable in the current period; therefore, are not reported in the funds.	<u>(419,343)</u>
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Net Assets (Deficit) of Governmental Activities	<u>\$ (302,066)</u>
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County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Unit - Henry-Martinsville Social Services

Year Ended June 30, 2011

Revenues

Payments from County of Henry, Virginia	\$	550,551
Payments from City of Martinsville, Virginia		268,860
<i>Intergovernmental</i>		
Revenue from the Commonwealth of Virginia		2,103,816
Revenue from the Federal Government		<u>3,343,211</u>
Total Intergovernmental		<u>5,447,027</u>
Total Revenues		6,266,438

Expenditures

Health and welfare		<u>6,266,438</u>
Net Change in Fund Balance		-
Fund Balance - Beginning of Year		<u>-</u>
Fund Balance - End of Year	\$	<u><u>-</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.		(1,130)
Change in Compensated Absences		(23,762)
Change in Net OPEB Asset		<u>73,081</u>
Change in Net Assets of Governmental Activities	\$	<u><u>48,189</u></u>

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Agency Fund - Gateway Streetscape Foundation, Inc.

Year Ended June 30, 2011

Revenues

Interest income	\$ 696
Donations	7,131
Locality contributions	40,336
Local grants	19,528
Memberships	1,425
Miscellaneous	<u>30,523</u>
 Total Revenues	 99,639

Expenditures

Salaries	69,200
Fringe benefits	17,571
Professional services	1,990
Depreciation	2,367
Other	<u>17,957</u>
 Total Expenditures	 <u>109,085</u>

Net Change in Fund Balance	(9,446)
Amounts Held for Others - Beginning of Year	<u>58,731</u>
Amounts Held for Others - End of Year	<u><u>\$ 49,285</u></u>

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Agency Fund - Fieldale Sanitary District

Six Months Ended June 30, 2011

Revenues

Interest income	\$ 1,338
Locality contributions	3,518
Miscellaneous	<u>580</u>
 Total Revenues	 5,436

Expenditures

Salaries	774
Fringe benefits	59
Professional services	1,200
Grounds maintenance	789
Electric service	8,528
Other	<u>98</u>
 Total Expenditures	 <u>11,448</u>

Net Change in Fund Balance	(6,012)
Amounts Held for Others - January 1, 2011	<u>198,205</u>
Amounts Held for Others - June 30, 2011	<u>\$ 192,193</u>

OTHER INFORMATION SECTION



County of Henry, Virginia

General Governmental Revenues by Source⁽¹⁾⁽²⁾

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>
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
2009	21,673,232	11,342,729	104,741	203,667	644,544	2,225,489	1,776,220	2,825,788	78,266,772	119,063,182
2010	21,654,940	11,222,729	71,864	202,580	1,369,419	2,153,388	2,050,650	3,095,842	73,978,745	115,800,157
2011	21,018,605	11,478,570	73,618	195,181	808,886	1,921,648	1,863,200	2,918,353	75,507,581	115,785,642

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

⁽²⁾ 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⁽¹⁾⁽²⁾

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⁽³⁾</u>	<u>Total</u>
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
2009	2,937,885	2,526,546	12,866,694	3,152,799	8,029,924	78,213,843	1,792,030	4,390,487	88,832	3,617,838	1,740,706	119,357,584
2010	2,887,154	2,482,649	12,241,610	3,071,751	7,967,127	76,139,038	1,752,236	2,798,099	48,338	3,474,700	2,382,271	115,244,973
2011	2,933,146	2,500,200	13,261,320	3,330,174	7,613,384	71,466,806	1,713,172	3,416,240	4,650	2,583,513	2,149,577	110,972,182

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

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

⁽³⁾ 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>
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
2009	2,517,050,185	364,278,309	32,545,185	314,962,269	117,198,478	3,346,034,426
2010	2,959,808,261	340,139,112	27,630,435	322,826,723	134,488,696	3,784,893,227
2011	2,960,170,435	342,974,030	27,318,696	328,036,218	149,576,812	3,808,076,191

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>
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
2009	0.54	1.48	0.54	1.19
2010	0.46	1.48	0.46	1.19
2011	0.46	1.48	0.46	1.19

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>
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%
2009	23,299,439	22,271,371	95.59%	778,839	23,050,210	98.93%	3,623,359	15.55%
2010	22,984,112	22,025,810	95.83%	978,941	23,004,751	100.09%	3,499,486	15.23%
2011	23,165,358	21,919,693	94.62%	1,166,778	23,086,471	99.66%	3,054,362	13.19%

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⁽¹⁾</u>	<u>Assessed Value⁽²⁾</u>	<u>Net Bonded Debt⁽³⁾</u>	<u>Ratio on Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2009	57,930	3,346,034,426	20,205,360	0.60%	349
2010	57,930	3,784,893,227	20,382,763	0.54%	352
2011	54,151	3,808,076,191	22,022,461	0.58%	407

⁽¹⁾ Weldon Cooper Center, University of Virginia, Latest Census Records.

⁽²⁾ From Table 3.

⁽³⁾ Includes all long-term general obligation bonded debt, bond anticipation notes, Literary Fund loans, and Recovery Zone bonds. Excludes revenue bonds, capital leases, compensated absences, OPEB obligation, and landfill closure monitoring liability.

County of Henry, Virginia

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures⁽¹⁾⁽³⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures⁽²⁾</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
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%
2009	1,884,155	1,022,165	2,906,320	119,357,584	2.43%
2010	1,822,155	940,585	2,762,740	115,244,973	2.40%
2011	1,760,302	823,211	2,583,513	110,972,182	2.33%

⁽¹⁾ Excludes debt service payments on short-term notes payable and capital leases.

⁽²⁾ Beginning in 2006, the amounts paid to Component Unit - School Board are no longer shown as transfers.

⁽³⁾ Excludes Component Unit - Industrial Development Authority debt.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Henry, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Henry, Virginia's basic financial statements and have issued our report thereon dated January 30, 2012. 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 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 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of 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 30, 2012



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited County of Henry, Virginia’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Henry, Virginia’s major federal programs for the year ended June 30, 2011. 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 County of Henry, Virginia’s management. Our responsibility is to express an opinion on 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 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 County of Henry, Virginia’s compliance with those requirements.

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

Internal Control Over Compliance

Management of County of 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 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Henry, Virginia’s internal control over compliance.

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

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

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

Creedle, Jones & Alga, P.C.

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

South Hill, Virginia
January 30, 2012



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 financial statements of the County of Henry, Virginia, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 30, 2012.

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 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
- 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 30, 2012

County of Henry, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Catalog Number	State Agency Number	Expenditures
PRIMARY GOVERNMENT			
U. S. Department of Transportation			
Pass-Through Payments			
<i>Virginia Department of Transportation</i>			
Highway planning and construction	20.205*	501	\$ 774,998
<i>Department of Motor Vehicles</i>			
Ground transportation and other law enforcement	20.607	154	<u>30,572</u>
Subtotal - U. S. Department of Transportation			805,570
U. S. Department of Energy			
Pass-Through Payments			
<i>Virginia Department of Mines, Minerals, and Energy</i>			
Energy Efficiency and Conservation Block Grant	81.128*	409	<u>779,998</u>
Subtotal - U. S. Department of Energy			779,998
U. S. Department of Agriculture			
Direct Payments			
<i>Forest Service</i>			
Payments in Lieu of Taxes - Public Law (National Forest Acreage in the Localities)	10.664	N/A	3,196
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	N/A	<u>33,321</u>
Subtotal - U. S. Department of Agriculture			36,517
U. S. Department of the Interior			
Direct Payments			
National Park Service	15.unknown	N/A	97,480
U. S. Small Business Administration			
Direct Payments			
Water System Development	59.000*	N/A	739,784
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Southern Area Agency on Aging</i>			
Transportation Grant - Special Programs for Aging Title III B	93.044	N/A	25,604
Transportation Grant - Special Programs for Aging Title III D	93.043	N/A	<u>34,196</u>
Subtotal - U. S. Department of Health and Human Services			59,800
U. S. Department of Justice			
Direct Payments			
Local law enforcement grants	16.000	N/A	143,349
U.S. Marshals Service	16.000	N/A	15,233
Pass-Through Payments			
<i>Department of Criminal Justice Services</i>			
Victim witness	16.575	140	<u>77,931</u>
Subtotal - U. S. Department of Justice			236,513
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
<i>Department of Housing and Community Development</i>			
Community Development Block Grant - States Program	14.228	165	268,362

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Catalog Number	State Agency Number	Expenditures
U. S. Department of Homeland Security			
Pass-Through Payments			
<i>Department of Emergency Services</i>			
State Homeland Security Grant - Emergency Preparedness	97.042	127	<u>24,874</u>
Subtotal - U. S. Department of Homeland Security			<u>24,874</u>
Total - Primary Government			3,048,898
HENRY-MARTINSVILLE SOCIAL SERVICES			
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Department of Social Services</i>			
Food Stamp Cluster			
Administration for Food Stamp Program	10.561*	765	<u>650,181</u>
Total Food Stamp Cluster			<u>650,181</u>
Subtotal - U. S. Department of Agriculture			650,181
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
Child Care Cluster			
Payments to states for child care assistance	93.575	765	241,588
Child Care and Development Block Grant	93.713	765	37,482
ARRA - Child Care and Development Block Grant	93.713	765	11,707
Child care and development fund	93.596	765	<u>281,142</u>
Total Child Care Cluster			571,919
<i>Department of Social Services</i>			
Temporary assistance for needy families	93.558*	765	653,581
Family preservation and support	93.556	765	33,041
Refugee and entrant assistance	93.566	765	1,182
Low income home energy assistance	93.568	765	55,707
Child welfare services	93.645	765	2,604
ILP education and training vouchers	93.599	765	3,025
Foster care - Title IV-E	93.658	765	385,610
ARRA - Foster care - Title IV-E	93.658	765	879
Adoption assistance	93.659	765	180,108
ARRA - Adoption assistance	93.659	765	1,761
Independent living	93.674	765	11,197
State children's insurance program	93.767	765	19,857
Social services block grant	93.667	765	400,862
Medical Assistance Program (Medicaid; Title XIX)	93.778	765	<u>371,697</u>
Subtotal - U. S. Department of Health and Human Services			<u>2,693,030</u>
Total - Henry-Martinsville Social Services			3,343,211

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Catalog Number	State Agency Number	Expenditures
SCHOOL BOARD			
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Department of Education</i>			
Food distribution - donated commodities	10.559	197	1,800
Food distribution - donated commodities	10.555	197	259,252
Fresh Fruit and Vegetables	10.582	197	134,484
Child Nutrition Cluster			
School Breakfast Program	10.553*	197	803,955
USDA Summer Food	10.559*	N/A	110,962
National School Lunch Program	10.555*	197	1,849,270
Total Child Nutrition Cluster			<u>2,764,187</u>
Subtotal - U. S. Department of Agriculture			3,159,723
U. S. Department of Education			
Direct Payments			
Readiness and Emergency Management	84.184	197	105,048
Pass-Through Payments			
<i>Department of Education</i>			
Special Education Cluster			
IDEA 611 Flow-Through	84.027*	197	2,008,161
ARRA - VIB IDEA	84.391*	197	1,058,233
ARRA - Preschool	84.392*	197	48,008
Preschool Handicapped Allocations	84.173*	197	87,983
Total Special Education Cluster			<u>3,202,385</u>
Title I Cluster			
Title I grants to local education agencies	84.010*	197	2,851,417
ARRA - Title I	84.389*	197	974,176
Total Title I Cluster			<u>3,825,593</u>
Adult education - state administered basic grant program	84.002	197	128,197
Vocational education (Carl Perkins) - CTE federal payments	84.048	197	171,229
Title III - Language Acquisition	84.365	197	45,005
Title IV Part B 21st Century	84.287	197	254,441
Safe and drug-free schools - State grants	84.186	197	10,621
Title II, Part D - Education Technology	84.318	197	16,695
ARRA - Educational Technology Grant	84.386	197	53,321
ARRA - State Fiscal Stabilization Fund	84.394*	197	2,941,113
Title II, Part A - Improving Teacher Quality	84.367	197	468,256
Subtotal - U. S. Department of Education			<u>11,221,904</u>
Subtotal - School Board			<u>14,381,627</u>
Grand Totals			<u>\$ 20,773,736</u>

*Denotes Major Program

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 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 \$261,052 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, 2011

1. SUMMARY OF AUDITOR'S RESULTS

- (a) The auditor's report expresses an **unqualified opinion** on the financial statements of the County of Henry, Virginia.
- (b) **No 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 deficiencies** relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
- (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 #20.205, Highway Planning and Construction
 - 2. CFDA #81.128, Energy Efficiency and Conservation Block Grant
 - 3. CFDA #59.000, Small Business Administration Water System Development
 - 4. CFDA #10.561, Food Stamp Cluster
 - 5. CFDA #93.558, Temporary Assistance for Needy Families
 - 6. CFDA #10.553, 10.555, and 10.559, Child Nutrition Cluster
 - 7. CFDA #84.027, 84.391, 84.392, and 84.173, Special Education Cluster
 - 8. CFDA #84.010 and 84.389, Title I Cluster
 - 9. CFDA #84.394, ARRA – State Fiscal Stabilization Fund
- (h) The **threshold** for distinguishing Types A and B programs was **\$623,212**.
- (i) The County of Henry, Virginia **was** determined to be a **low-risk auditee**.

2. FINDINGS - FINANCIAL STATEMENT AUDIT

None

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

County of Henry, Virginia

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2011

FINANCIAL STATEMENT AUDIT

FINDINGS

There were no findings in the prior year.