

COUNTY OF PAGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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**COUNTY OF PAGE, VIRGINIA**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2010**



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

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COUNTY OF PAGE, VIRGINIA

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BOARD OF SUPERVISORS

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Johnny Woodward, Chairman

J.D. Cave  
Larry Sours  
Robert Griffith

Darrell Short  
Jeff Vaughan

Mark Belton, County Administrator

OFFICIALS

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Judge of the Circuit Court .....	James V. Lane
Judge of the General District Court .....	W. Dale Houff
Judge of the Juvenile & Domestic Relations District Court .....	William W. Sharp
Clerk of the Circuit Court .....	Ron Wilson
Commonwealth's Attorney .....	John T. Hennessy
Commissioner of the Revenue .....	Charles L. Campbell
Treasurer .....	C. R. Suddith, Jr.
Sheriff .....	John Thomas
Superintendent of Schools .....	Randall W. Thomas
Director of Department of Social Services .....	Peter J. Creaturo

SCHOOL BOARD

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Larry W. Foltz, Chairman

Randy J. Bailey, Vice Chairman  
Melissa S. Deibert

Sharon K. Lucas  
C. L. Tomney

Ellen H. Fields, Clerk

FINANCE BOARD

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Members, Page County Board of Supervisors  
C. R. Suddith, Jr.

BOARD OF SOCIAL SERVICES

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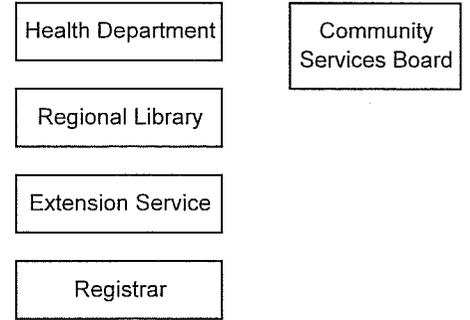
Louise Kyger, Chairman

Gerald M. Cabbage  
Penny Good

Fred Fielding  
Jeanette Painter

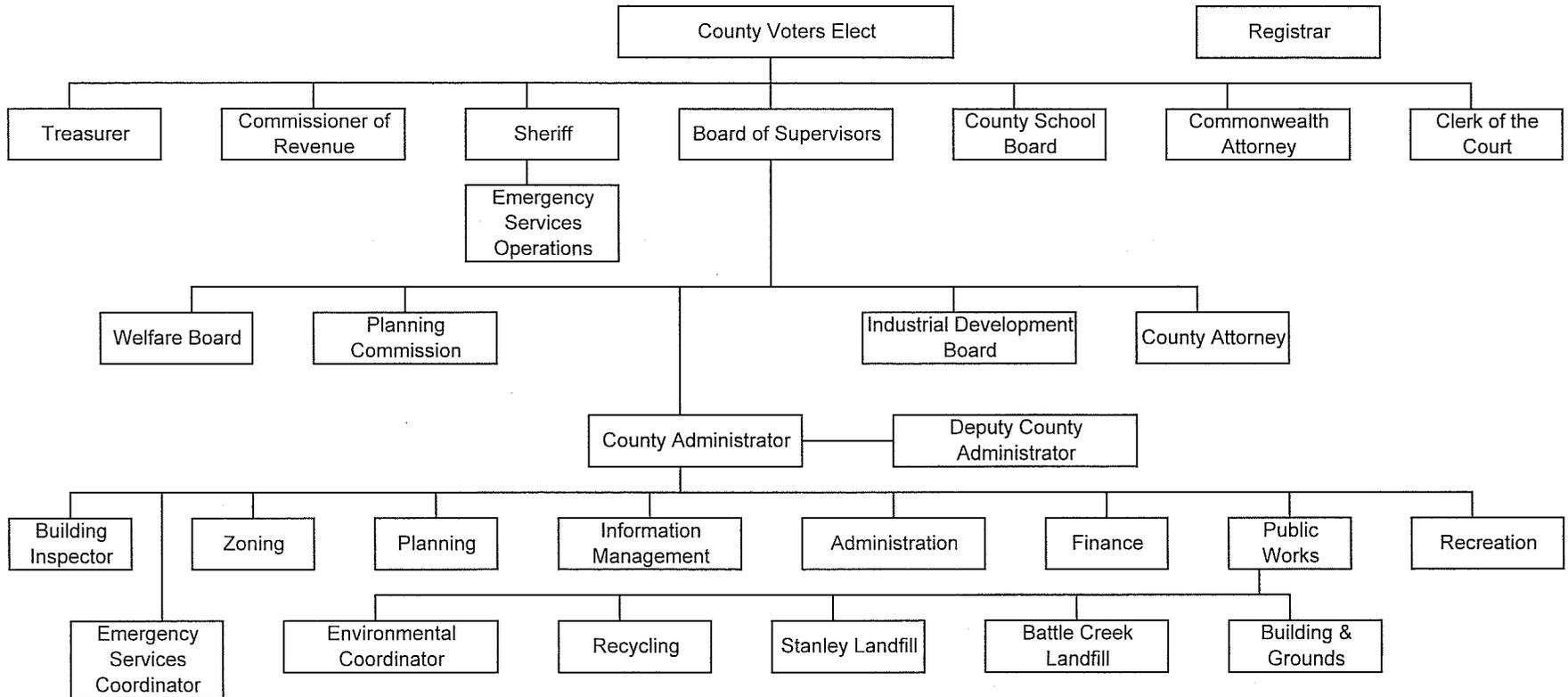
Dawn Ponn

**State Regional Agencies**



**County of Page  
Organization Chart**

**Fiscal Year 2010**



## INDEPENDENT AUDITORS' REPORT

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### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, VIRGINIA

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

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Page, Virginia, as of June 30, 2010, and the respective changes in financial position, 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 November 30, 2010 on our consideration of the County of Page, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Page, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Page, Virginia. The other supplementary information, supporting schedules, budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
November 30, 2010

## **Management's Discussion and Analysis**

The following is a narrative overview and analysis of the financial activities of the County of Page, Virginia for the fiscal year ended June 30, 2010.

### **Financial Highlights**

The assets of the County of Page, Virginia were short of its liabilities at the close of the most recent fiscal year by \$(2,877,326). Of this amount, \$(5,418,086) is unrestricted. The School Board's net assets were \$16,948,200 of which \$214,170 is unrestricted.

At the end of the fiscal year, unreserved fund balance for the general fund was \$2,764,016.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,858,337 a decrease of \$5,241,459 in comparison to the prior year. \$8,709,801 is available for spending at the government's discretion (unreserved fund balance).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local governmental accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability, now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statements users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

### **Government-wide Financial Statements**

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net assets and 2) the statement of activities.

The statement of net assets presents all of the County's permanent accounts, or assets, liabilities and net assets. The difference between assets and liabilities is reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various governmental functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services and not as an end unto itself.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Taxes and intergovernmental revenues principally support governmental activities. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows no business-type activities.

The government-wide financial statements include, in addition to the primary government or County, two component units; the Page County School Board and the Page County EDA. Although the component units are legally separate entities, the County is financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuance, rate structure and/or provide significant funding for operations of the component unit.

## **Fund Financial Statements**

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation of the two methods is provided in Exhibits 4 & 6 in this report.

### **Proprietary Funds**

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business.

The County of Page has one internal service fund: Health Insurance Fund. The Health Insurance Fund accounts for insurance premiums paid by the School Board for all departments. Individual fund data for the internal funds is provided in Exhibits 20-21 in this report.

### **Fiduciary Funds**

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

## Notes to the Financial Statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

### Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. The County of Page's assets failed to exceed its liabilities by \$(2,877,326) at fiscal year end.

The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

	COUNTY OF PAGE'S NET ASSETS	
	Governmental Activities	
	2010	2009
Current and other assets	\$ 23,645,593	\$ 24,948,362
Capital assets	58,743,224	61,540,700
Total assets	<u>\$ 82,388,817</u>	<u>\$ 86,489,062</u>
Long-term liabilities	\$ 70,274,630	\$ 70,790,039
Other liabilities	14,991,513	12,295,632
Total liabilities	<u>\$ 85,266,143</u>	<u>\$ 83,085,671</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 2,392,224	\$ 3,491,786
Restricted	148,536	148,536
Unrestricted	(5,418,086)	(236,931)
Total net assets	<u>\$ (2,877,326)</u>	<u>\$ 3,403,391</u>

The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. All \$148,536 of these net assets are reserved for debt service and bond covenants.

At the end of the fiscal year, the County is able to report positive balances in two of the three categories of net assets.

## Governmental Activities

Governmental activities have decreased the County's net assets by \$(6,182,043) due in large part to the increase in local funding given to the school system for debt service on the construction of two new high schools :

### **COUNTY OF PAGE'S CHANGES IN NET ASSETS For the Year Ended June 30, 2010**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b><u>Revenues:</u></b>		
Program revenues:		
Charges for services	\$ 2,443,003	\$ 2,270,050
Operating grants & contributions	6,183,782	7,122,842
Capital grants & contributions	5,237	-
General revenues:		
General property taxes	17,648,296	17,161,221
Other local taxes	3,139,321	3,294,671
Use of money & property	69,153	609,855
Miscellaneous	191,687	291,172
Grants and cont. not restricted	1,846,918	1,940,272
Total revenues	<u>\$ 31,527,397</u>	<u>\$ 32,690,083</u>
<b><u>Expenses:</u></b>		
General government	\$ 2,581,708	\$ 2,958,084
Judicial administration	1,088,426	1,084,091
Public safety	7,054,231	6,721,986
Health and welfare	4,450,952	4,864,647
Education	16,248,530	11,381,972
Parks, recreation and cultural	280,664	372,810
Community development	1,009,552	2,394,702
Public works	1,864,433	3,485,849
Interest on long-term debt	3,130,944	3,000,078
Total expenses	<u>\$ 37,709,440</u>	<u>\$ 36,264,219</u>
Changes in net assets	\$ (6,182,043)	\$ (3,574,136)
Net assets, July 1, 2009, as adjusted	<u>3,304,717</u>	<u>6,977,527</u>
Net assets, June 30, 2010	<u><u>\$ (2,877,326)</u></u>	<u><u>\$ 3,403,391</u></u>

## Financial Analysis of the Government's Funds

As mentioned earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the year end, the County's governmental funds reported combined ending fund balances of \$8,858,337, a decrease of \$5,241,459 over the prior year. \$148,536 is reserved to indicate that it is not available for new spending because it has already been committed to bond covenance for the USDA loan for improvements to Battlecreek Landfill.

The general fund is the chief operating fund of the County. As of June 30, 2010, the unreserved and total fund balance was \$2,764,016.

**General Fund Budgetary Highlights**

Differences between the original expenditure budgeted appropriations and the final amended budgeted appropriations totaled \$1,023,236.

**Capital Asset and Debt Administration**

**Capital Assets**

Investments in capital assets may be made in five different categories, which include land, buildings, and major subsystems, machinery and equipment, infrastructure or construction in process.

**COUNTY OF PAGE, VIRGINIA  
CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES  
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 1,970,464	\$ 1,970,464
Buildings and system	55,076,360	863,000
Machinery and equip	1,696,400	1,140,904
Construction in progress	-	57,566,332
Totals	<u>\$ 58,743,224</u>	<u>\$ 61,540,700</u>

Additional information on the County's assets can be found in the notes to the financial statements.

Long-term debt: At fiscal year end the County had the following outstanding debt:

**COUNTY OF PAGE'S OUTSTANDING DEBT  
For Year Ended June 30, 2010**

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$ 67,465,056	\$ 68,981,457
Revenue notes	498,533	560,600
Landfill closure/post closure	2,625,953	2,599,586
Capital leases	50,085	67,668
Premiums on bond issuance	789,775	818,550
Accrued OPEB liability	242,000	117,900
Compensated absences	579,594	350,495
Totals	<u>\$ 72,250,996</u>	<u>\$ 73,496,256</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets**

The annual unemployment rate has been as high as 15 percent but for the month of December it is 11.2 percent, which is greater than the rate a year ago. This is high in comparison with the state's average of 6.8 percent and similar to the national average of 9.2 percent. These factors will be considered when preparing the County's budget for the 2011 fiscal year.

### **Requests for Information**

This financial report is designed to provide readers with a general overview of the County of Page's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Finance Department, 117 South Court Street, Luray, Virginia, 22835.

## **BASIC FINANCIAL STATEMENTS**



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



Statement of Net Assets  
June 30, 2010

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>School Board</u>	<u>Economic Development Authority</u>	<u>Luray-Page Airport Commission</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,804,869	\$ 763,931	\$ 4,578	\$ 325,504
Receivables (net of allowance for uncollectibles):				
Taxes receivable	10,936,076	-	-	-
Accounts receivable	549,356	85,064	1,823,913	176,798
Due from primary government	-	2,669,958	-	-
Due from other governmental units	1,206,756	838,560	-	-
Inventories	-	47,700	-	-
Prepaid expenses	-	40,875	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	148,536	-	-	-
Capital assets (net of accumulated depreciation):				
Land	1,970,464	885,591	9,351,000	1,363,189
Buildings and improvements	55,076,360	15,251,276	-	5,873,620
Machinery and equipment	1,696,400	597,163	-	97,950
Construction in progress	-	-	-	216,619
Total assets	<u>\$ 82,388,817</u>	<u>\$ 21,180,118</u>	<u>\$ 11,179,491</u>	<u>\$ 8,053,680</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 764,033	\$ 477,750	\$ -	\$ 165,854
Accrued liabilities	309,212	3,222,758	-	-
Retainage payable	79,000	-	-	-
Accrued interest payable	976,623	-	60,815	-
Due to component unit	2,669,958	-	-	-
Unearned revenue	8,216,321	-	-	-
Long-term liabilities:				
Due within one year	1,976,366	-	121,665	-
Due in more than one year	70,274,630	531,410	8,050,935	-
Total liabilities	<u>\$ 85,266,143</u>	<u>\$ 4,231,918</u>	<u>\$ 8,233,415</u>	<u>\$ 165,854</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 2,392,224	\$ 16,734,030	\$ 1,178,400	\$ 7,551,378
Restricted for:				
Debt service and bond covenants	148,536	-	-	-
Unrestricted (deficit)	<u>(5,418,086)</u>	<u>214,170</u>	<u>1,767,676</u>	<u>336,448</u>
Total net assets	<u>\$ (2,877,326)</u>	<u>\$ 16,948,200</u>	<u>\$ 2,946,076</u>	<u>\$ 7,887,826</u>

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

County of Page, Virginia

Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,581,708	\$ 83,534	\$ 350,787	\$ -
Judicial administration	1,088,426	90,365	544,354	-
Public safety	7,054,231	770,813	2,411,962	5,237
Public works	1,864,433	1,438,246	10,202	-
Health and welfare	4,450,952	16,578	2,856,477	-
Education	16,248,530	-	-	-
Parks, recreation, and cultural	280,664	43,467	-	-
Community development	1,009,552	-	10,000	-
Interest on long-term debt	3,130,944	-	-	-
Total governmental activities	<u>\$ 37,709,440</u>	<u>\$ 2,443,003</u>	<u>\$ 6,183,782</u>	<u>\$ 5,237</u>
Total primary government	<u>\$ 37,709,440</u>	<u>\$ 2,443,003</u>	<u>\$ 6,183,782</u>	<u>\$ 5,237</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 38,534,590	\$ 2,364,488	\$ 23,340,423	\$ 270,357
Economic Development Authority	183,341	30,900	106,367	-
Luray-Page Airport Commission	1,480,823	59,795	127,620	2,028,640
Total component units	<u>\$ 40,198,754</u>	<u>\$ 2,455,183</u>	<u>\$ 23,574,410</u>	<u>\$ 2,298,997</u>

General revenues:

- General property taxes
- Local sales tax
- Motor vehicle licenses
- Transient occupancy taxes
- Meals tax
- Tax on recordation and wills
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Total general revenues
- Change in net assets
- Net assets - beginning, as adjusted
- Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government		Component Unit	Component Unit	Component Unit
Governmental Activities	Total	School Board	EDA	Luray-Page Airport Commission
\$ (2,147,387)	\$ (2,147,387)	\$ -	\$ -	\$ -
(453,707)	(453,707)	-	-	-
(3,866,219)	(3,866,219)	-	-	-
(415,985)	(415,985)	-	-	-
(1,577,897)	(1,577,897)	-	-	-
(16,248,530)	(16,248,530)	-	-	-
(237,197)	(237,197)	-	-	-
(999,552)	(999,552)	-	-	-
(3,130,944)	(3,130,944)	-	-	-
<u>\$ (29,077,418)</u>	<u>\$ (29,077,418)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (29,077,418)</u>	<u>\$ (29,077,418)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ (12,559,322)	\$ -	\$ -
-	-	-	(46,074)	-
-	-	-	-	735,232
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,559,322)</u>	<u>\$ (46,074)</u>	<u>\$ 735,232</u>
\$ 17,648,296	\$ 17,648,296	\$ -	\$ -	\$ -
1,315,313	1,315,313	-	-	-
310,968	310,968	-	-	-
417,304	417,304	-	-	-
245,978	245,978	-	-	-
136,542	136,542	-	-	-
713,216	713,216	-	-	-
69,153	69,153	104	14,005	427
191,687	191,687	-	-	-
1,846,918	1,846,918	16,241,467	-	-
<u>\$ 22,895,375</u>	<u>\$ 22,895,375</u>	<u>\$ 16,241,571</u>	<u>\$ 14,005</u>	<u>\$ 427</u>
\$ (6,182,043)	\$ (6,182,043)	\$ 3,682,249	\$ (32,069)	\$ 735,659
3,304,717	3,304,717	13,265,951	2,978,145	7,152,167
<u>\$ (2,877,326)</u>	<u>\$ (2,877,326)</u>	<u>\$ 16,948,200</u>	<u>\$ 2,946,076</u>	<u>\$ 7,887,826</u>

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## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,472,309	\$ 6,287,446	\$ 45,114	\$ 10,804,869
Receivables (net of allowance for uncollectibles):				
Taxes receivable	10,936,076	-	-	10,936,076
Accounts receivable	549,356	-	-	549,356
Due from other funds	315,497	-	-	315,497
Due from other governmental units	775,872	-	430,884	1,206,756
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	148,536	-	148,536
<b>Total assets</b>	<b>\$ 17,049,110</b>	<b>\$ 6,435,982</b>	<b>\$ 475,998</b>	<b>\$ 23,961,090</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 294,938	\$ 354,690	\$ 114,405	\$ 764,033
Accrued liabilities	307,575	-	1,637	309,212
Retainage payable		79,000	-	79,000
Due to other funds	-	-	315,497	315,497
Due to component unit	2,669,958	-	-	2,669,958
Deferred revenue	10,965,053	-	-	10,965,053
<b>Total liabilities</b>	<b>\$ 14,237,524</b>	<b>\$ 433,690</b>	<b>\$ 431,539</b>	<b>\$ 15,102,753</b>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ 148,536	\$ -	\$ 148,536
Unreserved, reported in:				
General fund	2,764,016	-	-	2,764,016
Designated	47,570	-	44,459	92,029
Capital projects funds	-	5,853,756	-	5,853,756
<b>Total fund balances</b>	<b>\$ 2,811,586</b>	<b>\$ 6,002,292</b>	<b>\$ 44,459</b>	<b>\$ 8,858,337</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,049,110</b>	<b>\$ 6,435,982</b>	<b>\$ 475,998</b>	<b>\$ 23,961,090</b>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	8,858,337
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		58,743,224
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,748,732
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(73,227,619)</u>
Net assets of governmental activities	\$	<u>(2,877,326)</u>

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

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

	General	Capital Projects Fund	Other Governmental Funds	Total
<b>REVENUES</b>				
General property taxes	\$ 17,076,620	\$ -	\$ -	\$ 17,076,620
Other local taxes	3,139,321	-	-	3,139,321
Permits, privilege fees, and regulatory licenses	200,275	-	-	200,275
Fines and forfeitures	89,120	-	-	89,120
Revenue from the use of money and property	49,456	19,697	-	69,153
Charges for services	2,093,563	-	60,045	2,153,608
Miscellaneous	191,687	-	-	191,687
Intergovernmental revenues:				
Commonwealth	4,780,583	-	1,769,070	6,549,653
Federal	398,877	-	1,087,407	1,486,284
Total revenues	<u>\$ 28,019,502</u>	<u>\$ 19,697</u>	<u>\$ 2,916,522</u>	<u>\$ 30,955,721</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,320,872	\$ -	\$ -	\$ 2,320,872
Judicial administration	1,064,870	-	-	1,064,870
Public safety	6,809,527	-	-	6,809,527
Public works	2,325,513	-	-	2,325,513
Health and welfare	643,714	-	3,781,285	4,424,999
Education	10,683,229	-	-	10,683,229
Parks, recreation, and cultural	250,845	-	31,937	282,782
Community development	1,004,646	-	-	1,004,646
Nondepartmental	218,375	-	-	218,375
Capital projects	-	2,266,640	-	2,266,640
Debt service:				
Principal retirement	1,901,656	-	-	1,901,656
Interest and other fiscal charges	3,199,675	-	-	3,199,675
Total expenditures	<u>\$ 30,422,922</u>	<u>\$ 2,266,640</u>	<u>\$ 3,813,222</u>	<u>\$ 36,502,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,403,420)</u>	<u>\$ (2,246,943)</u>	<u>\$ (896,700)</u>	<u>\$ (5,547,063)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 333,145	\$ -	\$ 908,230	\$ 1,241,375
Transfers out	(908,230)	(333,145)	-	(1,241,375)
Issuance of general obligation bonds	281,879	-	-	281,879
Capital leases	23,725	-	-	23,725
Total other financing sources (uses)	<u>\$ (269,481)</u>	<u>\$ (333,145)</u>	<u>\$ 908,230</u>	<u>\$ 305,604</u>
Net change in fund balances	\$ (2,672,901)	\$ (2,580,088)	\$ 11,530	\$ (5,241,459)
Fund balances - beginning, as adjusted	5,484,487	8,582,380	32,929	14,099,796
Fund balances - ending	<u>\$ 2,811,586</u>	<u>\$ 6,002,292</u>	<u>\$ 44,459</u>	<u>\$ 8,858,337</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (5,241,459)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(2,797,476)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	571,676
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,598,459
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(313,243)</u>
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Change in net assets of governmental activities	<u>\$ (6,182,043)</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>253,469</u>
Total assets	\$ <u><u>253,469</u></u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 1,291
Amounts held for others	225,131
Amounts held for inmates	<u>27,047</u>
Total liabilities	\$ <u><u>253,469</u></u>

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**A. Reporting Entity**

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

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

**Discretely presented component units.** The Page County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Board is presented as a governmental fund type.

The Economic Development Authority of Page County, Virginia is included as a component unit because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The Economic Development Authority of Page County, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 1 Cave Street, Luray, Virginia 22835.

The Luray-Page Airport Commission is included as a component unit because the Commission's primary use of funds is to provide for airport for the County of Page and Town of Luray, VA, thereby benefiting the County even though it does not provide services directly to the County. The Luray-Page Airport Commission does prepare separate financial statements. The Commission's fiscal year ends on December 31<sup>st</sup>, accordingly, the financial information on Exhibits 1 and 2 are for the year ended December 31, 2009. Complete financial statements for the Authority may be obtained at the Commission's administrative offices at 270 Circle View Road, Luray, Virginia 22835.

**B. Government-wide and fund financial statements**

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

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

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**B. Government-wide and fund financial statements (continued)**

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

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

**C. Related Organizations**

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations' does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Economic Development Authority of Page County, Virginia.

**D. Jointly Governed Organizations**

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Rockingham Library Association — The County of Page, the County of Rockingham, and the City of Harrisonburg participate in the Rockingham County Library Association which provides library services to its participants. The Rockingham Library Association is governed by a Board of Trustees consisting of 19 members, who are elected at the annual meeting each year of the Rockingham Library Association. Each locality's contribution is set by contractual agreement with the Rockingham Library Association. The County of Page contributed \$138,600 to the Association for operating purposes for the year ended June 30, 2010.

The County, in conjunction with other localities, has created the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$71,100 to the Northwestern Community Services Board.

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

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**E. Measurement focus, basis of accounting, and financial statement presentation**

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

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

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities of Department of Justice VJCCCA, Community Development,, Crime Victim Witness Program, Local DARE, and Water Quality Funds.

The *capital projects fund* accounts for the resources to be used for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. The County Capital Projects Fund is a major fund of the County.

Additionally, the government reports the following fund types:

*Special revenue funds* account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures. Virginia Public Assistance, Comprehensive Services Act and Parks and Recreation are non-major special revenue funds of the County.

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

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**E. Measurement focus, basis of accounting, and financial statement presentation (continued)**

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare, cash bonds fund, neutering/spaying and sheriff funds are the County's agency funds.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service funds are charges to funds for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**F. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

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

State statutes authorize the government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

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

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

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**F. Assets, liabilities, and net assets or equity (continued)**

2. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance was \$275,939 or equal to 8 percent of outstanding property taxes at June 30, 2010.

Property is assessed at its value on January 1. Property taxes attached as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

4. Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

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

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**F. Assets, liabilities, and net assets or equity (continued)**

5. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term obligations

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

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

7. Fund equity

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

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**G. Investments**

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents.

Notes to the Financial Statements  
June 30, 2010 (Continued)

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

**H. Use of Estimates**

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

**NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Bonds payable, including unamortized premiums	\$ (68,753,364)	\$ -
Accrued interest payable	(976,623)	-
Capital lease payable	(50,085)	-
Landfill closure and post-closure costs	(2,625,953)	-
Accrued OPEB liability	(242,000)	(374,400)
Compensated absences	(579,594)	(157,010)
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$ (73,227,619)</u>	<u>\$ (531,410)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 1,090,158	\$ 3,336,586
Depreciation expense	(1,419,950)	(1,662,960)
Primary government capital asset allocation	(2,467,684)	2,467,684
Net adjustment to increase (decrease) <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (2,797,476)</u>	<u>\$ 4,141,310</u>

**NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

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

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

	Primary Government	Component Unit School Board
Debt issued or incurred:		
Issuance of bonds	\$ (281,880)	\$ -
Capital lease proceeds	(23,725)	-
Principal repayments:		
General obligation debt	1,798,281	-
Capital lease payable	41,308	-
Lease revenue bond	62,067	-
Increase in landfill closure and post-closure costs	(26,367)	-
Amortization of bond premium	28,775	-
Net adjustment to (decrease) increase <i>net changes in balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 1,598,459	\$ -

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (229,099)	\$ 1,791
OPEB liability	(124,100)	(174,300)
Accrued interest	39,956	-
Net adjustment to (decrease) increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (313,243)	\$ (172,509)

**NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**Budgets and Budgetary Accounting**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the activity level within each department. The appropriation for each department or activity can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30.

**NOTE 4—DEPOSITS AND INVESTMENTS**

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**Deposits**

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

**Investments**

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

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (Investments)**

The County of Page sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Page shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

**Credit Risk of Debt Securities**

The County of Page may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government, including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
5. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
6. U.S. dollar denominated Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40% of the total funds available for investment may be invested in banker's acceptances.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.
8. The County's rated debt investments as of June 30, 2010 were rated by Moody and/or an equivalent national rating organization and the ratings are presented below using the Moody rating scale.

**Locality's Rated Debt Investments' Values**

Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government					
Investment Pool	\$ 5	\$ -	\$ -	\$ -	\$ -
SNAP External Investment Pool	3,973,273	-	-	-	-
Total	\$ 3,973,278	\$ -	\$ -	\$ -	\$ -

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED)**

**External Investment Pools**

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

**DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:**

Note: All deposits of the health insurance fund were allocated to the component unit school board on the government-wide financial statements — Exhibit 1.

**NOTE 5—INTERFUND OBLIGATIONS**

Fund	Interfund Receivable Primary Government/ Component Unit	Interfund Payable Primary Government/ Component Unit	Due From Other Funds	Due To Other Funds
<b>Primary Government:</b>				
General Fund	\$ -	\$ 2,669,958	\$ 315,497	\$ -
Virginia Public Assistance Fund	-	-	-	153,355
Comprehensive Services Act	-	-	-	162,142
Sub-total	<u>\$ -</u>	<u>\$ 2,669,958</u>	<u>\$ 315,497</u>	<u>\$ 315,497</u>
<b>Discretely Presented Component Units:</b>				
School Fund	\$ 2,669,958	\$ -	\$ -	\$ -
Total reporting entity	<u>\$ 2,669,958</u>	<u>\$ 2,669,958</u>	<u>\$ 315,497</u>	<u>\$ 315,497</u>

**NOTE 6—INTERFUND TRANSFERS**

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

Fund	Transfers In	Transfers Out
<b>Primary Government:</b>		
General Fund	\$ 333,145	\$ 908,230
Virginia Public Assistance Fund	366,431	-
Comprehensive Services Act	541,799	-
County Capital Projects Fund	-	333,145
Total reporting entity	<u>\$ 1,241,375</u>	<u>\$ 1,241,375</u>

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 7—DUE FROM OTHER GOVERNMENTAL UNITS**

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 489,552
Local sales taxes	243,999	-
Comprehensive Services Act funds	277,529	-
Public assistance and welfare	58,023	-
Other funds	446,642	39,939
Federal Government:		
Public assistance and welfare	95,333	-
School funds	-	309,069
Other funds	85,230	-
Total	<u>\$ 1,206,756</u>	<u>\$ 838,560</u>

**NOTE 8—CAPITAL ASSETS**

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

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,970,464	\$ -	\$ -	\$ 1,970,464
Construction in progress	57,566,332	-	(57,566,332)	-
Total capital assets not being depreciated	<u>\$ 59,536,796</u>	<u>\$ -</u>	<u>\$ (57,566,332)</u>	<u>\$ 1,970,464</u>
Capital assets being depreciated:				
Buildings	\$ 3,035,681	\$ 57,566,332	\$ (2,651,314)	\$ 57,950,699
Machinery and equipment	3,573,928	1,090,158	-	4,664,086
Total capital assets being depreciated	<u>\$ 6,609,609</u>	<u>\$ 58,656,490</u>	<u>\$ (2,651,314)</u>	<u>\$ 62,614,785</u>
Less accumulated depreciation for:				
Buildings	\$ (2,172,681)	\$ (885,288)	\$ 183,630	\$ (2,874,339)
Machinery and equipment	(2,433,024)	(534,662)	-	(2,967,686)
Total accumulated depreciation	<u>\$ (4,605,705)</u>	<u>\$ (1,419,950)</u>	<u>\$ 183,630</u>	<u>\$ (5,842,025)</u>
Total capital assets being depreciated, net	<u>\$ 2,003,904</u>	<u>\$ 57,236,540</u>	<u>\$ (2,467,684)</u>	<u>\$ 56,772,760</u>
Governmental activities capital assets, net	<u>\$ 61,540,700</u>	<u>\$ 57,236,540</u>	<u>\$ (60,034,016)</u>	<u>\$ 58,743,224</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 8—CAPITAL ASSETS: (CONTINUED):**

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

Governmental activities:	
General government	\$ 40,283
Judicial administration	2,260
Public safety	196,311
Public works	368,837
Health and welfare	3,144
Education	806,295
Community Development	2,820
Total depreciation expense-governmental activities	<u>\$ 1,419,950</u>

**Discretely presented component unit-School Board:**

Activity for the School Board for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 885,591	\$ -	\$ -	\$ 885,591
Construction in progress	1,599,220	-	(1,599,220)	-
Total capital assets not being depreciated	<u>\$ 2,484,811</u>	<u>\$ -</u>	<u>\$ (1,599,220)</u>	<u>\$ 885,591</u>
Capital assets being depreciated:				
Buildings	\$ 12,969,980	\$ 6,712,318	\$ -	\$ 19,682,298
Machinery and equipment	4,246,219	43,824	-	4,290,043
Total capital assets being depreciated	<u>\$ 17,216,199</u>	<u>\$ 6,756,142</u>	<u>\$ -</u>	<u>\$ 23,972,341</u>
Less accumulated depreciation for:				
Buildings	\$ (3,639,553)	\$ (1,438,816)	\$ 647,347	\$ (4,431,022)
Machinery and equipment	(3,468,736)	(224,144)	-	(3,692,880)
Total accumulated depreciation	<u>\$ (7,108,289)</u>	<u>\$ (1,662,960)</u>	<u>\$ 647,347</u>	<u>\$ (8,123,902)</u>
Total capital assets being depreciated, net	<u>\$ 10,107,910</u>	<u>\$ 5,093,182</u>	<u>\$ 647,347</u>	<u>\$ 15,848,439</u>
School Board capital assets, net	<u>\$ 12,592,721</u>	<u>\$ 5,093,182</u>	<u>\$ (951,873)</u>	<u>\$ 16,734,030</u>

Depreciation expense for the year ended June 30, 2010 totaled \$1,662,960.

**Discretely presented component unit-Economic Development Authority of Page County:**

Activity for the Authority for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Land	\$ 9,351,000	\$ -	\$ -	\$ 9,351,000
Capital assets, net	<u>\$ 9,351,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,351,000</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 8—CAPITAL ASSETS: (CONTINUED):**

**Discretely presented component unit-Luray-Page County Airport Commission:**

Activity for the Commission for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,226,082	\$ 137,107	\$ -	\$ 1,363,189
Construction in progress	1,816,079	184,431	(1,783,891)	216,619
Total capital assets not being depreciate	<u>\$ 3,042,161</u>	<u>\$ 321,538</u>	<u>\$ (1,783,891)</u>	<u>\$ 1,579,808</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,938,738	\$ 2,085,228	\$ -	\$ 7,023,966
Equipment	160,040	-	-	160,040
Less accumulated depreciation	<u>\$ (1,059,833)</u>	<u>\$ (152,603)</u>	<u>\$ -</u>	<u>\$ (1,212,436)</u>
Capital assets being depreciated, net	<u>\$ 4,038,945</u>	<u>\$ 1,932,625</u>	<u>\$ -</u>	<u>\$ 5,971,570</u>
Total capital assets, net	<u>\$ 7,081,106</u>	<u>\$ 2,254,163</u>	<u>\$ (1,783,891)</u>	<u>\$ 7,551,378</u>

**NOTE 9—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 employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from our web site at <http://www.varetire.org/PDF/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

Notes to the Financial Statements  
June 30, 2010 (Continued)

NOTE 9— DEFINED BENEFIT PENSION PLAN: (CONTINUED)

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund 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 and School's non-professional employee contribution rates for the fiscal year ended 2010 were 10.61% and 10.69%, respectively, of annual covered payroll.

The School Board's contributions for professional employees were \$1,219,851, \$1,604,824, and \$1,839,620 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81% for July 2009 through March 2010 and zero (0.00%) for April through June 2010, 10.30%, and 9.50% respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year 2010, the County's annual pension cost of \$643,765 was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the board's non-professional employees was \$208,807 which was equal to the board's required and actual contributions.

<b>Three-Year Trend Information</b>				
	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	6/30/08	\$ 518,645	100%	\$ -
	6/30/09	682,580	100%	-
	6/30/10	643,765	100%	-
Discretely Presented Component Unit:				
School Board				
Non-Professional	6/30/08	\$ 161,927	100%	\$ -
	6/30/09	189,718	100%	-
	6/30/10	208,807	100%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% 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 projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board'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 and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

**NOTE 9—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

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**D. Funded Status and Funding Progress:**

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 88.08% funded. The actuarial accrued liability for benefits was \$20,164,231 and the actuarial value of assets was \$17,760,836, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,403,395. The covered payroll (annual payroll of active employees covered by the plan) was \$6,268,178, and ratio of the UAAL to the covered payroll was 38.34%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's non-professional plan was 83.80% funded. The actuarial accrued liability for benefits was \$6,428,117, and the actuarial value of assets was \$5,386,907, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,041,210. The covered payroll (annual payroll of active employees covered by the plan) was \$1,815,514, and ratio of the UAAL to the covered payroll was 57.35%.

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

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:**

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

**County**

**A. Plan Description**

The County of Page provides post-retirement health care insurance benefits for employees who are eligible. To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 15 years prior to retirement.

**B. Funding Policy**

The Page County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The county also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of their premiums, less a subsidy of 4% per year for each year of service with Page County up to a maximum of 30 years. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

**C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$218,900 for fiscal year 2010. The County has elected not to pre-fund OPEB liabilities. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the county’s net OPEB obligation:

Annual Required Contribution (ARC)	\$ 218,900
Interest on OPEB Obligation	5,300
Adjustment to ARC	<u>(5,400)</u>
Annual OPEB cost	\$ 218,800
Estimated Contributions Made During	<u>(94,700)</u>
Increase in Net OPEB Obligation	\$ 124,100
Net OPEB Obligation - beginning of year	<u>117,900</u>
Net OPEB Obligation - end of year	<u><u>\$ 242,000</u></u>

*Annual OPEB Cost*

For 2010, the County’s expected cash payment of \$94,700 was \$124,100 less than the OPEB cost (expense) of \$218,800. The Government’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 168,900	30%	\$ 117,900
June 30, 2010	218,900	43%	242,000

**D. Funded Status and Funding Progress** The funded status of the plan as of July 1, 2008 was as follows:

Actuarial accrued liability (AAL)	\$ 1,543,200
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 1,543,200
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	6,454,500
UAAL as a percentage of covered payroll	23.9%

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

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**D. Funded Status and Funding Progress (continued)**

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

**E. Actuarial Methods and Assumptions**

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

*Cost Method*

In the June 30, 2008 actuarial valuation, the projected unit credit method, with linear pro-ration to assumed benefit commencement was used. The unfunded liability is amortized over 30 years a level percentage of pay.

Actuarial Assumptions	Not funded
Discount rate	4.5%
Payroll growth	2.5%

**School Board:**

**A. Plan Description:**

The School Board provides post-retirement health care insurance benefits for employees who are eligible. The plan is administered by the School Board. Retired employees, who were employed by Page County Public Schools with at least 26 years of service, who have attained the age of 55, and who retire under the VRS plan are eligible to receive a subsidy from the post-retirement medical plan. The plan has no separate financial report.

**B. Funding Policy:**

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Retirees pay 100% of premiums for themselves and spouses. Coverage ceases when retirees reach the age of 65.

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

**School Board: (continued)**

**C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other post-employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits was \$318,100 for fiscal year 2010. The School Board has paid \$143,700 towards this obligation during FY 10. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

Annual Required Contribution (ARC)	\$	318,100
Interest on OPEB Obligation		9,000
Adjustment to ARC		(9,100)
Annual OPEB cost	\$	318,000
Estimated Contributions Made During		(143,700)
Increase in Net OPEB Obligation	\$	174,300
Net OPEB Obligation - beginning of year		200,100
Net OPEB Obligation - end of year	\$	<u>374,400</u>

*Annual OPEB Cost*

For 2010, the School Board's expected cash payment of \$143,700 was \$174,300 less than the OPEB cost (expense) of \$318,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2009	\$ 304,500	34%	\$ 200,100
June 30, 2010	318,000	45%	374,400

**D. Funded Status and Funding Progress.** The funded status of the plan as of July 1, 2008 was as follows:

Actuarial accrued liability (AAL)	\$	3,036,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	3,036,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		20,152,800
UAAL as a percentage of covered payroll		15%

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

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**D. Funded Status and Funding Progress (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

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

**E. Actuarial Methods and Assumptions**

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

*Cost Method*

The projected unit credit method, with linear pro-rata to assumed benefit commencement. The unfunded liability is amortized over 30 years at a level percentage of pay.

*Interest Assumptions*

Interest Assumptions	Not funded
Discount rate	4.5%
Payroll growth	2.5%

**Health Insurance Credit Program**

**A. Plan description**

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

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

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**Health Insurance Credit Program (continued)**

**A. Plan description (continued)**

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

- B.** The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$144,001, \$196,765, and \$207,256, respectively and equaled the required contributions for each year.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

NOTE 11—LONG-TERM INDEBTEDNESS

Primary Government Indebtedness

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

Year Ending June 30,	Governmental Activities			
	Lease Revenue Bond		General Obligation/Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 62,067	\$ 19,297	\$ 1,843,338	\$ 3,088,604
2012	62,067	16,724	1,689,365	2,997,156
2013	62,067	14,151	1,931,407	2,914,735
2014	62,067	11,578	2,014,513	2,816,198
2015	62,067	9,005	2,083,737	2,713,864
2016	62,067	6,432	2,174,132	2,607,552
2017	62,067	3,859	2,265,756	2,496,696
2018	64,064	1,286	2,350,939	2,388,629
2019	-	-	2,439,949	2,282,520
2020	-	-	2,530,400	2,171,378
2021	-	-	2,619,194	2,056,032
2022	-	-	2,522,334	1,938,694
2023	-	-	2,621,777	1,820,985
2024	-	-	2,731,897	1,699,645
2025	-	-	2,843,401	1,572,482
2026	-	-	2,961,553	1,438,682
2027	-	-	3,086,082	1,297,891
2028	-	-	2,457,716	1,170,598
2029	-	-	2,564,968	1,042,234
2030	-	-	2,682,751	926,896
2031	-	-	2,806,088	805,111
2032	-	-	2,935,004	676,581
2033	-	-	3,069,522	540,900
2034	-	-	1,114,669	433,719
2035	-	-	1,165,473	382,610
2036	-	-	1,221,962	329,091
2037	-	-	1,274,166	273,133
2038	-	-	1,337,115	206,160
2039	-	-	450,841	166,619
2040	-	-	470,380	147,080
2041	-	-	490,765	126,695
2042	-	-	512,034	105,426
2043	-	-	534,224	83,236
2044	-	-	557,376	60,084
2045	-	-	581,532	35,928
2046	-	-	528,696	10,726
Totals	\$ 498,533	\$ 82,332	\$ 67,465,056	\$ 45,824,570

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 11—LONG-TERM INDEBTEDNESS (CONTINUED)**

**Primary Government Indebtedness (continued)**

Year Ending June 30,	Governmental Activities	
	Capital Lease Payable	
	Principal	Interest
2011	\$ 42,186	\$ 2,945
2012	7,899	505
Totals	\$ <u>50,085</u>	\$ <u>3,450</u>

Changes in Long-Term Liabilities

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

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Claims, judgments and compensated absences payable	\$ 350,495	\$ 229,099	\$ -	\$ 579,594
Landfill closure and post-closure care costs	2,599,586	26,367	-	2,625,953
Lease revenue bond	560,600	-	62,067	498,533
Capital lease payable	67,668	23,725	41,308	50,085
Tax anticipation note	-	2,500,000	2,500,000	-
Net OPEB obligation	117,900	124,100	-	242,000
General obligation bonds	68,981,457	281,880	1,798,281	67,465,056
Premiums on bond issue	818,550	-	28,775	789,775
<b>Total</b>	<b>\$ <u>73,496,256</u></b>	<b>\$ <u>3,185,171</u></b>	<b>\$ <u>4,430,431</u></b>	<b>\$ <u>72,250,996</u></b>

(1) Note: Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2002, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 11—LONG-TERM INDEBTEDNESS (CONTINUED)**

Details of Long-Term Liabilities

Governmental Activities:

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
<u>Virginia Public School Authority (V.P.S.A.) Bonds:</u>		
\$2,735,000 Virginia Public School Authority Bond issued August 30, 1990, due in annual installments of 80,000 to \$180,000 through July, 2011. Interest payable annually at varying rates of 6.4% to 7.1%	\$ 180,000	\$ 180,000
\$1,000,000 Virginia Public School Authority Bond Series 1993 due in annual installments of \$5,000 to \$95,000 through 2014. Interest payable annually at varying interest rates of 4.475% to 5.0%	40,000	20,000
\$4,175,000 Virginia Public School Authority Bond issued May 19, 1992, due in annual installments of \$80,000 to \$315,000 through December, 2011. Interest payable semi-annually at 6.1% to 6.4%	180,000	100,000
\$1,500,000 Virginia Public School Authority Bond issued November 16, 2000, due in annual installments of \$80,000 to \$85,000 through July 15, 2020. Interest payable semi-annually at varying interest rates of 4.975% to 5.85%	905,000	85,000
\$30,695,000 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$305,572 due in annual installments of \$655,000 to \$2,005,000 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%	29,355,000	725,000
\$12,019,506 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$331,039 due in annual installments of \$458,384 to \$740,470 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%	10,562,608	515,496
\$13,790,000 Virginia Public School Authority Bond issued May 2, 2008, at a premium of \$210,714, due in annual installments of \$444,193 to \$925,815 through July 15, 2037. Interest is payable semi-annually at 4.6% to 5.1%	<u>13,790,000</u>	<u>-</u>
Total general obligation bonds	\$ <u>55,012,608</u>	\$ <u>1,625,496</u>
<u>Lease Revenue Bonds:</u>		
\$931,000 lease revenue bonds issued January 15, 2003 due in annual installments of \$62,067 through January 15, 2018. Interest payable annually at 4.11%.	\$ <u>498,533</u>	\$ <u>62,067</u>
<u>Series 2006 Revenue Bonds</u>		
\$13,000,000 bonds issued June 16, 2006, payments vary throughout the life of the loan. Interest on the bonds is 2.76% through June 2046. These bonds were issued in connection with the Battle Creek landfill.	\$ <u>12,452,448</u>	\$ <u>217,842</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 11—LONG-TERM INDEBTEDNESS (CONTINUED)**

Details of Long-Term Liabilities: (Continued)

Governmental Activities: (Continued)

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>Capital Lease Payable</u>		
\$104,395 capital lease payable for the purchase of 5 2009 ford explorers dated October 20, 2008 payable in annual installments of \$36,727 including interest at 5.65% through October 2010.	\$ 50,085	\$ 42,186
Net OPEB obligation	\$ 242,000	\$ -
Compensated absences	\$ 579,594	\$ -
Estimated cost of landfill closure and post closure monitoring care, payable over the next 16 years	\$ 2,625,953	\$ -
Unamortized premium on bond issues	\$ 789,775	\$ 28,775
Total Long-term liabilities	<u>\$ 72,250,996</u>	<u>\$ 1,976,366</u>

Change in Component Unit-School Board Long-Term Liabilities:

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

	<u>Balance July 1, 2009</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Compensated absences	\$ 158,801	\$ -	\$ 1,791	\$ 157,010
Net OPEB obligation	200,100	174,300	-	374,400
Total	<u>\$ 358,901</u>	<u>\$ 174,300</u>	<u>\$ 1,791</u>	<u>\$ 531,410</u>

Details of Long-Term Liabilities Component Unit – Economic Development Authority of Page County, Virginia:

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

\$6,500,000 Note issued on January 1, 2009 by Rebecca Graves Hudson (the lender) with annual payments of \$378,808, and an interest rate of 5%, balance at June 30, 2010	\$ 6,500,000
\$1,672,600 Revenue Bond issued on October 14, 2009 by USDA (the lender) with monthly payments of \$7,326, and an interest rate of 4.25%, balance at June 30, 2010	1,672,600
Less: current portion	<u>(121,665)</u>
Total Long-term obligations	<u>\$ 8,050,935</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

NOTE 11—LONG-TERM INDEBTEDNESS (CONTINUED)

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

Years Ending June 30,	Note Payable		Revenue Bond		Total
	Principal	Interest	Principal	Interest	
2011	\$ 110,306	\$ 647,310	\$ 11,358	\$ 68,392	\$ 837,366
2012	59,323	319,485	17,650	70,262	466,720
2013	62,290	316,518	18,415	69,497	466,720
2014	6,268,081	313,404	19,213	68,699	6,669,397
2015	-	-	20,046	67,866	87,912
2016	-	-	20,915	66,997	87,912
2017	-	-	21,821	66,091	87,912
2018	-	-	22,767	65,145	87,912
2019	-	-	23,754	64,158	87,912
2020	-	-	24,783	63,129	87,912
2021	-	-	25,857	62,055	87,912
2022	-	-	26,978	60,934	87,912
2023	-	-	28,147	59,765	87,912
2024	-	-	29,367	58,545	87,912
2025	-	-	30,639	57,273	87,912
2026	-	-	31,967	55,945	87,912
2027	-	-	33,352	54,560	87,912
2028	-	-	34,798	53,114	87,912
2029	-	-	36,306	51,606	87,912
2030	-	-	37,879	50,033	87,912
2031	-	-	39,521	48,391	87,912
2032	-	-	41,234	46,678	87,912
2033	-	-	43,021	44,891	87,912
2034	-	-	44,885	43,027	87,912
2035	-	-	46,830	41,082	87,912
2036	-	-	48,860	39,052	87,912
2037	-	-	50,977	36,935	87,912
2038	-	-	53,187	34,725	87,912
2039	-	-	55,492	32,420	87,912
2040	-	-	57,896	30,016	87,912
2041	-	-	60,406	27,506	87,912
2042	-	-	63,023	24,889	87,912
2043	-	-	65,755	22,157	87,912
2044	-	-	68,604	19,308	87,912
2045	-	-	71,577	16,335	87,912
2046	-	-	74,679	13,233	87,912
2047	-	-	77,916	9,996	87,912
2048	-	-	81,293	6,619	87,912
2049	-	-	84,816	3,096	87,912
2050	-	-	26,616	224	26,840
Total	\$ 6,500,000	\$ 1,596,717	\$ 1,672,600	\$ 1,774,646	\$ 11,543,963

**NOTE 12—RISK MANAGEMENT**

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The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. The County is also a member of the Virginia Association of Counties Risk Pool for general property liability insurance. These programs are administered by servicing contractors that furnish claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group and Virginia Association of Counties Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and Risk Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association and Risk 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 Component Unit School Board administers the health insurance program for the Health Insurance Fund (an Internal Service Fund) by charging the various fund types a portion of the premium.

**NOTE 13—CONTINGENT LIABILITIES**

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

**NOTE 14—UNEARNED REVENUE**

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$8,216,321 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$441,246 at June 30, 2010.
- B. 2010 Second-Half Property Taxes – Property taxes to which an enforceable lien exists but have not been billed as of June 30, 2010 totaled \$7,775,075.

Notes to the Financial Statements  
June 30, 2010 (Continued)

**NOTE 15—HEALTH INSURANCE FUND**

The County maintains an internal service fund entitled Health Insurance Fund that has been included in the fund financial statements. The purpose of this fund is to disclose the County’s self-insured health insurance transactions for the fiscal year as required by GASB 10. The County was self-insured for health insurance purposes in prior years, but is not longer self-insured and has retained Anthem to administer the program. The School Board uses Anthem as the administrator of their self-insured plan. The Health Insurance fund pays Anthem an administrative fee for these services. This fund serves the School Board component unit and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the County.

Significant losses, over \$50,000 with a maximum of \$60,000, are covered by commercial insurance. There have been no changes in coverage for the last three years, nor have settlement amounts exceeded coverage during this time period.

The County records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on historical experience.

Anthem has fund established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2010 the plan liability was \$476,524. The Net Assets (\$120,926) of the Plan maintained by the School Board can be found on Exhibit 20. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year <u>(Surplus)</u> <u>Liability</u>	Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal Year End <u>(Surplus)</u> <u>Liability</u>
2009-2010	\$ (320,099)	\$ 4,612,469	\$ 3,815,846	\$ 476,524
2008-2009	90,684	3,784,964	4,195,747	(320,099)
2007-2008	(122,208)	3,450,357	3,237,465	90,684
2006-2007	(208,970)	3,161,037	3,247,799	(122,208)
2005-2006	(175,273)	2,239,025	2,205,328	(208,970)

**NOTE 16—SURETY BONDS**

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Fidelity and Deposit Company of Maryland - Surety:	
Ron Wilson, Clerk of the Circuit Court	\$ 25,000
C. R. Suddith, Jr., Treasurer	400,000
Charles L. Campbell, Commissioner of the Revenue	3,000
John Thomas, Sheriff	30,000
All Constitutional Officer's Employees - Blanket Bond	50,000
The Travelers Indemnity Company - Surety:	
Randall Thomas, Superintendent of Schools	100,000
Barbara Stombock, Clerk of the School Board	100,000
All School Board Employees - Blanket Bond	100,000
Fidelity and Deposit Company of Maryland - Surety:	
All County Employees - Blanket Bond	10,000
Fidelity and Deposit Company of Maryland - Surety:	
Johnny Woodward, Chairman	1,000
Robert Griffith, Supervisor	1,000
Larry Sours, Supervisor	1,000
J.D. Cave, Supervisor	1,000
Darrell Short, Supervisor	1,000
Jeff Vaughan, Supervisor	1,000
Department of Social Services	1,000

**NOTE 17—CLOSURE AND POST-CLOSURE CARE COSTS**

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State and federal laws and regulations require that the County place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts wastes. The recognition of these landfill closure and post-closure care costs are based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care cost is attributable to the Stanley landfill, which was closed in February 1999 and Battle Creek landfill which was acquired in June 2005.

The post-closure and thirty year monitoring costs for the Stanley landfill are estimated at \$2,046,390. The estimated total current cost of the landfill closure and post-closure care of \$2,046,390 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2010. Included in the County's post-closure and thirty year monitoring costs of \$2,046,390 is \$1,280,000 for corrective action costs for exceeding groundwater protection standards. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2010 (Continued)

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**NOTE 17—CLOSURE AND POST-CLOSURE CARE COSTS (CONTINUED)**

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During June of 2005, the County acquired Battle Creek landfill. The post-closure and thirty year monitoring costs are estimated at \$4,427,070. The estimated total current cost of the landfill closure and post-closure care of \$553,384 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2010. The estimated useful life of the Battle Creek landfill is 35 years. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

The County will finance the closure and post-closure care from future revenues earned by the General Fund and charges derived from the use of the landfill. No assets have been restricted at this time to pay these costs. The anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or laws and regulations, for example) may need to be covered from future tax revenue.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

**NOTE 18—GENERAL FUND UNRESERVED DESIGNATED FUND BALANCE**

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General Fund unreserved designated fund balance consists of the following at June 30, 2010:

Page County Water Quality	\$	20,908
Local Dare		1,074
Crime Victim Witness		11,857
Dept. of Justice VJCAA		13,026
DHCD		705
Total unreserved designated fund balance	\$	<u>47,570</u>

**NOTE 19—PRIOR PERIOD ADJUSTMENT**

---

A prior period adjustment to the beginning fund balance and net assets of the E-911 fund and governmental activities net assets is required to adjust accounts receivable.

	Fund Balance E-911 Fund	Net Assets Primary Government
Balance at July 1, 2009, as originally reported	\$ 98,674	\$ 3,403,391
Adjustment for accounts receivable	(98,674)	(98,674)
Balance at July 1, 2009, as adjusted	\$ <u>-</u>	\$ <u>3,304,717</u>

**NOTE 20—SUBSEQUENT EVENT**

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On July 23, 2010 The Economic Development Authority of Page County, Virginia's deferred annual payment of principal and interest was due on the Note Payable to Rebecca Graves Hudson in the amount of \$378,808 including \$325,000 and \$53,808 in principal and interest, respectively. Accrued interest in the amount of \$9,470 for the extension of the 1<sup>st</sup> payment of the note payable was also due on July 23, 2010. Page County Board of Supervisors refused to honor its pledge of moral obligation to the Authority, and therefore decided not to fund the loan and accrued interest payments. Ms. Hudson's sole recourse was to foreclose on the property. No fees were paid by the Authority for the foreclosure of the property. As of the date of this report, the Authority was awaiting a formal notice by the court that the foreclosure action was executed.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## General Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 17,495,060	\$ 17,495,060	\$ 17,076,620	\$ (418,440)
Other local taxes	3,287,752	3,287,752	3,139,321	(148,431)
Permits, privilege fees, and regulatory licenses	295,230	295,230	200,275	(94,955)
Fines and forfeitures	97,172	97,172	89,120	(8,052)
Revenue from the use of money and property	215,000	215,000	49,456	(165,544)
Charges for services	1,855,660	2,128,125	2,093,563	(34,562)
Miscellaneous	91,009	91,009	191,687	100,678
Intergovernmental revenues:				
Commonwealth	6,238,795	6,445,616	4,780,583	(1,665,033)
Federal	234,262	413,167	398,877	(14,290)
Total revenues	\$ 29,809,940	\$ 30,468,131	\$ 28,019,502	\$ (2,448,629)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,684,842	\$ 2,684,842	\$ 2,320,872	\$ 363,970
Judicial administration	1,093,620	1,094,697	1,064,870	29,827
Public safety	6,232,851	6,943,463	6,809,527	133,936
Public works	1,802,371	2,045,371	2,325,513	(280,142)
Health and welfare	434,150	434,150	643,714	(209,564)
Education	10,683,229	10,683,229	10,683,229	-
Parks, recreation, and cultural	274,791	274,791	250,845	23,946
Community development	1,886,585	1,955,132	1,004,646	950,486
Nondepartmental	268,277	268,277	218,375	49,902
Debt service:				
Principal retirement	2,675,281	2,675,281	1,901,656	773,625
Interest and other fiscal charges	1,571,197	1,571,197	3,199,675	(1,628,478)
Total expenditures	\$ 29,607,194	\$ 30,630,430	\$ 30,422,922	\$ 207,508
Excess (deficiency) of revenues over (under) expenditures	\$ (550,755)	\$ (162,299)	\$ (2,403,420)	\$ (2,241,121)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 333,145	\$ 333,145
Transfers out	(1,180,302)	(1,180,302)	(908,230)	\$ 272,072
Proceeds of general obligation bonds	-	-	281,879	281,879
Capital leases	-	-	23,725	23,725
Total other financing sources and uses	\$ (1,180,302)	\$ (1,180,302)	\$ (269,481)	\$ 910,821
Net change in fund balances	\$ (1,731,057)	\$ (1,342,601)	\$ (2,672,901)	\$ (1,330,300)
Fund balances - beginning	1,731,057	1,342,601	5,484,487	4,141,886
Fund balances - ending	\$ -	\$ -	\$ 2,811,586	\$ 2,811,586

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09	\$ 17,760,836	\$ 20,164,231	\$ 2,403,395	88.08%	\$ 6,268,178	38.34%
06/30/08	17,263,600	19,254,442	1,990,842	89.66%	6,285,156	31.68%
06/30/07	15,517,007	18,054,154	2,537,147	85.95%	5,918,176	42.87%
06/30/06	13,688,634	14,816,000	1,127,366	92.39%	5,460,474	20.65%
06/30/05	12,985,262	14,916,154	1,930,892	87.06%	4,550,723	42.43%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/09	\$ 5,386,907	\$ 6,428,117	\$ 1,041,210	83.80%	\$ 1,815,514	57.35%
06/30/08	5,205,712	6,179,003	973,291	84.25%	1,741,996	55.87%
06/30/07	4,693,491	5,744,972	1,051,481	81.70%	1,670,109	62.96%
06/30/06	4,160,983	4,952,267	791,284	84.02%	1,539,032	51.41%
06/30/05	3,922,698	4,890,283	967,585	80.21%	1,379,572	70.14%

Other Post-Employment Benefit Program  
 Schedule of Funding Progress  
 As of June 30, 2010

**PRIMARY GOVERNMENT:**

**County Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/08	\$ -	\$ 986,500	\$ 986,500	0.00%	\$ 6,297,100	15.67%
6/30/2008 (as updated for FY2010)	-	1,543,200	1,543,200	0.00%	6,454,500	23.91%

**DISCRETELY PRESENTED COMPONENT UNIT:**

**School Board Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/08	\$ -	\$ 2,832,700	\$ 2,832,700	0.00%	19,661,300	14.41%
6/30/2008 (as updated for FY2010)	-	3,036,000	3,036,000	0.00%	20,152,800	15.06%

Note:

Fiscal Year 2009 is the first year of implementation of GASB 45 for the Primary Government and Discretely Presented Component Unit School Board.

## **OTHER SUPPLEMENTARY INFORMATION**



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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 19,697	\$ 19,697
Total revenues	\$ -	\$ -	\$ 19,697	\$ 19,697
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 7,235,820	\$ 2,266,640	\$ 4,969,180
Total expenditures	\$ -	\$ 7,235,820	\$ 2,266,640	\$ 4,969,180
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (7,235,820)	\$ (2,246,943)	\$ 4,988,877
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (333,145)	\$ (333,145)
Total other financing sources and uses	\$ -	\$ -	\$ (333,145)	\$ (333,145)
Net change in fund balances	\$ -	\$ (7,235,820)	\$ (2,580,088)	\$ 4,655,732
Fund balances - beginning	-	7,235,820	8,582,380	1,346,560
Fund balances - ending	\$ -	\$ -	\$ 6,002,292	\$ 6,002,292

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2010

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Parks and Recreation Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 45,114	\$ 45,114
Due from other governmental units	153,355	277,529	-	430,884
Total assets	<u>\$ 153,355</u>	<u>\$ 277,529</u>	<u>\$ 45,114</u>	<u>\$ 475,998</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 113,750	\$ 655	\$ 114,405
Accrued liabilities	-	1,637	-	1,637
Due to other funds	153,355	162,142	-	315,497
Total liabilities	<u>\$ 153,355</u>	<u>\$ 277,529</u>	<u>\$ 655</u>	<u>\$ 431,539</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ -	\$ 44,459	\$ 44,459
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,459</u>	<u>\$ 44,459</u>
Total liabilities and fund balances	<u>\$ 153,355</u>	<u>\$ 277,529</u>	<u>\$ 45,114</u>	<u>\$ 475,998</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2010**

	<b>Virginia Public Assistance Fund</b>	<b>Comprehensive Services Act Fund</b>	<b>Parks and Recreation Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Charges for services	\$ 3,757	\$ 12,821	\$ 43,467	\$ 60,045
Intergovernmental revenues:				
Commonwealth	631,275	1,137,795	-	1,769,070
Federal	1,087,407	-	-	1,087,407
Total revenues	<u>\$ 1,722,439</u>	<u>\$ 1,150,616</u>	<u>\$ 43,467</u>	<u>\$ 2,916,522</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,088,870	\$ 1,692,415	\$ -	\$ 3,781,285
Parks, recreation, and cultural	-	-	31,937	31,937
Total expenditures	<u>\$ 2,088,870</u>	<u>\$ 1,692,415</u>	<u>\$ 31,937</u>	<u>\$ 3,813,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (366,431)</u>	<u>\$ (541,799)</u>	<u>\$ 11,530</u>	<u>\$ (896,700)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 366,431</u>	<u>\$ 541,799</u>	<u>\$ -</u>	<u>\$ 908,230</u>
Total other financing sources and uses	<u>\$ 366,431</u>	<u>\$ 541,799</u>	<u>\$ -</u>	<u>\$ 908,230</u>
Net change in fund balances	\$ -	\$ -	\$ 11,530	\$ 11,530
Fund balances - beginning	-	-	32,929	32,929
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,459</u></u>	<u><u>\$ 44,459</u></u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2010

	VPA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 4,568	\$ 4,568	\$ 3,757	\$ (811)
Intergovernmental revenues:				
Commonwealth	767,587	767,587	631,275	(136,312)
Federal	1,322,213	1,322,213	1,087,407	(234,806)
Total revenues	<u>\$ 2,094,368</u>	<u>\$ 2,094,368</u>	<u>\$ 1,722,439</u>	<u>\$ (371,929)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,569,993	\$ 2,569,993	\$ 2,088,870	\$ 481,123
Total expenditures	<u>\$ 2,569,993</u>	<u>\$ 2,569,993</u>	<u>\$ 2,088,870</u>	<u>\$ 481,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (475,625)</u>	<u>\$ (475,625)</u>	<u>\$ (366,431)</u>	<u>\$ 109,194</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 353,622	\$ 475,625	\$ 366,431	\$ (109,194)
Total other financing sources and uses	<u>\$ 353,622</u>	<u>\$ 475,625</u>	<u>\$ 366,431</u>	<u>\$ (109,194)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Comprehensive Services Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ 12,821	\$ 12,821
1,748,700	1,748,700	1,137,795	(610,905)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 1,748,700	\$ 1,748,700	\$ 1,150,616	\$ (598,084)
\$ 2,490,063	\$ 2,490,063	\$ 1,692,415	\$ 797,648
<u>\$ 2,490,063</u>	<u>\$ 2,490,063</u>	<u>\$ 1,692,415</u>	<u>\$ 797,648</u>
\$ (741,363)	\$ (741,363)	\$ (541,799)	\$ 199,564
\$ 989,431	\$ 704,677	\$ 541,799	\$ (162,878)
<u>\$ 989,431</u>	<u>\$ 704,677</u>	<u>\$ 541,799</u>	<u>\$ (162,878)</u>
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2010**

	<b>Parks and Recreation Fund</b>			
	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 65,000	\$ 65,000	\$ 43,467	\$ (21,533)
Total revenues	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 43,467</u>	<u>\$ (21,533)</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 65,000	\$ 65,000	\$ 31,937	\$ 33,063
Total expenditures	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 31,937</u>	<u>\$ 33,063</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 11,530	\$ 11,530
Net change in fund balances	\$ -	\$ -	\$ 11,530	\$ 11,530
Fund balances - beginning	-	-	32,929	32,929
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,459</u>	<u>\$ 44,459</u>

Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

	<u>Agency Funds</u>					
	<u>Special Welfare</u>	<u>Cash Bonds Fund</u>	<u>Neutering/ Spaying Fund</u>	<u>Jail Inmate</u>	<u>Luray/Page Airport Hangar</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,291	\$ 35,562	\$ 15,144	\$ 27,047	\$ 174,425	\$ 253,469
Total assets	<u>\$ 1,291</u>	<u>\$ 35,562</u>	<u>\$ 15,144</u>	<u>\$ 27,047</u>	<u>\$ 174,425</u>	<u>\$ 253,469</u>
<b>LIABILITIES</b>						
Amounts held for social services clients	\$ 1,291	\$ -	\$ -	\$ -	\$ -	\$ 1,291
Amounts held for others	-	35,562	15,144	-	174,425	225,131
Amounts held for inmates	-	-	-	27,047	-	27,047
Total liabilities	<u>\$ 1,291</u>	<u>\$ 35,562</u>	<u>\$ 15,144</u>	<u>\$ 27,047</u>	<u>\$ 174,425</u>	<u>\$ 253,469</u>

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2010**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,291	\$ 4,587	\$ 4,587	\$ 1,291
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 1,291	\$ 4,587	\$ 4,587	\$ 1,291
<b>Neutering/Spaying Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,505	\$ 2,339	\$ 1,700	\$ 15,144
<b>LIABILITIES</b>				
Amounts held for neutering/spaying	\$ 14,505	\$ 2,339	\$ 1,700	\$ 15,144
<b>Cash Bonds Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,088	\$ -	\$ 7,526	\$ 35,562
<b>LIABILITIES</b>				
Amounts held for bonds fund	\$ 43,088	\$ -	\$ 7,526	\$ 35,562
<b>Jail Inmate Accounts Fund:</b>				
<b>ASSETS</b>				
Cash in custody of others	\$ 34,834	\$ 183,577	\$ 191,364	\$ 27,047
<b>LIABILITIES</b>				
Amounts held for inmates	\$ 34,834	\$ 183,577	\$ 191,364	\$ 27,047
<b>Luray/Page Airport Hangar Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 187,415	\$ 12,990	\$ 174,425
<b>LIABILITIES</b>				
Amounts held for Airport	\$ 43,088	\$ 187,415	\$ 12,990	\$ 174,425
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 58,884	\$ 194,341	\$ 26,803	\$ 226,422
Cash in custody of others	34,834	183,577	191,364	27,047
Total assets	\$ 93,718	\$ 377,918	\$ 218,167	\$ 253,469
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 1,291	\$ 4,587	\$ 4,587	\$ 1,291
Amounts held for neutering/spaying	14,505	2,339	1,700	15,144
Amounts held for bonds fund	43,088	-	7,526	35,562
Amounts held for inmates	34,834	183,577	191,364	27,047
Amounts held for Airport	-	187,415	12,990	174,425
Total liabilities	\$ 93,718	\$ 377,918	\$ 218,167	\$ 253,469

**Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010**

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 643,004	\$ 643,004
Receivables (net of allowance for uncollectibles):			
Accounts receivable	85,064	-	85,064
Due from primary government	2,669,958	-	2,669,958
Due from other governmental units	794,135	44,425	838,560
Inventories	-	47,700	47,700
Prepaid items	40,875	-	40,875
Total assets	<u>\$ 3,590,032</u>	<u>\$ 735,129</u>	<u>\$ 4,325,161</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:			
Accounts payable	\$ 455,446	\$ 22,304	\$ 477,750
Accrued liabilities	3,134,586	88,172	3,222,758
Total liabilities	<u>\$ 3,590,032</u>	<u>\$ 110,476</u>	<u>\$ 3,700,508</u>

Fund balances:

    Unreserved:

Designated for subsequent expenditure	\$ -	\$ 624,653	\$ 624,653
Total fund balances	<u>\$ -</u>	<u>\$ 624,653</u>	<u>\$ 624,653</u>
Total liabilities and fund balances	<u>\$ 3,590,032</u>	<u>\$ 735,129</u>	<u>\$ 4,325,161</u>

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

Total fund balances per above \$ 624,653

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 16,734,030

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 120,926

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (531,409)

Net assets of governmental activities \$ 16,948,200

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 104	\$ 104
Charges for services	1,469,459	895,029	2,364,488
Intergovernmental revenues:			
Local government	10,676,165	-	10,676,165
Commonwealth	18,813,541	28,946	18,842,487
Federal	3,789,675	978,618	4,768,293
Total revenues	<u>\$ 34,748,840</u>	<u>\$ 1,902,697</u>	<u>\$ 36,651,537</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 34,748,840	\$ 1,727,245	\$ 36,476,085
Total expenditures	<u>\$ 34,748,840</u>	<u>\$ 1,727,245</u>	<u>\$ 36,476,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 175,452</u>	<u>\$ 175,452</u>
Net change in fund balances	\$ -	\$ 175,452	\$ 175,452
Fund balances - beginning	-	449,201	449,201
Fund balances - ending	<u>\$ -</u>	<u>\$ 624,653</u>	<u>\$ 624,653</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 175,452
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.			4,141,310
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			(172,509)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.			<u>(462,004)</u>
Change in net assets of governmental activities			<u>\$ 3,682,249</u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	-
Charges for services	1,493,373	1,493,373	1,469,459	(23,914)
Intergovernmental revenues:				
Local government	14,584,875	14,584,875	10,676,165	(3,908,710)
Commonwealth	20,081,801	20,081,801	18,813,541	(1,268,260)
Federal	3,577,279	3,577,279	3,789,675	212,396
Total revenues	<u>\$ 39,737,328</u>	<u>\$ 39,737,328</u>	<u>\$ 34,748,840</u>	<u>\$ (4,988,488)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 39,737,328	\$ 39,737,328	\$ 34,748,840	\$ 4,988,488
Total expenditures	<u>\$ 39,737,328</u>	<u>\$ 39,737,328</u>	<u>\$ 34,748,840</u>	<u>\$ 4,988,488</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>School Cafeteria Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ 104	\$ 104
875,632	875,632	895,029	19,397
-	-	-	-
21,368	21,368	28,946	7,578
795,000	795,000	978,618	183,618
<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,902,697</u>	<u>\$ 210,697</u>
\$ 1,692,000	\$ 1,692,000	\$ 1,727,245	\$ (35,245)
<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,727,245</u>	<u>\$ (35,245)</u>
\$ -	\$ -	\$ 175,452	\$ 175,452
\$ -	\$ -	\$ 175,452	\$ 175,452
-	-	449,201	449,201
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,653</u>	<u>\$ 624,653</u>

Statement of Net Assets  
 Proprietary Funds  
 Discretely Presented Component Unit - School Board  
 June 30, 2010

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	<u>Internal Service Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>120,926</u>
Total assets	\$ <u>120,926</u>
 <b>NET ASSETS</b>	
Unrestricted	\$ <u>120,926</u>
Total net assets	\$ <u><u>120,926</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Proprietary Funds  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2010

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	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ <u>4,151,586</u>
Total operating revenues	\$ <u>4,151,586</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ <u>4,613,858</u>
Total operating expenses	\$ <u>4,613,858</u>
Operating income (loss)	\$ <u>(462,272)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ <u>268</u>
Total nonoperating revenues (expenses)	\$ <u>268</u>
Change in net assets	\$ (462,004)
Total net assets - beginning	<u>582,930</u>
Total net assets - ending	<u>\$ <u>120,926</u></u>

Statement of Cash Flows  
 Proprietary Funds  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2010

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	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 4,151,586
Payments for premiums	<u>(4,613,858)</u>
Net cash provided (used) by operating activities	<u>\$ (462,272)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	\$ 268
Net cash provided (used) by investing activities	<u>\$ 268</u>
Net increase (decrease) in cash and cash equivalents	\$ (462,004)
Cash and cash equivalents - beginning	<u>582,930</u>
Cash and cash equivalents - ending	<u>\$ 120,926</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ (462,272)</u>
Net cash provided (used) by operating activities	<u>\$ (462,272)</u>

## **SUPPORTING SCHEDULES AND TABLES**



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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,658,603	\$ 10,658,603	\$ 10,698,224	\$ 39,621
Real and personal public service corporation taxes	327,000	327,000	346,630	19,630
Personal property taxes	6,150,406	6,150,406	5,583,603	(566,803)
Penalties	208,381	208,381	253,620	45,239
Interest	150,670	150,670	194,543	43,873
Total general property taxes	<u>\$ 17,495,060</u>	<u>\$ 17,495,060</u>	<u>\$ 17,076,620</u>	<u>\$ (418,440)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,396,000	\$ 1,396,000	\$ 1,315,313	\$ (80,687)
Business licenses	169,500	169,500	152,166	(17,334)
Communication taxes	553,000	553,000	512,643	(40,357)
Consumption taxes	50,000	50,000	48,407	(1,593)
Motor vehicle licenses	295,000	295,000	310,968	15,968
Taxes on recordation and wills	134,252	134,252	136,542	2,290
Transient occupancy taxes	430,000	430,000	417,304	(12,696)
Meals taxes	260,000	260,000	245,978	(14,022)
Total other local taxes	<u>\$ 3,287,752</u>	<u>\$ 3,287,752</u>	<u>\$ 3,139,321</u>	<u>\$ (148,431)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,500	\$ 10,500	\$ 12,687	\$ 2,187
Land use application fees	5,650	5,650	3,420	(2,230)
Transfer fees	900	900	762	(138)
Permits and other licenses	278,180	278,180	183,406	(94,774)
Total permits, privilege fees, and regulatory licenses	<u>\$ 295,230</u>	<u>\$ 295,230</u>	<u>\$ 200,275</u>	<u>\$ (94,955)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 97,172	\$ 97,172	\$ 89,120	\$ (8,052)
Revenue from use of money and property:				
Revenue from use of money	\$ 180,000	\$ 180,000	\$ 4,180	\$ (175,820)
Revenue from use of property	35,000	35,000	45,276	10,276
Total revenue from use of money and property	<u>\$ 215,000</u>	<u>\$ 215,000</u>	<u>\$ 49,456</u>	<u>\$ (165,544)</u>
Charges for services:				
Sheriff's fees	\$ -	\$ -	\$ 2,330	\$ 2,330
Ambulance and rescue service	50,000	290,734	536,156	245,422
Charges for Animal Protection	9,000	9,000	12,209	3,209
Charges for Commonwealth's Attorney	-	-	1,245	1,245
Work release and other inmate fees	150,000	150,000	36,712	(113,288)
Charges for sanitation and waste removal	1,596,000	1,596,000	1,438,246	(157,754)
Other charges for services	50,660	82,391	66,665	(15,726)
Total charges for services	<u>\$ 1,855,660</u>	<u>\$ 2,128,125</u>	<u>\$ 2,093,563</u>	<u>\$ (34,562)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 91,009	\$ 91,009	\$ 191,687	\$ 100,678
Total miscellaneous revenue	<u>\$ 91,009</u>	<u>\$ 91,009</u>	<u>\$ 191,687</u>	<u>\$ 100,678</u>
Total revenue from local sources	<u>\$ 23,336,883</u>	<u>\$ 23,609,348</u>	<u>\$ 22,840,042</u>	<u>\$ (769,306)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ -	\$ -	\$ 16,469	\$ 16,469
State recordation tax	29,380	29,380	58,299	28,919
Railroad rolling stock tax	31,537	31,537	35,010	3,473
Motor vehicle rental tax	2,428	2,428	98	(2,330)
Personal property tax relief funds	1,640,791	1,640,791	1,640,791	-
Total noncategorical aid	<u>\$ 1,704,136</u>	<u>\$ 1,704,136</u>	<u>\$ 1,750,667</u>	<u>\$ 46,531</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 291,090	\$ 291,090	\$ 253,902	\$ (37,188)
Sheriff	2,360,533	2,360,533	1,878,773	(481,760)
Commissioner of revenue	158,798	158,798	138,440	(20,358)
Treasurer	143,891	143,891	125,276	(18,615)
Registrar/electoral board	55,000	55,000	44,811	(10,189)
Clerk of the Circuit Court	249,907	249,907	241,549	(8,358)
Total shared expenses	<u>\$ 3,259,219</u>	<u>\$ 3,259,219</u>	<u>\$ 2,682,751</u>	<u>\$ (576,468)</u>
Other categorical aid:				
CJS GTS grant	\$ -	\$ -	\$ 5,309	\$ 5,309
Virginia Juvenile Community Crime Control Act	42,031	42,031	38,931	(3,100)
PSAP grant	80,000	80,000	69,580	(10,420)
Litter control	22,324	22,324	10,202	(12,122)
Fire programs funds	40,000	40,000	41,000	1,000
Ambulance grant	-	56,877	56,877	-
Victims witness grant	44,941	44,941	48,903	3,962
Citizens corps	-	55,286	34,551	(20,735)
Other	1,046,144	1,140,802	41,812	(1,098,990)
Total other categorical aid	<u>\$ 1,275,440</u>	<u>\$ 1,482,261</u>	<u>\$ 347,165</u>	<u>\$ (1,135,096)</u>
Total categorical aid	<u>\$ 4,534,659</u>	<u>\$ 4,741,480</u>	<u>\$ 3,029,916</u>	<u>\$ (1,711,564)</u>
Total revenue from the Commonwealth	<u>\$ 6,238,795</u>	<u>\$ 6,445,616</u>	<u>\$ 4,780,583</u>	<u>\$ (1,665,033)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 133,786</u>	<u>\$ 133,786</u>	<u>\$ 96,251</u>	<u>\$ (37,535)</u>
Categorical aid:				
Triad grant	\$ 1,192	\$ 1,192	\$ 2,038	\$ 846
Byrne grant	57,469	148,755	72,304	(76,451)
Local law enforcement grant	4,000	-	13,253	13,253
DMV ground transportation safety grant	24,781	-	19,907	19,907
Bullet proof vest grant	3,034	3,034	1,235	(1,799)
Homeland Security	-	43,800	51,893	8,093
V-Stop grant	-	62,600	22,973	(39,627)
Federal technology grant	-	-	5,237	5,237
School resource officer	-	-	448	448
Justice assistance grant	-	-	103,338	103,338
ABC communication coalition grant	10,000	20,000	10,000	(10,000)
Total categorical aid	<u>\$ 100,476</u>	<u>\$ 279,381</u>	<u>\$ 302,626</u>	<u>\$ 23,245</u>
Total revenue from the federal government	<u>\$ 234,262</u>	<u>\$ 413,167</u>	<u>\$ 398,877</u>	<u>\$ (14,290)</u>
Total General Fund	<u>\$ 29,809,940</u>	<u>\$ 30,468,131</u>	<u>\$ 28,019,502</u>	<u>\$ (2,448,629)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 4,568	\$ 4,568	\$ 3,757	\$ (811)
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 767,587	\$ 767,587	\$ 631,275	\$ (136,312)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,322,213	\$ 1,322,213	\$ 1,087,407	\$ (234,806)
Total Virginia Public Assistance Fund	<u>\$ 2,094,368</u>	<u>\$ 2,094,368</u>	<u>\$ 1,722,439</u>	<u>\$ (371,929)</u>
<b>Comprehensive Services Act Fund:</b>				
Revenue from local sources:				
Charges for services:				
Comprehensive services	\$ -	\$ -	\$ 12,821	\$ 12,821
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act program	\$ 1,748,700	\$ 1,748,700	\$ 1,133,611	\$ (615,089)
Child support public assistance funds	-	-	4,184	4,184
Total categorical aid	<u>\$ 1,748,700</u>	<u>\$ 1,748,700</u>	<u>\$ 1,137,795</u>	<u>\$ (610,905)</u>
Total revenue from the Commonwealth	<u>\$ 1,748,700</u>	<u>\$ 1,748,700</u>	<u>\$ 1,137,795</u>	<u>\$ (610,905)</u>
Total Comprehensive Services Act Fund	<u>\$ 1,748,700</u>	<u>\$ 1,748,700</u>	<u>\$ 1,150,616</u>	<u>\$ (598,084)</u>
<b>Parks and Recreation Fund</b>				
Revenue from local sources:				
Parks and recreation fees	\$ 65,000	\$ 65,000	\$ 43,467	\$ (21,533)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>County Capital Projects Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 19,697	\$ 19,697
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,697</u>	<u>\$ 19,697</u>
Total Primary Government	<u>\$ 33,718,008</u>	<u>\$ 34,376,199</u>	<u>\$ 30,955,721</u>	<u>\$ (3,420,478)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Charges for services:				
Charges for education	\$ 1,493,373	\$ 1,493,373	\$ 1,469,459	\$ (23,914)
Total revenue from local sources	<u>\$ 1,493,373</u>	<u>\$ 1,493,373</u>	<u>\$ 1,469,459</u>	<u>\$ (23,914)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Page, Virginia	\$ 14,584,875	\$ 14,584,875	\$ 10,676,165	\$ (3,908,710)
Total revenues from local governments	<u>\$ 14,584,875</u>	<u>\$ 14,584,875</u>	<u>\$ 10,676,165</u>	<u>\$ (3,908,710)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,918,572	\$ 2,918,572	\$ 2,785,231	\$ (133,341)
Basic school aid	11,171,285	11,171,285	10,205,373	(965,912)
GED funding	15,717	15,717	32,919	17,202
Remedial summer education	67,749	67,749	120,869	53,120
Gifted and talented	104,895	104,895	105,379	484
Remedial education	268,065	268,065	269,303	1,238
Enrollment loss payments	63,288	63,288	49,003	(14,285)
Special education	1,286,713	1,286,713	1,292,654	5,941
Textbook payments	276,270	276,270	126,631	(149,639)
Vocational standards of quality payments	419,580	419,580	421,518	1,938
Social security	627,040	627,040	628,499	1,459
Retirement fringe benefits	806,527	806,527	589,621	(216,906)
Vocational occupational technical education	47,390	47,390	43,116	(4,274)
Early reading intervention	70,277	70,277	59,942	(10,335)
Group life instructional	20,979	20,979	16,396	(4,583)
Adult literacy	2,880	2,880	-	(2,880)
Homebound education	13,014	13,014	7,056	(5,958)
Lottery	211,818	211,818	270,357	58,539
Regional program tuition	485,020	485,020	521,680	36,660
At risk payments	315,292	315,292	315,292	-
Primary class size	318,268	318,268	308,610	(9,658)
Technology	258,000	258,000	310,000	52,000
Standards of Learning algebra readiness	35,936	35,936	33,780	(2,156)
At risk four-year olds	243,864	243,864	240,216	(3,648)
English as a second language	26,808	26,808	21,555	(5,253)
Other state funds	6,554	6,554	38,541	31,987
Total categorical aid	<u>\$ 20,081,801</u>	<u>\$ 20,081,801</u>	<u>\$ 18,813,541</u>	<u>\$ (1,268,260)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 16,000	\$ 16,000	\$ 54,515	\$ 38,515
Adult literacy	65,000	65,000	53,922	(11,078)
Title I	635,020	635,020	1,141,243	506,223
Title VI-B, special education flow-through	1,007,500	1,007,500	707,162	(300,338)
Vocational education	64,789	64,789	65,907	1,118
Title VI-B, special education pre-school	16,515	16,515	21,376	4,861
Drug free schools	12,937	12,937	16,992	4,055
Title II Part A	194,899	194,899	132,673	(62,226)
Title V	-	-	127	127
Fiscal stabilization funds	1,281,991	1,281,991	1,275,746	(6,245)
Education technology	-	-	9,350	9,350
Learn and serve grant	4,000	4,000	8,800	4,800
21st century grant	30,000	30,000	35,988	5,988
Alcohol abuse	248,628	248,628	258,734	10,106
Other federal funds	-	-	7,140	7,140
Total categorical aid	<u>\$ 3,577,279</u>	<u>\$ 3,577,279</u>	<u>\$ 3,789,675</u>	<u>\$ 212,396</u>
Total revenue from the federal government	<u>\$ 3,577,279</u>	<u>\$ 3,577,279</u>	<u>\$ 3,789,675</u>	<u>\$ 212,396</u>
Total School Operating Fund	<u>\$ 39,737,328</u>	<u>\$ 39,737,328</u>	<u>\$ 34,748,840</u>	<u>\$ (4,988,488)</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 104	\$ 104
Charges for services:				
Cafeteria sales	\$ 875,632	\$ 875,632	\$ 895,029	\$ 19,397
Total revenue from local sources	<u>\$ 875,632</u>	<u>\$ 875,632</u>	<u>\$ 895,133</u>	<u>\$ 19,501</u>
Categorical aid:				
School food program grant	\$ 21,368	\$ 21,368	\$ 28,946	\$ 7,578
Total revenue from the Commonwealth	<u>\$ 21,368</u>	<u>\$ 21,368</u>	<u>\$ 28,946</u>	<u>\$ 7,578</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 795,000	\$ 795,000	\$ 978,618	\$ 183,618
Total School Cafeteria Fund	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,902,697</u>	<u>\$ 210,697</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 41,429,328</u>	<u>\$ 41,429,328</u>	<u>\$ 36,651,537</u>	<u>\$ (4,777,791)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 129,404	\$ 129,404	\$ 103,843	\$ 25,561
General and financial administration:				
County administrator	\$ 485,581	\$ 485,581	\$ 384,712	\$ 100,869
Accounting	208,890	208,890	194,379	14,511
Legal services	149,600	149,600	124,100	25,500
Commissioner of revenue	527,065	527,065	514,048	13,017
Reassessment	150,000	150,000	16,335	133,665
Geographic information systems	151,040	151,040	121,055	29,985
Treasurer	434,263	434,263	434,910	(647)
Data processing	305,821	305,821	305,821	-
Total general and financial administration	<u>\$ 2,412,260</u>	<u>\$ 2,412,260</u>	<u>\$ 2,095,360</u>	<u>\$ 316,900</u>
Board of elections:				
Electoral board and officials	\$ 50,321	\$ 50,321	\$ 29,894	\$ 20,427
Registrar	92,857	92,857	91,775	1,082
Total board of elections	<u>\$ 143,178</u>	<u>\$ 143,178</u>	<u>\$ 121,669</u>	<u>\$ 21,509</u>
Total general government administration	<u>\$ 2,684,842</u>	<u>\$ 2,684,842</u>	<u>\$ 2,320,872</u>	<u>\$ 363,970</u>
Judicial administration:				
Courts:				
Circuit court	\$ 10,529	\$ 10,529	\$ 3,863	\$ 6,666
General district court	12,490	12,490	11,003	1,487
Special magistrates	4,700	4,700	2,179	2,521
Juvenile and domestic relations court	12,420	12,420	10,067	2,353
Sheriff	202,308	202,308	196,234	6,074
Victim witness program	57,163	57,163	53,518	3,645
Clerk of the circuit court	379,453	379,453	379,352	101
Total courts	<u>\$ 679,063</u>	<u>\$ 679,063</u>	<u>\$ 656,216</u>	<u>\$ 22,847</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 414,557	\$ 415,634	\$ 408,654	\$ 6,980
Total judicial administration	<u>\$ 1,093,620</u>	<u>\$ 1,094,697</u>	<u>\$ 1,064,870</u>	<u>\$ 29,827</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,023,901	\$ 3,389,189	\$ 3,147,894	\$ 241,295
Virginia Juvenile Community Crime Control Act	42,031	42,031	29,807	12,224
Total law enforcement and traffic control	<u>\$ 3,065,932</u>	<u>\$ 3,431,220</u>	<u>\$ 3,177,701</u>	<u>\$ 253,519</u>
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 358,700	\$ 533,434	\$ 627,442	\$ (94,008)
Fire and rescue services	390,462	567,052	604,024	(36,972)
Total fire and rescue services	<u>\$ 749,162</u>	<u>\$ 1,100,486</u>	<u>\$ 1,231,466</u>	<u>\$ (130,980)</u>
Correction and detention:				
Jail	\$ 1,407,121	\$ 1,407,121	\$ 1,407,121	\$ -
Juvenile detention	174,057	174,057	169,213	4,844
Total correction and detention	<u>\$ 1,581,178</u>	<u>\$ 1,581,178</u>	<u>\$ 1,576,334</u>	<u>\$ 4,844</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 239,509	\$ 239,509	\$ 234,834	\$ 4,675
Zoning	108,651	108,651	108,650	1
Total inspections	<u>\$ 348,160</u>	<u>\$ 348,160</u>	<u>\$ 343,484</u>	<u>\$ 4,676</u>
Other protection:				
Animal control	\$ 361,881	\$ 361,881	\$ 351,733	\$ 10,148
Medical examiner	500	500	240	260
Emergency medical services	3,981	3,981	3,981	-
Concern hotline	1,620	1,620	1,620	-
Emergency services	120,437	114,437	122,968	(8,531)
Total other protection	<u>\$ 488,419</u>	<u>\$ 482,419</u>	<u>\$ 480,542</u>	<u>\$ 1,877</u>
Total public safety	<u>\$ 6,232,851</u>	<u>\$ 6,943,463</u>	<u>\$ 6,809,527</u>	<u>\$ 133,936</u>
Public works:				
Sanitation and waste removal:				
Compactor sites	\$ 93,223	\$ 93,223	\$ 100,220	\$ (6,997)
Landfill	1,345,047	1,588,047	1,945,471	(357,424)
Total sanitation and waste removal	<u>\$ 1,438,270</u>	<u>\$ 1,681,270</u>	<u>\$ 2,045,691</u>	<u>\$ (364,421)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 364,101	\$ 364,101	\$ 279,822	\$ 84,279
Total public works	<u>\$ 1,802,371</u>	<u>\$ 2,045,371</u>	<u>\$ 2,325,513</u>	<u>\$ (280,142)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 256,916	\$ 256,916	\$ 250,542	\$ 6,374
Total health	<u>\$ 256,916</u>	<u>\$ 256,916</u>	<u>\$ 250,542</u>	<u>\$ 6,374</u>
Mental health and mental retardation:				
Community services board	\$ 71,100	\$ 71,100	\$ 71,100	-
Choices	4,500	4,500	4,500	-
Total mental health and mental retardation	<u>\$ 75,600</u>	<u>\$ 75,600</u>	<u>\$ 75,600</u>	<u>-</u>
Welfare:				
Welfare administration	\$ 19,332	\$ 19,332	\$ 15,510	\$ 3,822
Shenandoah Area Agency on Aging	45,000	45,000	45,000	-
Shen-Paco industries	2,025	2,025	2,025	-
Access independence	35,277	35,277	35,277	-
Tax relief for the elderly	-	-	219,760	(219,760)
Total welfare	<u>\$ 101,634</u>	<u>\$ 101,634</u>	<u>\$ 317,572</u>	<u>\$ (215,938)</u>
Total health and welfare	<u>\$ 434,150</u>	<u>\$ 434,150</u>	<u>\$ 643,714</u>	<u>\$ (209,564)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to L.F. Community College	\$ 7,064	\$ 7,064	\$ 7,064	\$ -
Contribution to County School Board	10,676,165	10,676,165	10,676,165	-
Total education	<u>\$ 10,683,229</u>	<u>\$ 10,683,229</u>	<u>\$ 10,683,229</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 127,191	\$ 127,191	\$ 107,745	\$ 19,446
Town recreation programs	9,000	9,000	4,500	4,500
Total parks and recreation	<u>\$ 136,191</u>	<u>\$ 136,191</u>	<u>\$ 112,245</u>	<u>\$ 23,946</u>
Library:				
Regional library	\$ 138,600	\$ 138,600	\$ 138,600	\$ -
Total parks, recreation, and cultural	<u>\$ 274,791</u>	<u>\$ 274,791</u>	<u>\$ 250,845</u>	<u>\$ 23,946</u>
Community development:				
Planning and community development:				
Planning	\$ 114,848	\$ 114,848	\$ 104,455	\$ 10,393
Northern Shenandoah Planning Commission	18,371	18,371	11,330	7,041
Zoning	4,909	4,909	3,319	1,590
Economic development	1,359,436	1,406,436	405,288	1,001,148
Airport Commission	10,000	10,000	119,318	(109,318)
Chamber of Commerce	190,000	190,000	190,000	-
Total planning and community development	<u>\$ 1,697,564</u>	<u>\$ 1,744,564</u>	<u>\$ 833,710</u>	<u>\$ 910,854</u>
Environmental management:				
Other environmental management	\$ 99,894	\$ 121,441	\$ 90,250	\$ 31,191
Total environmental management	<u>\$ 99,894</u>	<u>\$ 121,441</u>	<u>\$ 90,250</u>	<u>\$ 31,191</u>
Cooperative extension program:				
Administration	\$ 89,127	\$ 89,127	\$ 80,686	\$ 8,441
Total cooperative extension program	<u>\$ 89,127</u>	<u>\$ 89,127</u>	<u>\$ 80,686</u>	<u>\$ 8,441</u>
Total community development	<u>\$ 1,886,585</u>	<u>\$ 1,955,132</u>	<u>\$ 1,004,646</u>	<u>\$ 950,486</u>
Nondepartmental:				
Miscellaneous	\$ 268,277	\$ 268,277	\$ 218,375	\$ 49,902
Debt service:				
Principal retirement	\$ 2,675,281	\$ 2,675,281	\$ 1,901,656	\$ 773,625
Interest and other fiscal charges	1,571,197	1,571,197	3,199,675	(1,628,478)
Total debt service	<u>\$ 4,246,478</u>	<u>\$ 4,246,478</u>	<u>\$ 5,101,331</u>	<u>\$ (854,853)</u>
Total General Fund	<u>\$ 29,607,194</u>	<u>\$ 30,630,430</u>	<u>\$ 30,422,922</u>	<u>\$ 207,508</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,569,993	\$ 2,569,993	\$ 2,088,870	\$ 481,123
Total Virginia Public Assistance Fund	<u>\$ 2,569,993</u>	<u>\$ 2,569,993</u>	<u>\$ 2,088,870</u>	<u>\$ 481,123</u>
<b>Comprehensive Services Act Fund:</b>				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 2,490,063	\$ 2,490,063	\$ 1,692,415	\$ 797,648
Total Comprehensive Services Act Fund	<u>\$ 2,490,063</u>	<u>\$ 2,490,063</u>	<u>\$ 1,692,415</u>	<u>\$ 797,648</u>
<b>Parks and Recreation Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 65,000	\$ 65,000	\$ 31,937	\$ 33,063
Total Parks and Recreation fund	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 31,937</u>	<u>\$ 33,063</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
School construction	\$ -	\$ 7,235,820	\$ 2,266,640	\$ 4,969,180
Total capital projects	<u>\$ -</u>	<u>\$ 7,235,820</u>	<u>\$ 2,266,640</u>	<u>\$ 4,969,180</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 7,235,820</u>	<u>\$ 2,266,640</u>	<u>\$ 4,969,180</u>
Total Primary Government	<u>\$ 34,732,250</u>	<u>\$ 42,991,306</u>	<u>\$ 36,502,784</u>	<u>\$ 6,488,522</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Instructional	\$ 31,138,039	\$ 31,041,597	\$ 26,186,106	\$ 4,855,491
Administration, attendance and health services	1,675,135	1,675,135	1,661,435	13,700
Pupil transportation	2,006,733	2,006,733	1,968,830	37,903
Operation and maintenance	3,482,725	3,482,725	3,349,438	133,287
Facilities	217,776	217,776	645,818	(428,042)
Technology	1,216,920	1,313,362	937,213	376,149
Total education	<u>\$ 39,737,328</u>	<u>\$ 39,737,328</u>	<u>\$ 34,748,840</u>	<u>\$ 4,988,488</u>
Total School Fund	<u>\$ 39,737,328</u>	<u>\$ 39,737,328</u>	<u>\$ 34,748,840</u>	<u>\$ 4,988,488</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,692,000	\$ 1,692,000	\$ 1,727,245	\$ (35,245)
Total Cafeteria Fund	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,727,245</u>	<u>\$ (35,245)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 41,429,328</u>	<u>\$ 41,429,328</u>	<u>\$ 36,476,085</u>	<u>\$ 4,953,243</u>

## **STATISTICAL INFORMATION**

County of Page, Virginia

Government-Wide Expenses by Function  
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
2003	\$ 1,802,088	\$ 511,950	\$ 3,773,049	\$ 872,084	\$ 3,578,116	\$ 24,331,059
2004	1,775,099	536,525	4,119,161	1,402,309	3,410,508	31,550,735
2005	2,242,701	567,197	5,130,121	3,645,202	5,023,348	33,832,956
2006	2,391,188	912,629	5,562,040	4,237,339	4,797,023	39,170,831
2007	2,721,418	1,031,210	6,326,121	2,284,169	5,010,637	41,076,429
2008	2,594,416	1,127,851	6,465,844	2,632,231	5,124,721	43,792,754
2009	2,958,084	1,084,091	6,721,986	3,485,849	4,864,647	47,448,393
2010	2,581,708	1,088,426	7,054,231	1,864,433	4,450,952	54,783,120

Includes the primary government and component unit school board.

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

**Table 1**

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	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Interest on Long- Term Debt</u>	<u>Total</u>
\$	282,110	\$ 804,207	\$ 277,226	\$ 36,231,889
	239,088	1,237,918	279,279	44,550,622
	260,385	895,947	292,062	51,889,919
	304,228	1,042,107	518,790	58,936,175
	355,263	843,537	2,057,773	61,706,557
	361,870	1,167,563	2,741,544	66,008,794
	372,810	2,394,702	3,000,078	72,330,640
	280,664	1,009,738	3,130,944	76,244,216

County of Page, Virginia

Government-Wide Revenues  
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes
2003	\$ 1,689,687	\$ 11,445,428	\$ 153,292	\$ 10,796,506	\$ 2,580,809
2004	2,019,634	12,344,452	953,309	11,874,051	2,740,223
2005	2,051,081	14,382,906	175,370	10,938,203	2,949,991
2006	3,234,225	27,467,464	440,382	13,906,915	3,326,249
2007	3,337,956	30,146,101	152,368	14,274,262	2,749,063
2008	3,357,231	33,534,523	151,763	17,042,154	3,323,138
2009	4,350,698	31,739,721	148,953	17,161,221	3,294,671
2010	4,807,491	29,524,205	275,594	17,648,296	3,139,321

Includes the primary government and component unit school board.

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

Table 2

GENERAL REVENUES						
Permits, Privilege Fees, Regulatory Licenses	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Extraordinary item	Total	
\$ 152,574	\$ 106,935	\$ 16,599	\$ 12,654,359	\$ -	\$ 39,596,189	
-	82,081	126,951	18,060,211	-	48,200,912	
-	242,075	481,585	19,707,978	(7,967,220)	42,961,969	
-	245,063	266,186	10,494,961	-	59,381,445	
-	2,054,857	113,272	9,862,420	-	62,690,299	
-	2,214,945	192,889	10,976,833	-	70,793,476	
-	610,312	291,172	13,314,721	-	70,911,469	
-	69,257	191,687	18,088,385	-	73,744,236	

County of Page, Virginia

General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education (2)</u>
2010	\$ 2,320,872	\$ 1,064,870	\$ 6,809,527	\$ 2,325,513	\$ 4,424,999	\$ 36,483,139
2009	2,749,489	1,074,252	6,628,711	3,121,167	4,863,039	35,985,627
2008	2,261,845	1,117,154	6,448,574	2,225,291	5,121,971	34,049,948
2007	2,351,468	1,029,276	6,447,115	1,974,751	4,980,512	32,937,411
2006	2,154,250	918,482	5,561,815	2,175,521	4,793,577	30,265,796
2005	2,045,242	552,205	5,101,149	2,618,203	4,301,745	27,068,031
2004	1,748,387	534,265	4,064,554	1,444,263	3,397,920	26,294,403
2003	1,661,630	506,893	3,984,258	1,041,738	3,528,163	23,855,414
2002	2,036,139	492,982	3,502,258	2,324,754	3,177,785	23,035,269
2001	1,461,650	414,758	3,478,031	3,898,838	3,223,180	22,605,880

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

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

Table 3

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	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$	282,782	\$ 1,004,646	\$ 218,375	\$ 5,101,331	\$ 60,036,054
	370,641	2,391,289	175,749	5,018,670	62,378,634
	359,460	1,168,975	121,073	4,143,954	57,018,245
	354,933	833,154	159,074	1,446,480	52,514,174
	302,498	1,031,354	193,941	11,115,864	58,513,098
	261,496	657,747	177,861	876,320	43,659,999
	238,320	1,042,445	-	904,860	39,669,417
	281,615	685,457	69,938	936,668	36,551,774
	206,773	400,689	93,068	1,652,243	36,921,960
	183,920	927,888	91,641	1,301,482	37,587,268

County of Page, Virginia

General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services
2010	\$ 17,076,620	\$ 3,139,321	\$ 200,275	\$ 89,120	\$ 69,257	\$ 4,518,096
2009	16,636,631	3,294,671	240,406	112,288	172,526	3,998,004
2008	16,761,743	3,323,138	312,018	86,630	455,588	2,958,583
2007	14,484,551	3,349,730	409,010	54,251	571,946	2,837,064
2006	12,987,869	3,326,249	263,136	20,355	245,063	2,624,771
2005	11,281,113	2,949,991	246,273	17,087	214,488	1,682,675
2004	11,484,813	2,740,223	159,776	10,629	57,614	1,849,229
2003	10,968,864	2,580,809	152,574	20,352	89,060	1,669,335
2002	10,156,868	2,579,003	153,460	1,279	166,458	2,908,085
2001	10,368,204	2,489,381	114,583	3,203	283,617	3,070,896

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Units.

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

Table 4

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	<u>Miscellaneous</u>	<u>Inter- governmental (2)</u>	<u>Total</u>
\$	191,687	\$ 31,646,717	\$ 56,931,093
	291,172	33,828,946	58,574,644
	192,889	32,871,171	56,961,760
	113,272	32,194,834	54,014,658
	266,986	29,871,104	49,605,533
	493,262	27,560,147	44,445,036
	126,951	25,111,708	41,540,943
	16,599	24,253,079	39,750,672
	157,089	23,141,731	39,263,973
	232,287	23,412,534	39,974,705

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1) (4)	(5) Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2,4)	Percent of Delinquent Taxes to Tax Levy
2010	\$ 18,389,681	\$ 17,476,832	95%	\$ 792,416	\$ 18,269,248	99%	\$ 2,578,334	14%
2009	18,041,342	16,605,832	92%	1,306,984	17,912,816	99%	2,290,478	13%
2008	17,742,263	16,109,021	91%	1,892,258	18,001,279	99%	2,308,858	13%
2007	15,621,561	14,668,962	94%	1,180,871	15,849,833	98%	2,197,649	14%
2006	15,810,214	12,863,380	81%	1,454,934	14,318,314	91%	1,573,679	10%
2005	12,283,947	11,309,130	92%	1,194,917	12,504,047	98%	1,286,692	10%
2004	12,540,769	11,334,556	90%	1,488,329	12,822,885	98%	1,766,421	14%
2003	11,821,035	10,777,131	91%	1,435,572	12,212,703	98%	1,431,942	12%
2002	11,131,184	10,152,721	91%	1,251,836	11,404,557	98%	1,271,732	11%
2001	10,788,769	9,795,678	91%	1,364,752	11,160,430	99%	1,332,400	12%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

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

(4) During 2003-2004, a large County taxpayer filed for bankruptcy. The amount due in these years was \$259,174 and \$129,220 respectively which increased the amount of outstanding taxes at year end.

(5) The first half of 2006 PPTRA levy will not be able to be collected by the County until December, resulting in a lower collection %.

Assessed Value of Taxable Property (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate (3)	Personal Property & Mobile Homes	Machinery and Tools	Public Service		Total
				Real Estate	Personal Property	
2010	\$ 2,280,983,900	\$ 181,124,448	\$ 24,955,483	\$ 72,698,741	\$ 16,025	\$ 2,559,778,597
2009	2,264,983,200	174,593,871	24,618,443	67,861,578	23,725	2,532,080,817
2008	2,242,856,500	188,690,673	22,227,076	59,930,248	29,710	2,513,734,207
2007	1,711,515,700	191,693,126	22,404,153	40,687,398	26,289	1,966,326,666
2006 (4)	1,180,515,800	276,822,073	35,212,565	50,947,774	40,143	1,543,538,355
2005	1,152,721,350	148,838,075	26,230,035	51,768,150	61,131	1,379,618,741
2004	1,129,510,700	151,925,285	40,227,075	55,715,193	48,915	1,377,427,168
2003	998,697,750	144,003,465	41,513,060	48,312,800	73,511	1,232,600,586
2002	870,283,100	137,775,946	39,588,085	57,184,003	41,019	1,104,872,153
2001	857,631,900	134,560,206	32,691,850	59,136,499	104,355	1,084,124,810

(1) Assessment at 100% of value.

(2) County began semi-annual billing in 1998 for real estate. Accordingly, the levies and collections for the year 1998 include those for calendar year 1997 and the first half of 1998.

(3) Prior to 2000, assessments for real estate values include nontaxable property.

(4) 2006 was the first year the County implemented semi-annual billing for personal property.

Property Tax Rates (1)  
Last Ten Fiscal Years

<b>Fiscal Years</b>	<b>Real Estate/ Mobile Homes (2)</b>	<b>Personal Property</b>	<b>Machinery and Tools/ Motor Carrier</b>	<b>Farm Machinery</b>
2010	\$ 0.48	\$ 4.64	\$ 2.00	0.30
2009	0.48	4.64/3.90	2.00	0.30
2008	0.48	3.90	2.00	0.30
2007	0.67/0.48	3.00/3.90	2.00	0.60/0.30
2006	0.67	3.00	2.00	0.60
2005	0.67	3.00	2.00	0.60
2004	0.67	3.00	2.00	0.60
2003	0.74/0.67	3.00	2.00	0.60
2002	0.74	3.00	2.00	0.60
2001	0.74	3.00	2.00	0.60

(1) Per \$100 of assessed value.

(2) The rates shown are for the second half/first half of 2002/2003;2006/2007, 2008/2009. All other years the rates remained consistent throughout the fiscal year.

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010	\$ 24,164	\$ 2,559,778,597	\$ 68,254,645	2.67%	\$ 2,824.64
2009	24,164	2,532,080,817	69,800,007	2.76%	2,888.59
2008	23,177	2,513,734,207	70,872,719	2.82%	3,057.89
2007	23,177	1,966,326,666	57,653,918	2.93%	2,487.55
2006	23,177	1,543,538,355	14,429,005	0.93%	622.56
2005	23,177	1,379,618,741	14,236,867	1.03%	614.27
2004	23,177	1,377,427,168	4,758,933	0.35%	205.33
2003	23,177	1,232,600,586	5,865,000	0.48%	253.05
2002	23,177	1,104,872,153	4,840,000	0.44%	208.83
2001	23,177	1,084,124,810	5,871,259	0.54%	253.32

(1) Bureau of the Census.

(2) From Table 6.

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

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

Fiscal Year	Principal (4)	Interest	Total Debt Service (2)	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
2010	\$ 1,901,841	\$ 3,199,490	\$ 5,101,331	\$ 60,036,054	8.50%
2009	1,597,801	2,486,408	4,084,209	62,378,634	6.55%
2008	888,384	2,473,509	3,361,893	57,018,245	5.90%
2007	649,837	796,643	1,446,480	52,514,174	2.75%
2006	599,369	516,495	1,115,864	58,513,098	1.91%
2005	606,826	269,494	876,320	43,659,999	2.01%
2004	615,018	289,842	904,860	39,669,417	2.28%
2003	663,283	273,385	936,668	36,823,254	2.54%
2002	1,153,108	499,135	1,652,243	36,921,960	4.47%
2001	854,907	453,452	1,308,359	37,587,268	3.48%

(1) Includes General Obligation Bonds, State Literary Fund Loans, and Capital Leases.

(2) Excludes bond issuance and other costs.

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

(4) Does not include \$10,000,000 loan paid off with 2006 bond issue.

## **COMPLIANCE**



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

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**TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS  
COUNTY OF PAGE, VIRGINIA**

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Page, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County of Page, Virginia's basic financial statements and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control Over Financial Reporting:**

In planning and performing our audit, we considered the County of Page, 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 Page, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Page, Virginia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements of the County of Page, Virginia 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 would not necessarily identify all deficiencies in internal control 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Reference Finding 2010-1). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters:**

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

We noted certain matters that we reported to management of the County of Page, Virginia in a separate letter dated November 30, 2010.

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

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

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
November 30, 2010

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

**THE BOARD OF SUPERVISORS  
COUNTY OF PAGE, VIRGINIA**

Compliance

We have audited County of Page, 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 the County of Page, Virginia's major federal programs for the year ended June 30, 2010. County of Page, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Page, Virginia's management. Our responsibility is to express an opinion on the County of Page, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Page, 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 on the County of Page, Virginia's compliance with those requirements.

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

Internal Control Over Compliance

Management of County of Page, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Page, 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 purposes 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 Page, 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, Board of Supervisors, other within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
November 30, 2010

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards  
 Primary Government and Discretely Presented Component Unit School Board  
 Year Ended June 30, 2010

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expenditures
<b><u>PRIMARY GOVERNMENT:</u></b>			
Department of Agriculture: Community Facilities Loan	10.766	n/a	\$ 281,879
Pass Through Payments: Department of Social Services: State Adm. Matching Grants For the Supplemental Nutrition Assistance Program	10.561	n/a	\$ 254,776
ARRA-State Adm. Matching Grants for the Supp. Nutrition Program	10.561	n/a	8,060
Total Department of Agriculture			\$ 544,715
Department of Health and Human Services: Pass Through Payments: Department of Social Services: Temporary Assistance for Needy Families	93.558	n/a	\$ 213,946
Refugee & Entrant Assistance - State Adm	93.566	n/a	574
Low-Income Home Energy Assistance	93.568	n/a	11,240
Foster Care - Title IV-E	93.658	n/a	86,333
ARRA-Foster Care - Title IV-E	93.658	n/a	3,922
Adoption Assistance	93.659	n/a	53,558
ARRA-Adoption Assistance	93.659	n/a	5,952
Child Welfare Services	93.645	n/a	637
Social Services Block Grant	93.667	n/a	81,967
Chafee Foster Care Independence Program	93.674	n/a	4,703
Promoting Safe and Stable Families	93.556	n/a	13,993
Medical Assistance Program (Title XIX)	93.778	n/a	139,788
Children's Health Insurance Program	93.767	n/a	11,115
CHAFEE Education and Training Vouchers Program	93.599	n/a	11,235
Child Care and Development Block Grant	93.575	n/a	83,459
ARRA-Child Care and Development Block Grant	93.713	n/a	41,081
Child Care and Development Fund - Mandatory and Matching Funds	93.596	n/a	61,068
Total Department of Health and Human Services			\$ 824,571
Department of the Interior: Direct Payments: Bureau of Land Management: Payment in Lieu of Taxes	15.226	n/a	\$ 96,251
U.S. Department of Justice: Pass Through Payments: Department of Criminal Justice Services: Bullet proof vest partnership program	16.607	n/a	\$ 1,235
Local law enforcement block grant	16.592	n/a	13,253
Criminal justice triad grant	16.592	n/a	2,038
Edward Bryne Memorial justice assistance grant	16.738	n/a	72,304
ARRA-Edward Bryne Memorial justice assistance grant	16.803	2009-SU-B9-0033	103,338
Enforcing underage drinking laws program	16.727	n/a	10,000
Stop violence against women formula grant	16.588	n/a	15,478
ARRA-Stop violence against women formula grant	16.588	n/a	7,495
Public safety partnership and community policing grants	16.710	2006CKWX0322	5,237
Total Department of Criminal Justice Services			\$ 230,378

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
 Primary Government and Discretely Presented Component Unit School Board  
 Year Ended June 30, 2010

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Citizens corp	97.053	n/a	\$ 448
State homeland security grant	97.073	n/a	<u>51,893</u>
Total Department of Homeland Security			<u>\$ 52,341</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	n/a	\$ <u>19,907</u>
Total Primary Government			<u>\$ 1,768,163</u>
<b><u>COMPONENT UNIT SCHOOL BOARD:</u></b>			
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
School breakfast program	10.553	n/a	\$ 185,607
National school lunch program	10.555	n/a	701,439
Department of Agriculture:			
Food distribution-school lunch	10.555	n/a	91,572
Secure Payments for States and Counties Containing Federal Lands	10.665	n/a	<u>54,515</u>
Total pass through payments			<u>\$ 1,033,133</u>
Total Department of Agriculture			<u>\$ 1,033,133</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education Basic Grants to States	84.002	n/a	\$ 53,922
Title I grants to local education agencies	84.010	n/a	823,056
ARRA-Title I grants to local education agencies	84.389	n/a	318,187
Education technology state grants-recovery act	84.386	n/a	9,350
Title VI-B:			
Special education - state grants	84.027	n/a	655,774
Special education-preschool grant	84.173	n/a	17,268
ARRA-Special education - state grants	84.391	n/a	51,388
ARRA-Special education-preschool grant	84.392	n/a	4,108
Career and Technical Education:			
Basic grants to states	84.048	n/a	65,907
Improving Teacher Quality State Grants	84.367	n/a	127
Twenty-first century community learning centers	84.287	n/a	35,988
Grants to reduce alcohol abuse	84.184a	Q184A080185	258,734
Safe and Drug free schools and communities - National	84.184	n/a	16,992
Title II Part A	84.637a	n/a	132,673
English language acquisition grant	84.365	n/a	7,140
ARRA-State fiscal stabilization fund-education state grants	84.394	n/a	<u>1,275,746</u>
Total Department of Education			<u>\$ 3,726,360</u>

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
 Primary Government and Discretely Presented Component Unit School Board  
 Year Ended June 30, 2010

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Corporation for National and Community Services:			
Pass Through Payments:			
Department of Education:			
Learn and Serve America-School and Community Based Programs	94.004	n/a	\$ <u>8,800</u>
Total Corporation for National and Community Services			\$ <u>8,800</u>
Total Component Unit School Board			\$ <u>4,768,293</u>
Total Expenditures of Federal Awards			\$ <u>6,536,456</u>

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of federal expenditures includes the federal grant activity of the County of Page, Virginia and is presented on the accrual basis of accounting. 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 basic financial statements.

NOTE B-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, the County had food commodities totaling \$47,700 in inventory.

NOTE C-SIGNIFICANT ACCOUNTING POLICIES

Pass-through entity identifying numbers are presented where available.

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	\$ 1,486,284
Loan proceeds	<u>281,879</u>
Total primary government	\$ <u>1,768,163</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 3,789,675
School cafeteria fund	<u>978,618</u>
Total discretely presented component unit - School Board	\$ <u>4,768,293</u>
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ <u>6,536,456</u>

**COUNTY OF PAGE, VIRGINIA**

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

**Section I-Summary of Auditors' Results**

Financial Statements:

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified?     yes   x   no

- Significant deficiencies identified?   x   yes     no

Noncompliance material to financial statements noted?     yes   x   no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified?     yes   x   no

- Significant deficiencies identified?     yes   x   none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133?     yes   x   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA-State Fiscal Stabilization Fund-Education State Grants
93.667	Social Services Block Grant
93.658	Foster Care Title IV-E
93.658	ARRA-Foster Care Title IV-E
93.659	Adoption Assistance
93.659	ARRA-Adoption Assistance
16.803	ARRA-Edward Byrne Memorial Justice Assistance Grant
<b>Title I Cluster:</b>	
84.010	Title I Grants to Local Education Agencies
84.389	ARRA-Title I Grants to Local Education Agencies
<b>Nutrition Cluster:</b>	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Food Distribution
<b>Child Care Cluster:</b>	
93.575	Child Care and Development Block Grant
93.596	Child Care and Development Fund-Mandatory and Matching Fund
93.713	Child Care and Development Block Grant-Recovery Act
<b>Special Education Cluster:</b>	
84.027	Special Education-State Grants
84.173	Special Education-Preschool Grants
84.391	ARRA-Special Education-State Grants
84.392	ARRA-Special Education-Preschool Grants

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

Auditee qualified as low-risk auditee?   x   yes     no

COUNTY OF PAGE, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2010

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**Section II-Financial Statement Findings**

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**2010-1**

Condition: The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements. The number and size of the necessary adjustments made during the audit were significantly less than the adjustments required in the prior audit.

Cause: All adjustments required by generally accepted accounting principles (GAAP), were not made and posted by the client.

Criteria: Per Statement on Auditing Standards 112, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.

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

Recommendation: It is recommended that the County post all necessary adjustments to comply with generally accepted accounting principals, prior to the annual audit.

Management's Response: Management is confident that all of the necessary adjustments will be recorded in the County's financial statements prior to the year end audit for FY 2011.

**Section III-Federal Award Findings and Questioned Costs**

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None

**Section IV-Summary Schedule of Prior Findings**

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There were no prior year findings.

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