

**COUNTY OF BLAND, VIRGINIA**

**FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2009**

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COUNTY OF BLAND, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2009

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# COUNTY OF BLAND, VIRGINIA

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## BOARD OF SUPERVISORS

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Karen H. Hodock, Vice-chair	John C. Thompson, Chair	Henry M. Blessing
	Jason R. Ramsey	

## COUNTY SCHOOL BOARD

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Roger L. Morehead, Vice-chair	Anthony T. Kennedy, Chair	Melinda Litton
	Rob Brizendine	

## SOCIAL SERVICES BOARD

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Debbie Barger, Vice-chair	Lois Shupe, Chair	Margaret Harless
	Judy Newberry	

## OTHER OFFICIALS

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Judge of the Circuit Court.....	Hon. Josiah Showalter
Clerk of the Circuit Court.....	Rebecca I. Johnson
Judge of the General District Court.....	Hon. John Quigley
Judge of the Juvenile & Domestic Relations Court.....	Hon. Edward M. Turner, III
Commonwealth's Attorney.....	Clinton S. Kegley
Commissioner of the Revenue.....	Cindy U. Wright
Treasurer.....	John F. Goins
Sheriff.....	Jerry Thompson
Superintendent of Schools.....	Donald W. Hodock
Director of Social Services.....	Carol Brunty
Interim County Administrator.....	Carol Hall

## **FINANCIAL SECTION**

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## Independent Auditors' Report

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**To the Members of the Board of Supervisors  
County of Bland, Virginia  
Bland, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Bland, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the County of Bland, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important in assessing the results of our audit.

The County has elected to omit Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America.

The budgetary comparison information and schedule of pension 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Bland, Virginia's basic financial statements. The introductory section and the other statistical information 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 Bland, Virginia. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other statistical information 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, Tamm, Co. Associate*

Christiansburg, Virginia  
November 30, 2009

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## **Basic Financial Statements**

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County of Bland, Virginia  
Statement of Net Assets  
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,081,234	\$ -	\$ 3,081,234	\$ 3,590,487	\$ 774,212	\$ 95
Cash in custody of others	-	34,197	34,197	154,346	18,737	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	4,870,469	-	4,870,469	-	-	-
Accounts receivable	145,471	47,125	192,596	-	-	194,800
Due from component unit	268,999	-	268,999	-	-	-
Due from other governmental units	261,119	-	261,119	162,031	-	-
Prepaid expenses	29,775	-	29,775	77,192	-	-
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	154,401	154,401	-	-	-
Capital assets (net of accumulated depreciation):						
Land	230,487	255,156	485,643	603,897	331,200	-
Buildings and utility plant	4,474,727	11,763,819	16,238,546	816,699	1,628,414	-
Machinery and equipment	820,894	6,328	827,222	799,424	-	-
Construction in progress	86,698	27,878	114,576	-	-	397,018
Total assets	<u>\$ 14,269,873</u>	<u>\$ 12,288,904</u>	<u>\$ 26,558,777</u>	<u>\$ 6,204,076</u>	<u>\$ 2,752,563</u>	<u>\$ 591,913</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 86,046	\$ 2,435	\$ 88,481	\$ 50,867	\$ -	\$ 3,351
Contracts payable	-	-	-	725,321	-	-
Customers' deposits	-	8,209	8,209	-	-	-
Accrued interest payable	18,130	2,839	20,969	-	3,495	-
Due to primary government	-	-	-	213,890	55,109	-
Deferred revenue	4,440,618	-	4,440,618	-	-	-
Long-term liabilities:						
Due within one year	258,220	75,167	333,387	145,116	28,711	-
Due in more than one year	3,917,022	2,285,365	6,202,387	48,372	1,357,857	-
Total liabilities	<u>\$ 8,720,036</u>	<u>\$ 2,374,015</u>	<u>\$ 11,094,051</u>	<u>\$ 1,183,566</u>	<u>\$ 1,445,172</u>	<u>\$ 3,351</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$ 1,719,039	\$ 9,702,337	\$ 11,421,376	\$ 2,220,020	\$ 573,046	\$ 397,018
Restricted for:						
Restricted for debt service and bond covenants	-	154,401	154,401	-	-	-
Unrestricted (deficit)	3,830,798	58,151	3,888,949	2,800,490	734,345	191,544
Total net assets	<u>\$ 5,549,837</u>	<u>\$ 9,914,889</u>	<u>\$ 15,464,726</u>	<u>\$ 5,020,510</u>	<u>\$ 1,307,391</u>	<u>\$ 588,562</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	School Board	EDA	Wireless Authority
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 874,209	\$ 6,130	\$ 220,708	\$ -	\$ (647,371)	\$ -	\$ (647,371)	\$ -	\$ -	\$ -
Judicial administration	341,475	1,212	255,619	-	(84,644)	-	(84,644)	-	-	-
Public safety	1,898,669	383,914	609,191	-	(695,564)	-	(695,564)	-	-	-
Public works	762,499	271,883	6,337	-	(484,279)	-	(484,279)	-	-	-
Health and welfare	989,548	-	757,362	-	(232,186)	-	(232,186)	-	-	-
Education	1,741,599	-	-	-	(1,741,599)	-	(1,741,599)	-	-	-
Parks, recreation, and cultural	277,656	7,889	-	-	(269,767)	-	(269,767)	-	-	-
Community development	240,035	1,300	46,000	-	(192,735)	-	(192,735)	-	-	-
Interest on long-term debt	182,319	-	-	-	(182,319)	-	(182,319)	-	-	-
Total governmental activities	\$ 7,108,009	\$ 682,328	\$ 1,895,217	\$ -	\$ (4,530,464)	\$ -	\$ (4,530,464)	\$ -	\$ -	\$ -
Business-type activities:										
Service Authority	\$ 846,734	\$ 345,840	\$ 15,187	\$ -	\$ -	\$ (485,707)	\$ (485,707)	\$ -	\$ -	\$ -
Total primary government	\$ 7,954,743	\$ 1,028,168	\$ 1,910,404	\$ -	\$ (4,530,464)	\$ (485,707)	\$ (5,016,171)	\$ -	\$ -	\$ -
<b>COMPONENT UNITS:</b>										
School Board	\$ 8,907,191	\$ 191,794	\$ 7,267,583	\$ -	\$ -	\$ -	\$ (1,447,814)	\$ -	\$ -	\$ -
Economic Development Authority (EDA)	264,721	-	-	-	-	-	-	(264,721)	-	-
Wireless Authority	8,968	-	-	194,800	-	-	-	-	-	185,832
Total component units	\$ 9,180,880	\$ 191,794	\$ 7,267,583	\$ 194,800	\$ -	\$ -	\$ (1,447,814)	\$ (264,721)	\$ -	\$ 185,832
General revenues:										
General property taxes	\$ 4,248,680	\$ -	\$ -	\$ -	\$ 4,248,680	\$ -	\$ 4,248,680	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-	-	-	-	-	-
Local sales and use taxes	235,788	-	-	-	235,788	-	235,788	-	-	-
Consumers' utility taxes	163,328	-	-	-	163,328	-	163,328	-	-	-
Communications taxes	112,266	-	-	-	112,266	-	112,266	-	-	-
Motor vehicle licenses	107,983	-	-	-	107,983	-	107,983	-	-	-
Other local taxes	176,102	-	-	-	176,102	-	176,102	-	-	-
Unrestricted revenues from use of money and property	64,337	-	-	-	64,337	2,481	66,818	44,732	12,922	-
Miscellaneous	31,940	-	-	-	31,940	2,385	34,335	58,857	638,526	132,582
Contributions from Bland County	-	-	-	-	-	-	-	1,764,665	50,039	65,147
Grants and contributions not restricted to specific programs	571,623	-	-	-	571,623	-	571,623	-	-	-
Transfers	(176,802)	-	-	-	(176,802)	176,802	-	-	-	-
Total general revenues	\$ 5,535,245	\$ 181,678	\$ 181,678	\$ -	\$ 5,716,923	\$ 1,889,754	\$ 7,606,677	\$ 701,487	\$ 197,729	\$ 383,561
Change in net assets	\$ 1,004,761	\$ (304,029)	\$ 700,752	\$ 421,940	\$ 4,598,570	\$ 4,598,570	\$ 14,763,974	\$ 870,625	\$ 205,001	\$ 205,001
Net assets - beginning, as restated	\$ 4,545,056	\$ -	\$ 10,218,918	\$ -	\$ 5,549,837	\$ 9,914,889	\$ 15,464,726	\$ 5,020,510	\$ 1,307,391	\$ 588,562
Net assets - ending	\$ 5,549,837	\$ -	\$ 10,919,860	\$ 421,940	\$ 10,014,597	\$ 14,463,459	\$ 19,928,700	\$ 5,891,135	\$ 1,512,392	\$ 793,563

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

County of Bland, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2009

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	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,081,234
Receivables (net of allowance for uncollectibles):	
Taxes receivable	4,870,469
Accounts receivable	145,471
Due from component unit	268,999
Due from other governmental units	261,119
Prepaid items	29,775
Total assets	<u>\$ 8,657,067</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 86,046
Deferred revenue	4,858,570
Total liabilities	<u>\$ 4,944,616</u>
 Fund balances:	
Unreserved, reported as:	
Designated:	
Recreation programs	\$ 1,268
Courthouse maintenance	64,110
Selective enforcement	4,111
Patrol fund	4,842
Terrorism prevention	234
Unrestricted (deficit)	3,637,886
Total fund balances	<u>\$ 3,712,451</u>
Total liabilities and fund balances	<u>\$ 8,657,067</u>

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

County of Bland, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2009

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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	\$ 3,712,451
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,612,806
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	417,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,193,372)
Net assets of governmental activities	<u>\$ 5,549,837</u>

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

County of Bland, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2009

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	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 4,157,760
Other local taxes	795,467
Permits, privilege fees, and regulatory licenses	31,301
Fines and forfeitures	362,801
Revenue from the use of money and property	64,337
Charges for services	288,226
Miscellaneous	31,940
Recovered costs	526,006
Intergovernmental revenues:	
Commonwealth	1,799,997
Federal	666,843
Total revenues	<u>\$ 8,724,678</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 919,303
Judicial administration	340,198
Public safety	1,613,833
Public works	750,964
Health and welfare	1,075,093
Education	1,723,211
Parks, recreation, and cultural	356,527
Community development	661,825
Debt service:	
Principal retirement	248,722
Interest and other fiscal charges	184,607
Total expenditures	<u>\$ 7,874,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 850,395</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	\$ 23,913
Transfers out	(200,715)
Total other financing sources (uses)	<u>\$ (176,802)</u>
Net change in fund balances	\$ 673,593
Fund balances - beginning	3,038,858
Fund balances - ending	<u><u>\$ 3,712,451</u></u>

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

County of Bland, Virginia  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2009

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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	\$	673,593
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.		(140,848)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		90,920
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.		365,573
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.		15,543
Change in net assets of governmental activities	<u>\$</u>	<u>1,004,781</u>

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

County of Bland, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 774,212	\$ 95
Cash in custody of others	34,197	18,737	-
Accounts receivable, net of allowance for uncollectibles	47,125	-	194,800
Total current assets	<u>\$ 81,322</u>	<u>\$ 792,949</u>	<u>\$ 194,895</u>
Noncurrent assets:			
Restricted current assets:			
Cash and cash equivalents (in custody of others)	\$ 154,401	\$ -	\$ -
Capital assets:			
Land	\$ 255,156	\$ 331,200	\$ -
Buildings and Utility plant in service, net	11,763,819	1,628,414	-
Machinery and equipment, net	6,328	-	-
Construction in progress	27,878	-	397,018
Total capital assets	<u>\$ 12,053,181</u>	<u>\$ 1,959,614</u>	<u>\$ 397,018</u>
Total noncurrent assets	<u>\$ 12,207,582</u>	<u>\$ 1,959,614</u>	<u>\$ 397,018</u>
Total assets	<u>\$ 12,288,904</u>	<u>\$ 2,752,563</u>	<u>\$ 591,913</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,435	\$ -	\$ 3,351
Customers' deposits	8,209	-	-
Accrued interest payable	2,839	3,495	-
Due to primary government	-	55,109	-
Compensated absences	7,266	-	-
Bonds payable - current portion	67,901	28,711	-
Total current liabilities	<u>\$ 88,650</u>	<u>\$ 87,315</u>	<u>\$ 3,351</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 2,282,943	\$ 1,357,857	\$ -
Compensated absences	2,422	-	-
Total noncurrent liabilities	<u>\$ 2,285,365</u>	<u>\$ 1,357,857</u>	<u>\$ -</u>
Total liabilities	<u>\$ 2,374,015</u>	<u>\$ 1,445,172</u>	<u>\$ 3,351</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 9,702,337	\$ 573,046	\$ 397,018
Restricted for debt service and bond covenants	154,401	-	-
Unrestricted	58,151	734,345	191,544
Total net assets	<u>\$ 9,914,889</u>	<u>\$ 1,307,391</u>	<u>\$ 588,562</u>

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

County of Bland, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 247,057	\$ -	\$ -
Sewer revenues	91,603	-	-
Connection fees	7,180	-	-
Operating contributions	-	472,400	-
Rental income	-	107,226	1,925
Other revenues	-	24,809	130,657
Miscellaneous	2,395	196	-
Total operating revenues	<u>\$ 348,235</u>	<u>\$ 604,631</u>	<u>\$ 132,582</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 145,310	\$ 2,742	\$ -
Utilities	34,721	-	3,043
Rent of Equipment	-	-	2,400
Purchase of water	91,197	-	-
Maintenance and repairs	42,349	647	-
Office expense	3,835	15,650	-
Insurance	6,068	4,809	147
Permits	4,353	-	-
Professional services	35,932	-	3,300
Donation	-	32,500	-
Indian Village	-	96,921	-
Miscellaneous	1,932	6,196	78
Economic incentive	-	-	-
Depreciation	386,807	50,695	-
Total operating expenses	<u>\$ 752,504</u>	<u>\$ 210,160</u>	<u>\$ 8,968</u>
Operating income (loss)	<u>\$ (404,269)</u>	<u>\$ 394,471</u>	<u>\$ 123,614</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	\$ 2,481	\$ 12,922	\$ -
Gain on sale of assets	-	33,895	-
Interest expense	(94,230)	(54,561)	-
Total nonoperating revenues (expenses)	<u>\$ (91,749)</u>	<u>\$ (7,744)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (496,018)</u>	<u>\$ 386,727</u>	<u>\$ 123,614</u>
Capital contributions and construction grants	\$ 15,187	\$ -	\$ 194,800
Transfers in (Contributions from primary government)	216,015	50,039	65,147
Transfers out	(39,213)	-	-
Change in net assets	<u>\$ (304,029)</u>	<u>\$ 436,766</u>	<u>\$ 383,561</u>
Total net assets - beginning, as restated	10,218,918	870,625	205,001
Total net assets - ending	<u>\$ 9,914,889</u>	<u>\$ 1,307,391</u>	<u>\$ 588,562</u>

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



County of Bland, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 363,009	\$ 123,276	\$ 132,582
Payments to suppliers	(220,033)	(77,093)	(5,617)
Payments to and for employees	(145,282)	(2,742)	-
Net cash provided (used) by operating activities	<u>\$ (2,306)</u>	<u>\$ 43,441</u>	<u>\$ 126,965</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	\$ (39,213)	\$ -	\$ -
Transfers from other funds (Contributions from primary government)	216,015	50,039	65,147
Net cash provided (used) by noncapital financing activities	<u>\$ 176,802</u>	<u>\$ 50,039</u>	<u>\$ 65,147</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ -	\$ (172,649)	\$ (222,238)
Proceeds from indebtedness	-	172,649	-
Principal payments on bonds	(65,944)	(32,040)	-
Capital contributions received	15,187	-	-
Interest payments	(94,295)	(51,612)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (145,052)</u>	<u>\$ (83,652)</u>	<u>\$ (222,238)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	\$ 2,481	\$ 12,922	\$ -
Net cash provided (used) by investing activities	<u>\$ 2,481</u>	<u>\$ 12,922</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 31,925	\$ 22,750	\$ (30,126)
Cash and cash equivalents - beginning	156,673	770,199	30,221
Cash and cash equivalents - ending	<u>\$ 188,598</u>	<u>\$ 792,949</u>	<u>\$ 95</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (404,269)	\$ 394,471	\$ 123,614
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 386,807	\$ 50,695	\$ -
(Increase) decrease in accounts receivable	14,774	-	-
Increase (decrease) in operating accounts payable	354	49,630	3,351
Increase (decrease) in deferred revenue	-	(8,955)	-
Increase (decrease) compensated absences	28	-	-
Non cash contributions	-	(442,400)	-
Total adjustments	<u>\$ 401,963</u>	<u>\$ (351,030)</u>	<u>\$ 3,351</u>
Net cash provided (used) by operating activities	<u>\$ (2,306)</u>	<u>\$ 43,441</u>	<u>\$ 126,965</u>

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

County of Bland, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,374
Investments, at fair value:	
Other investments	26,866
Total assets	<u>\$ 38,240</u>
<b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 11,374
Amounts held for scholarships	26,866
Total liabilities	<u>\$ 38,240</u>

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

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

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**Note 1-Summary of Significant Accounting Policies:**

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

A. Reporting Entity

The County of Bland, Virginia (government) is a municipal corporation governed by an elected four-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 Bland County Service Authority provides water and sewer service to the County. The Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Service Authority's Board.

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

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

The Bland County Economic Development Authority encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type.

The Bland County Wireless Authority provides wireless internet services in the County. The Wireless Authority board members are appointed by the Board of Supervisors. The Wireless Authority is fiscally dependent upon the County. The Wireless Authority is presented as an enterprise fund type.

Related Organizations - The County has no related organizations.

Jointly Governed Organizations - The County of Bland and the County of Smyth participate in supporting the Smyth/Bland Regional Library. The respective governing bodies of the participating jurisdictions appoint the governing body of this organization. For the year ended June 30, 2009, the County contributed \$112,225 to the Regional Library.

**Note 1-Summary of Significant Accounting Policies: (continued)**

A. Reporting Entity (continued)

Jointly Governed Organizations (continued) - The County of Bland and the County of Wythe participate in supporting the Wythe-Bland Service Authority. The respective governing bodies of the jurisdictions appoint the governing body of this organization. The Service Authority generates revenue through service charges for refuse disposal.

B. Government-wide and fund financial statements

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

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

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

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

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

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

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund, the E-911 Fund, the Road Improvements Fund, Asset Forfeiture Funds, the Social Services Fund, the CSA Fund, the Selective Enforcement Fund, the Recreation Fund, Courthouse Maintenance Fund, Domestic Violence Task Force Fund, Litter Control Fund, Patrol Fund, Terrorism Fund, Courthouse Renovation Fund, and the Courtroom Security Fund.

The government reports the following major proprietary funds:

The Bland County Service Authority provides water service to the County and is presented as a blended component unit.

Additionally, the government reports the following fund types:

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

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

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

2. Receivables and payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$65,708 at June 30, 2009 and is comprised solely of property taxes.

5. Use of Estimates

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

6. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

6. Capital assets (continued)

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

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

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term obligations

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

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

9. 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.

10. Net Assets

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

**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 \$(4,193,372) and \$(193,488) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
	<u>          </u>	<u>          </u>
General Obligation Bonds	\$ (472,868)	\$ -
Revenue Bonds	(3,138,565)	-
Lease agreements	(7,434)	-
Literary loans	(274,900)	-
Accrued interest payable	(18,130)	-
Landfill accrued closure and post-closure monitoring costs	(220,332)	-
Compensated absences	(61,143)	(193,488)
	<u>          </u>	<u>          </u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (4,193,372)</u>	<u>\$ (193,488)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$(140,848) and \$179,941 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Capital outlays	\$ 248,306	\$ 378,811
Depreciation expense	<u>(389,154)</u>	<u>(198,870)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (140,848)</u>	<u>\$ 179,941</u>

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**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 "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$365,573 difference in the primary government are as follows:

**Principal repayments:**

General obligation debt	87,499
Capital leases	33,959
Revenue bonds	58,664
Literary loans	68,600
Accrued landfill closure/postclosure	<u>116,851</u>

Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 365,573</u>
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**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)**

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$15,543 and \$(13,214) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
(Increase) decrease in compensated absences	\$ 13,255	\$ (13,214)
(Increase) decrease in accrued interest	<u>2,288</u>	<u>-</u>
 Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 15,543</u>	 <u>\$ (13,214)</u>

**Note 3-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
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 function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

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**Note 3-Stewardship, Compliance, and Accountability: (continued)**

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2009, there were no departments that had expenditures in excess of appropriations.

C. Deficit fund equity

At June 30, 2009, there were no funds with deficit fund equity.

**Note 4-Deposits and Investments:**

Deposits:

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

Investments:

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

**Note 4-Deposits and Investments: (continued)**

Custodial Credit Risk (Investments):

For an investment, this is the risk that, in the event of the failure of a counter-party, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments at June 30, 2009 were held in the County's name by the County's custodial banks; except \$26,866 of Zurich Preferred Plus Annuity where the underlying securities were uninsured, unregistered, and held by the County's brokerage firm which is also the counterparty for these particular securities. The County does not have an investment policy for custodial credit risk.

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2009 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

**County's Rated Debt Investments' Values**

<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	<u>Unrated</u>
Zurich Preferred Plus Annuity	\$ 26,866

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**Note 5-Due from Other Governmental Units:**

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	\$ 39,693	\$ -
State sales tax	-	119,034
Shared Expenses	111,517	-
Categorical aid	39,631	-
Non-categorical aid	9,442	-
Virginia public assistance funds	19,583	-
Community services act	13,666	-
<b><u>Federal Government:</u></b>		
Virginia public assistance funds	27,587	-
School grants	-	42,997
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 261,119</u>	<u>\$ 162,031</u>

**Note 6-Interfund Transfers:**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 176,802
Water and Sewer Fund	176,802	-
Total	<u>\$ 176,802</u>	<u>\$ 176,802</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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 7-Long-Term Debt:**

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	Literary Loans		General Obligation Bonds		Lease Purchase Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 68,600	\$ 5,498	\$ 89,151	\$ 24,492	\$ 52,076	\$ 144,064
2011	68,600	4,126	95,916	19,094	54,536	141,604
2012	68,600	2,754	97,801	13,375	57,113	139,027
2013	69,100	1,382	60,000	8,800	59,811	136,329
2014	-	-	65,000	5,363	62,637	133,503
2015-2019	-	-	65,000	1,788	360,467	620,233
2020-2024	-	-	-	-	454,050	526,651
2025-2029	-	-	-	-	571,927	408,773
2030-2034	-	-	-	-	720,408	260,292
2035-2039	-	-	-	-	745,540	75,962
Totals	\$ 274,900	\$ 13,760	\$ 472,868	\$ 72,912	\$ 3,138,565	\$ 2,586,438

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2009.

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
General obligation bonds	\$ 560,367	\$ -	\$ (87,499)	\$ 472,868
Capital lease (Note 9)	41,393	-	(33,959)	7,434
Lease purchase revenue bonds	3,197,229	-	(58,664)	3,138,565
Literary Loans	343,500	-	(68,600)	274,900
Landfill closure/ postclosure liability	337,183	-	(116,851)	220,332
Compensated absences	74,398	-	(13,255)	61,143
Total	\$ 4,554,070	\$ -	\$ (378,828)	\$ 4,175,242



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 7-Long-Term Debt: (continued)**

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b><u>General Obligation Bonds:</u></b>		
\$710,000 general obligation bonds issued September 15, 1999, with principal payments due annually on September 15th varying from \$35,000 to \$65,000. Interest is payable semi-annually on September 15th and March 15th at rates varying from 5.0% to 5.5%	\$ 350,000	\$ 50,000
\$600,408 school general obligation bonds issued January 15, 1992, principal payments varying from \$30,694 to \$42,801 are payable annually on July 15th through 2012, with interest payable semi-annually on July 15th and January 15th at rates varying between 4.9% to 6.6%	122,868	39,151
Total General Obligation Bonds	<u>\$ 472,868</u>	<u>\$ 89,151</u>
<b><u>Literary Fund Loans:</u></b>		
\$1,372,500 State Literary Fund loan issued November 15, 1992, due in annual installments of \$68,600 through November 15, 2011; a final payment of \$69,100 is due on November 15, 2012, interest is payable at 3%	\$ 274,900	\$ 68,600
<b><u>Lease Purchase Revenue Bonds:</u></b>		
\$3,500,000 revenue bond issued December 18, 2002 bearing interest at 4.625%. Combined principal and interest payments of \$16,345 are due monthly beginning January 18, 2005 through 2039	\$ 3,138,565	\$ 52,076
<b><u>Other Obligations:</u></b>		
Landfill closure and post-closure monitoring liability	\$ 220,332	\$ -
Capital lease (Note 9)	7,434	7,434
Compensated absences	61,143	45,857
Total Other Obligations	<u>\$ 288,909</u>	<u>\$ 53,291</u>
Total Long-Term Obligations	<u>\$ 4,175,242</u>	<u>\$ 258,220</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 7-Long-Term Debt: (continued)**

Primary Government - Enterprise Activity Indebtedness:

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

<u>Year Ending</u> <u>June 30,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 67,901	\$ 92,351
2011	69,939	90,313
2012	72,073	88,179
2013	74,309	85,943
2014	76,652	83,600
2015-2019	422,490	378,770
2020-2024	450,252	301,008
2025-2029	378,072	210,822
2030-2034	381,187	123,191
2035-2039	289,419	45,333
2040-2041	68,550	2,540
<b>Totals</b>	<b>\$ 2,350,844</b>	<b>\$ 1,502,050</b>

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2009.

	<u>Balance</u> <u>July 1, 2008</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>
Revenue Bonds	\$ 2,416,788	\$ -	\$ (65,944)	\$ 2,350,844
Compensated Absences	9,660	7,273	(7,245)	9,688
<b>Total</b>	<b>\$ 2,426,448</b>	<b>\$ 7,273</b>	<b>\$ (73,189)</b>	<b>\$ 2,360,532</b>

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**Note 7-Long-Term Debt: (continued)**

Primary Government - Enterprise Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Revenue Bonds:</b>		
\$222,165 Rural Development revenue bond, issued July 17, 1986, with interest accruing at 5.0%, due in monthly principal and interest installments of \$1,074 through August 17, 2025	\$ 143,070	\$ 5,868
\$200,700 Rural Development revenue bond, issued July 17, 1986, with interest accruing at 4.5%, due in monthly principal and interest installments of \$904 through November 17, 2025	125,799	5,295
\$54,600 Rural Development revenue bond, issued February 10, 1992, with interest accruing at 5.0%, due in monthly principal and interest installments of \$269 through July 10, 2031	43,141	1,096
\$293,000 Rural Development revenue bond, issued February 10, 1992, with interest accruing at 5.0%, due in monthly principal and interest installments of \$1,439 through November 10, 2031	232,754	5,761
\$475,000 Rural Development revenue bond, issued January 15, 1996, with interest accruing at 4.5%, due in monthly principal and interest installments of \$2,181 through July 14, 2035	402,018	8,250
\$344,600 Rural Development revenue bond, issued August 13, 1998, with interest accruing at 4.5%, due in monthly principal and interest installments of \$1,582 through May 13, 2038	306,936	5,280
\$832,650 Rural Development revenue bond, issued May 22, 2001, with interest accruing at 4.5%, due in monthly principal and interest installments of \$3,822 through December 28, 2040	772,126	11,350

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 7-Long-Term Debt: (continued)**

Primary Government - Enterprise Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Revenue Bonds: (continued)</b>		
\$500,000 Revolving Loan, issued February 1, 2001, through the Virginia Resource Authority with semi-annual payments of \$12,500 beginning August 1, 2002 and continuing through February 1, 2022, with the loan bearing no interest	\$ 325,000	\$ 25,000
Total Revenue Bonds	\$ 2,350,844	\$ 67,900
<b>Other Obligations:</b>		
Compensated absences	\$ 9,688	\$ 7,267
Total Long-Term Obligations	\$ 2,360,532	\$ 75,167

**Note 8-Long-Term Debt-Component Unit:**

Discretely Presented Component Unit – Economic Development Authority (EDA):

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

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 28,711	\$ 54,940
2011	29,881	53,770
2012	31,098	52,553
2013	32,365	51,286
2014	33,683	49,967
2015-2018	1,230,830	159,356
Totals	\$ 1,386,568	\$ 421,872

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 8-Long-Term Debt-Component Unit: (continued)**

Discretely Presented Component Unit – Economic Development Authority (EDA): (continued)

The following is a summary of long-term debt transactions of the EDA for the year ended June 30, 2009.

	<b>Balance</b> <b>July 1, 2008</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Balance</b> <b>June 30, 2009</b>
SBA Bond	\$ 1,245,958	\$ 172,649	\$ (32,039)	\$ 1,386,568
Total	<u>\$ 1,245,958</u>	<u>\$ 172,649</u>	<u>\$ (32,039)</u>	<u>\$ 1,386,568</u>

Details of long-term indebtedness:

	<b>Total</b> <b>Amount</b>	<b>Amount Due</b> <b>Within One Year</b>
<b>Revenue Bonds: (continued)</b>		
\$1,450,000 SBA Loan, issued July 1, 2008, through the SBA with monthly payments of \$6,971 beginning August 7, 2008 and continuing through November 1, 2017.	<u>\$ 1,386,568</u>	<u>\$ 28,711</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 8-Long-Term Debt-Component Unit:**

Discretely Presented Component Unit – School Board Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2009.

	<u>Balance July 1, 2008</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Compensated absences	\$ 180,274	\$ 148,420	\$ (135,206)	\$ 193,488

Details of long-term indebtedness:

<u>Other Obligations:</u>	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Compensated absences	\$ 193,487	\$ 145,116

**Note 9-Capital Lease:**

Primary Government:

The County has entered into a lease agreement to finance the acquisition of computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 26,721
Less: Accumulated depreciation	<u>(10,659)</u>
Total	<u>\$ 16,062</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

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**Note 9-Capital Lease: (continued)**

Primary Government: (continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2009, were as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Governmental</u> <u>Activities</u>
2010	\$ 7,527
Total minimum lease payments	\$ 7,527
Less: amount representing interest	(94)
Present value of minimum lease payments	<u>\$ 7,434</u>

**Note 10-Employee Retirement System and Pension Plans:**

A. Plan Description

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

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

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

**Note 10-Employee Retirement System and Pension Plans: (continued)**

B. Funding Policy

Primary Government:

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 of Bland, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Bland, Virginia's contribution rate for the fiscal year ended 2009 was 14.18% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2009 was 7.44% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2009, the County of Bland, Virginia's annual pension cost of \$242,905 and \$43,086 was equal to the County of Bland, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

	Three-Year Trend Information			
	Fiscal Year Ending	Annual Pension Cost (APC) <sup>1</sup>	Percentage of APC Contributed	Net Pension Obligation
<b>Primary Government:</b>				
County	6/30/2009	\$ 242,905	100.00%	\$ -
	6/30/2008	179,680	100.00%	-
	6/30/2007	177,251	100.00%	-
<b>Discretely Presented-Component Unit:</b>				
School Board Non-Professional	6/30/2009	\$ 43,086	100.00%	\$ -
	6/30/2008	30,669	100.00%	-
	6/30/2007	30,042	100.00%	-

<sup>1</sup> Employer portion only



**Note 10-Employee Retirement System and Pension Plans: (continued)**

C. Annual Pension Cost: (continued)

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% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Bland, Virginia's and the School Boards' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Bland, Virginia's and the 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.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2008, the most recent actuarial valuation date, the plan was 76.05% funded. The actuarial accrued liability for benefits was \$6,297,861, and the actuarial value of assets was \$4,789,783, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,508,078. The covered payroll (annual payroll of active employees covered by the plan) was \$1,675,967, and ratio of the UAAL to the covered payroll was 89.98%.

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

As of June 30, 2008, the most recent actuarial valuation date, the plan was 94.13% funded. The actuarial accrued liability for benefits was \$1,033,452, and the actuarial value of assets was \$972,772, resulting in an unfunded actuarial accrued liability (UAAL) of \$60,680. The covered payroll (annual payroll of active employees covered by the plan) was \$537,187, and ratio of the UAAL to the covered payroll was 11.30%.

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

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

Plan Description

The Bland County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/2008AnnuRept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 10-Employee Retirement System and Pension Plans: (continued)**

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

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$371,025, \$406,929, and \$350,195 for the fiscal years ended 2009, 2008, and 2007, respectively. Employer contributions represented 8.81%, 10.30%, and 9.20% of covered payroll for the fiscal years ended 2009, 2008, and 2007, respectively.

**Note 11-Deferred Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$4,440,618 is comprised of prepaid property taxes and unbilled property taxes.

Prepaid Property Taxes – Prepaid property taxes due subsequent to June 30, 2009, but paid in advance by taxpayers totaled \$29,775.

Unbilled Property Taxes – Property taxes assessed and due December 5, 2009 were estimated at \$4,410,843.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 12-Capital Assets:**

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 230,487	\$ -	\$ -	\$ 230,487
Construction in progress	-	86,698	-	86,698
Total capital assets not being depreciated	<u>\$ 230,487</u>	<u>\$ 86,698</u>	<u>\$ -</u>	<u>\$ 317,185</u>
Capital assets, being depreciated:				
Buildings	\$ 6,481,385	\$ 60,225	\$ -	\$ 6,541,610
Machinery and equipment	2,452,599	101,383	(42,000)	2,511,982
Total capital assets being depreciated	<u>\$ 8,933,984</u>	<u>\$ 161,608</u>	<u>\$ (42,000)</u>	<u>\$ 9,053,592</u>
Less: accumulated depreciation for:				
Buildings	\$ (1,873,244)	\$ (193,639)	\$ -	\$ (2,066,883)
Machinery and equipment	(1,537,573)	(195,515)	42,000	(1,691,088)
Total accumulated depreciation	<u>\$ (3,410,817)</u>	<u>\$ (389,154)</u>	<u>\$ 42,000</u>	<u>\$ (3,757,971)</u>
Total capital assets being depreciated, net	<u>\$ 5,523,167</u>	<u>\$ (227,546)</u>	<u>\$ -</u>	<u>\$ 5,295,621</u>
Governmental activities capital assets, net	<u>\$ 5,753,654</u>	<u>\$ (140,848)</u>	<u>\$ -</u>	<u>\$ 5,612,806</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 12-Capital Assets: (continued)**

Primary Government: (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	27,878	-	-	27,878
Total capital assets not being depreciated	<u>\$ 283,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,034</u>
Capital assets, being depreciated:				
Utility plant	\$ 15,303,903	\$ -	\$ -	\$ 15,303,903
Machinery and equipment	126,793	-	-	126,793
Total capital assets being depreciated	<u>\$ 15,430,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,430,696</u>
Less: accumulated depreciation for:				
Utility plant	\$ (3,157,496)	\$ (382,588)	\$ -	\$ (3,540,084)
Machinery and equipment	(116,246)	(4,219)	-	(120,465)
Total accumulated depreciation	<u>\$ (3,273,742)</u>	<u>\$ (386,807)</u>	<u>\$ -</u>	<u>\$ (3,660,549)</u>
Total capital assets being depreciated, net	<u>\$ 12,156,954</u>	<u>\$ (386,807)</u>	<u>\$ -</u>	<u>\$ 11,770,147</u>
Business-Type activities capital assets, net	<u>\$ 12,439,988</u>	<u>\$ (386,807)</u>	<u>\$ -</u>	<u>\$ 12,053,181</u>

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

**Governmental activities:**

General government administration	\$ 110,954
Public safety	169,126
Public works	17,883
Health and welfare	8,335
Education	49,323
Parks, recreation, and cultural	<u>33,533</u>

Total depreciation expense-governmental activities \$ 389,154

**Business type activities:**

Service authority	<u>\$ 386,807</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 12-Capital Assets: (continued)**

Capital asset activity for the School Board for the year ended June 30, 2009 was as follows:

Discretely Presented Component Unit-School Board:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 603,897	\$ -	\$ -	\$ 603,897
Construction in progress	165,570	(165,570)	-	-
Total capital assets not being depreciated	<u>\$ 769,467</u>	<u>\$ (165,570)</u>	<u>\$ -</u>	<u>\$ 603,897</u>
Capital assets, being depreciated:				
Buildings	\$ 1,432,658	\$ 272,722	\$ -	\$ 1,705,380
Machinery and equipment	1,463,456	271,659	(117,000)	1,618,115
Total capital assets being depreciated	<u>\$ 2,896,114</u>	<u>\$ 544,381</u>	<u>\$ (117,000)</u>	<u>\$ 3,323,495</u>
Less: accumulated depreciation for:				
Buildings	\$ (840,561)	\$ (48,120)	\$ -	\$ (888,681)
Machinery and equipment	(784,941)	(150,750)	117,000	(818,691)
Total accumulated depreciation	<u>\$ (1,625,502)</u>	<u>\$ (198,870)</u>	<u>\$ 117,000</u>	<u>\$ (1,707,372)</u>
Total capital assets being depreciated, net	<u>\$ 1,270,612</u>	<u>\$ 345,511</u>	<u>\$ -</u>	<u>\$ 1,616,123</u>
Governmental activities capital assets, net	<u>\$ 2,040,079</u>	<u>\$ 179,941</u>	<u>\$ -</u>	<u>\$ 2,220,020</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2009

**Note 12-Capital Assets: (continued)**

Capital asset activity for the Economic Development Authority for the year ended June 30, 2009 was as follows:

Discretely Presented Component Unit-Economic Development Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 150,700	\$ 260,000	\$ (79,500)	\$ 331,200
Construction in progress	1,488,363	212,400	(1,700,763)	-
Total capital assets not being depreciated	<u>\$ 1,639,063</u>	<u>\$ 472,400</u>	<u>\$ (1,780,263)</u>	<u>\$ 331,200</u>
Capital assets, being depreciated:				
Buildings and equipment	<u>\$ 618,858</u>	<u>\$ 1,662,400</u>	<u>\$ (600,500)</u>	<u>\$ 1,680,758</u>
Less: accumulated depreciation for:				
Buildings and equipment	<u>\$ (272,840)</u>	<u>\$ (50,695)</u>	<u>\$ 271,191</u>	<u>\$ (52,344)</u>
Total capital assets being depreciated, net	<u>\$ 346,018</u>	<u>\$ 1,611,705</u>	<u>\$ (329,309)</u>	<u>\$ 1,628,414</u>
Business-Type activities capital assets, net	<u>\$ 1,985,081</u>	<u>\$ 2,084,105</u>	<u>\$ (2,109,572)</u>	<u>\$ 1,959,614</u>

Capital asset activity for the Wireless Authority for the year ended June 30, 2009 was as follows:

Discretely Presented Component Unit-Wireless Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 174,780	\$ 222,238	\$ -	\$ 397,018
Business-Type activities capital assets, net	<u>\$ 174,780</u>	<u>\$ 222,238</u>	<u>\$ -</u>	<u>\$ 397,018</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009

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**Note 13-Risk Management:**

The County and its Component Unit – School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit – School Board participate with other localities in a public entity risk pool for their coverage of general liability, auto, property, workers compensation, and crime insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its Component Unit – School Board pay the Virginia Association of Counties contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 14-Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no 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 15-Surety Bonds:**

Primary Government:

**Fidelity & Deposit Company of Maryland-Surety:**

Rebecca I. Johnson, Clerk of the Circuit Court	\$	105,000
John F. Goins, Treasurer		300,000
Cindy Wright, Commissioner of the Revenue		3,000
Jerry Thompson, Sheriff		30,000

**Note 16-Landfill Closure and Post-closure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$220,332. These amounts are based on what it would cost to perform all post-closure care in 2009. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs.

**Note 17-Restatement of Beginning Fund Balance/Net Assets:**

		<u>Primary Government</u> <u>Business Activities</u> <u>Net Assets</u>
Net Assets/Fund Balance, as previously stated	\$	10,210,793
Depreciation	\$	8,125
Net Assets/Fund Balance, as restated	\$	10,218,918

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**Required Supplementary Information**

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County of Bland, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 4,224,853	\$ 4,224,853	\$ 4,157,760	\$ (67,093)
Other local taxes	782,705	782,705	795,467	12,762
Permits, privilege fees, and regulatory licenses	35,200	35,200	31,301	(3,899)
Fines and forfeitures	368,146	363,401	362,801	(600)
Revenue from the use of money and property	152,159	152,159	64,337	(87,822)
Charges for services	344,330	344,330	288,226	(56,104)
Miscellaneous	165,790	165,790	31,940	(133,850)
Recovered costs	220,343	320,343	526,006	205,663
Intergovernmental revenues:				
Commonwealth	1,897,154	1,900,618	1,799,997	(100,621)
Federal	1,436,102	1,446,102	666,843	(779,259)
Total revenues	<u>\$ 9,626,782</u>	<u>\$ 9,735,501</u>	<u>\$ 8,724,678</u>	<u>\$ (1,010,823)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,044,328	\$ 974,891	\$ 919,303	\$ 55,588
Judicial administration	357,643	359,946	340,198	19,748
Public safety	1,759,302	1,821,725	1,613,833	207,892
Public works	882,643	780,643	750,964	29,679
Health and welfare	1,211,387	1,212,387	1,075,093	137,294
Education	2,033,715	2,033,715	1,723,211	310,504
Parks, recreation, and cultural	164,552	392,369	356,527	35,842
Community development	1,236,420	1,336,877	661,825	675,052
Capital projects	350,000	79,106	-	79,106
Debt service:				
Principal retirement	256,140	256,140	248,722	7,418
Interest and other fiscal charges	20,300	20,300	184,607	(164,307)
Total expenditures	<u>\$ 9,316,430</u>	<u>\$ 9,268,099</u>	<u>\$ 7,874,283</u>	<u>\$ 1,393,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 310,352</u>	<u>\$ 467,402</u>	<u>\$ 850,395</u>	<u>\$ 382,993</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 47,445	\$ 47,445	\$ 23,913	\$ (23,532)
Transfers out	(30,081)	(30,081)	(200,715)	(170,634)
Total other financing sources and uses	<u>\$ 17,364</u>	<u>\$ 17,364</u>	<u>\$ (176,802)</u>	<u>\$ (194,166)</u>
Net change in fund balances	\$ 327,716	\$ 484,766	\$ 673,593	\$ 188,827
Fund balances - beginning	-	6,178	3,038,858	3,032,680
Fund balances - ending	<u>\$ 327,716</u>	<u>\$ 490,944</u>	<u>\$ 3,712,451</u>	<u>\$ 3,221,507</u>

County of Bland, Virginia  
 Schedule of Pension Funding Progress  
 As of June 30, 2009

## Primary Government:

## County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 4,789,783	\$ 6,297,861	\$ 1,508,078	76.05%	\$ 1,675,967	89.98%
6/30/2007	4,433,512	6,132,750	1,699,238	72.29%	1,629,812	104.26%
6/30/2006	3,977,553	5,178,368	1,200,815	76.81%	1,565,244	76.72%

## Discretely Presented Component Unit:

## School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 972,772	\$ 1,033,452	\$ 60,680	94.13%	\$ 537,187	11.30%
6/30/2007	850,082	909,148	59,066	93.50%	502,936	11.74%
6/30/2006	732,253	791,561	59,308	92.51%	475,811	12.46%

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**Other Supplementary Information**

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## FIDUCIARY FUNDS

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

FFA Scholarship – The FFA Scholarship fund accounts for those funds designated for scholarships.

County of Bland, Virginia  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>FFA Scholarship Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,374	\$ -	\$ 11,374
Investments, at fair value:			
Other investments	-	26,866	26,866
Total assets	\$ 11,374	\$ 26,866	\$ 38,240
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 11,374	\$ -	\$ 11,374
Amounts held for FFA scholarships	-	26,866	26,866
Total liabilities	\$ 11,374	\$ 26,866	\$ 38,240

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
MAJOR GOVERNMENTAL FUNDS**

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

County of Bland, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2009

	<u>School Operating Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,590,487
Cash in custody of others	154,346
Due from other governmental units	162,031
Prepaid items	77,192
Total assets	\$ 3,984,056
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 50,867
Contracts payable	725,321
Due to primary government	213,890
Total liabilities	\$ 990,078
Unreserved:	
Designated for subsequent expenditure	\$ 2,993,978
Total fund balances	\$ 2,993,978
Total liabilities and fund balances	\$ 3,984,056
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 2,993,978
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,220,020
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(193,488)
Net assets of governmental activities	\$ 5,020,510



County of Bland, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2009

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 44,732
Charges for services	191,794
Miscellaneous	58,857
Recovered costs	193,688
Intergovernmental revenues:	
Local government	1,715,342
Commonwealth	6,483,822
Federal	783,761
Total revenues	<u>\$ 9,471,996</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>\$ 9,216,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 255,213</u>
Net change in fund balances	\$ 255,213
Fund balances - beginning	<u>2,738,765</u>
Fund balances - ending	<u>\$ 2,993,978</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	\$ 255,213
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.	179,941
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.	(13,214)
Change in net assets of governmental activities	<u>\$ 421,940</u>

County of Bland, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2009

	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	\$ -	\$ -	\$ 44,732	\$ 44,732
Charges for services	-	-	191,794	191,794
Miscellaneous	8,000	8,000	58,857	50,857
Recovered costs	23,400	23,400	193,688	170,288
Intergovernmental revenues:				
Local government	2,025,846	2,025,846	1,715,342	(310,504)
Commonwealth	6,425,802	6,425,802	6,483,822	58,020
Federal	581,380	581,380	783,761	202,381
Total revenues	<u>\$ 9,064,428</u>	<u>\$ 9,064,428</u>	<u>\$ 9,471,996</u>	<u>\$ 407,568</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 9,064,428	\$ 9,064,428	\$ 9,216,783	\$ (152,355)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 255,213	\$ 255,213
Net change in fund balances	\$ -	\$ -	\$ 255,213	\$ 255,213
Fund balances - beginning	-	-	2,738,765	2,738,765
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,993,978</u>	<u>\$ 2,993,978</u>

## **SUPPORTING SCHEDULES**

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,573,985	\$ 2,573,985	\$ 2,449,463	\$ (124,522)
Real and personal public service corporation taxes	359,870	359,870	373,434	13,564
Personal property taxes	943,303	943,303	953,280	9,977
Mobile home taxes	38,832	38,832	25,219	(13,613)
Machinery and tools taxes	186,513	186,513	182,364	(4,149)
Merchant's capital taxes	100,350	100,350	120,637	20,287
Penalties	10,000	10,000	25,493	15,493
Interest	12,000	12,000	27,870	15,870
Total general property taxes	<u>\$ 4,224,853</u>	<u>\$ 4,224,853</u>	<u>\$ 4,157,760</u>	<u>\$ (67,093)</u>
Other local taxes:				
Local sales and use taxes	\$ 251,482	\$ 251,482	\$ 235,788	\$ (15,694)
Consumers' utility taxes	160,000	160,000	163,328	3,328
Consumption taxes	22,500	22,500	22,641	141
Communications taxes	100,000	100,000	112,266	12,266
Franchise license tax	-	-	18,904	18,904
Motor vehicle licenses	97,000	97,000	107,983	10,983
Taxes on recordation and wills	35,723	35,723	40,235	4,512
Hotel and motel room taxes	6,000	6,000	3,185	(2,815)
Restaurant food taxes	110,000	110,000	91,137	(18,863)
Total other local taxes	<u>\$ 782,705</u>	<u>\$ 782,705</u>	<u>\$ 795,467</u>	<u>\$ 12,762</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,700	\$ 7,700	\$ 5,211	\$ (2,489)
Land use application fees	5,000	5,000	1,300	(3,700)
Transfer fees	200	200	268	68
Building permits	22,000	22,000	22,572	572
Permits and other licenses	300	300	1,950	1,650
Total permits, privilege fees, and regulatory licenses	<u>\$ 35,200</u>	<u>\$ 35,200</u>	<u>\$ 31,301</u>	<u>\$ (3,899)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 367,946	\$ 363,201	\$ 362,777	\$ (424)
Dog violation fines	200	200	24	(176)
Total fines and forfeitures	<u>\$ 368,146</u>	<u>\$ 363,401</u>	<u>\$ 362,801</u>	<u>\$ (600)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 148,559	\$ 148,559	\$ 60,737	\$ (87,822)
Revenue from use of property	3,600	3,600	3,600	-
Total revenue from use of money and property	<u>\$ 152,159</u>	<u>\$ 152,159</u>	<u>\$ 64,337</u>	<u>\$ (87,822)</u>
Charges for services:				
Charges for sheriff's fees	\$ 450	\$ 450	\$ 330	\$ (120)
Charges for courthouse maintenance	12,350	12,350	16,092	3,742
Charges for law library	600	600	595	(5)
Charges for Commonwealth's Attorney	150	150	349	199
Charges for sanitation and waste removal	315,000	315,000	255,791	(59,209)
Charges for cannery	5,050	5,050	7,889	2,839
Charges for forest service coop law enforcement	3,000	3,000	3,000	-
Other charges for services	7,730	7,730	4,180	(3,550)
Total charges for services	<u>\$ 344,330</u>	<u>\$ 344,330</u>	<u>\$ 288,226</u>	<u>\$ (56,104)</u>

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (continued)</b>				
Revenue from local sources: (continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 165,790	\$ 165,790	\$ 31,940	\$ (133,850)
Recovered costs:				
Insurance reimbursement	\$ 36,924	\$ 36,924	\$ 36,978	\$ 54
Social services	92,706	92,706	84,083	(8,623)
Utilities	300	300	1,065	765
Schools	-	-	30,935	30,935
Crossroads Industrial Facilities Authority	85,000	85,000	135,000	50,000
Other recovered costs	5,413	105,413	237,945	132,532
Total recovered costs	\$ 220,343	\$ 320,343	\$ 526,006	\$ 205,663
Total revenue from local sources	\$ 6,293,526	\$ 6,388,781	\$ 6,257,838	\$ (130,943)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 4,028	\$ 4,028	\$ -	\$ (4,028)
Wine taxes	4,222	4,222	-	(4,222)
Motor vehicle carriers' tax	1,000	1,000	-	(1,000)
Mobile home titling tax	35,000	35,000	24,817	(10,183)
State recordation tax	8,000	8,000	6,332	(1,668)
Personal property tax relief funds	356,001	356,001	354,561	(1,440)
Total noncategorical aid	\$ 408,251	\$ 408,251	\$ 385,710	\$ (22,541)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 87,214	\$ 87,214	\$ 85,926	\$ (1,288)
Sheriff	522,810	523,477	508,128	(15,349)
Commissioner of revenue	83,086	83,086	84,712	1,626
Treasurer	70,774	70,774	73,973	3,199
Registrar/electoral board	35,369	35,369	34,552	(817)
Clerk of the Circuit Court	129,912	129,912	140,990	11,078
Total shared expenses	\$ 929,165	\$ 929,832	\$ 928,281	\$ (1,551)
Other categorical aid:				
Public assistance and welfare administration	\$ 270,099	\$ 270,099	\$ 258,385	\$ (11,714)
Comprehensive Services Act program	94,877	94,877	88,026	(6,851)
Litter control grant	6,508	6,508	6,337	(171)
Two-for-life	5,702	5,702	6,467	765
DMV grant	500	500	600	100
E-911 state revenue	45,000	45,000	40,319	(4,681)
Victim-witness grant	15,221	15,221	4,021	(11,200)
Fire program	18,113	18,113	18,771	658
Juvenile justice grant	8,621	8,621	8,600	(21)
MRPDC Commerce Park Design Grant	50,000	50,000	-	(50,000)
School resource officer grant	30,081	30,081	8,509	(21,572)
Tobacco Indemnification and Revitalization Grant	-	-	18,500	18,500
Mining royalties	2,250	2,250	11,265	9,015

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (continued)</b>				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Other categorical aid: (continued)				
Other categorical	\$ 12,766	\$ 15,563	\$ 16,206	\$ 643
Total other categorical aid	<u>\$ 559,738</u>	<u>\$ 562,535</u>	<u>\$ 486,006</u>	<u>\$ (76,529)</u>
Total categorical aid	<u>\$ 1,488,903</u>	<u>\$ 1,492,367</u>	<u>\$ 1,414,287</u>	<u>\$ (78,080)</u>
Total revenue from the Commonwealth	<u>\$ 1,897,154</u>	<u>\$ 1,900,618</u>	<u>\$ 1,799,997</u>	<u>\$ (100,621)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 185,913</u>	<u>\$ 110,913</u>
Categorical aid:				
Victim-witness grant	\$ 4,021	\$ 4,021	\$ 16,082	\$ 12,061
State and community highway safety funds	-	10,000	862	(9,138)
Public assistance and welfare administration	429,581	429,581	410,951	(18,630)
Schools and roads	-	-	25,535	25,535
Rural Technology Competitive Grants Program	27,500	27,500	27,500	-
Other federal categorical aid	900,000	900,000	-	(900,000)
Total categorical aid	<u>\$ 1,361,102</u>	<u>\$ 1,371,102</u>	<u>\$ 480,930</u>	<u>\$ (890,172)</u>
Total revenue from the federal government	<u>\$ 1,436,102</u>	<u>\$ 1,446,102</u>	<u>\$ 666,843</u>	<u>\$ (779,259)</u>
Total Primary Government	<u>\$ 9,626,782</u>	<u>\$ 9,735,501</u>	<u>\$ 8,724,678</u>	<u>\$ (1,010,823)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,732</u>	<u>\$ 44,732</u>
Charges for services:				
Cafeteria sales	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,794</u>	<u>\$ 191,794</u>
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 58,857</u>	<u>\$ 50,857</u>
Recovered costs:				
Miscellaneous recovered costs	<u>\$ 23,400</u>	<u>\$ 23,400</u>	<u>\$ 193,688</u>	<u>\$ 170,288</u>
Total revenue from local sources	<u>\$ 31,400</u>	<u>\$ 31,400</u>	<u>\$ 489,071</u>	<u>\$ 457,671</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	<u>\$ 2,025,846</u>	<u>\$ 2,025,846</u>	<u>\$ 1,715,342</u>	<u>\$ (310,504)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 809,371	\$ 809,371	\$ 734,809	\$ (74,562)
Basic school aid	3,827,746	3,827,746	3,994,074	166,328
Remedial summer education	3,087	3,087	-	(3,087)

County of Bland, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (continued)</b>				
<b>Special Revenue Funds: (continued)</b>				
<b>School Operating Fund: (continued)</b>				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Regular foster care	\$ 16,700	\$ 16,700	\$ 2,302	\$ (14,398)
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	30,104	30,104	30,941	837
Remedial education	64,222	64,222	66,007	1,785
Enrollment loss	4,440	4,440	-	(4,440)
Special education	408,939	408,939	402,917	(6,022)
Textbook payment	79,287	79,287	81,491	2,204
Vocational SOQ payments	80,946	80,946	83,196	2,250
Vocational adult education	4,614	4,614	130	(4,484)
School food	8,749	8,749	7,931	(818)
Social security fringe benefits	191,327	191,327	196,646	5,319
Retirement fringe benefits	247,521	247,521	254,402	6,881
Group life insurance benefits	8,028	8,028	8,251	223
State lottery payments	159,390	159,390	136,573	(22,817)
Early reading intervention	20,411	20,411	15,876	(4,535)
Dropout prevention	4,000	4,000	2,033	(1,967)
Homebound education	4,468	4,468	5,197	729
Regional program tuition	-	-	7,590	7,590
Vocation education - equipment	18,000	18,000	3,716	(14,284)
Vocational occupational preparedness	-	-	1,263	1,263
Local history grant	3,000	3,000	1,572	(1,428)
At risk payments	54,015	54,015	55,604	1,589
Primary class size	49,116	49,116	50,162	1,046
Technology	168,748	168,748	170,136	1,388
Standards of Learning algebra readiness	9,266	9,266	9,266	-
School Construction Grant	113,797	113,797	113,784	(13)
Mentor teacher program	223	223	1,077	854
Virginia tobacco settlement	28,428	28,428	34,670	6,242
Other state funds	-	-	4,347	4,347
Total categorical aid	<u>\$ 6,425,802</u>	<u>\$ 6,425,802</u>	<u>\$ 6,483,822</u>	<u>\$ 58,020</u>
Total revenue from the Commonwealth	<u>\$ 6,425,802</u>	<u>\$ 6,425,802</u>	<u>\$ 6,483,822</u>	<u>\$ 58,020</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 129,130	\$ 129,130	\$ 151,545	\$ 22,415
Title VI-B, preschool	225,135	225,135	214,970	(10,165)
Drug free schools	-	-	4,178	4,178
Title II Part D	-	-	30,039	30,039
Title II Part A	37,115	37,115	1,054	(36,061)
School food program	150,000	150,000	220,616	70,616
Schools and roads	40,000	40,000	144,696	104,696
Perkins	-	-	15,935	15,935
Title IV	-	-	728	728
Total categorical aid	<u>\$ 581,380</u>	<u>\$ 581,380</u>	<u>\$ 783,761</u>	<u>\$ 202,381</u>
Total revenue from the federal government	<u>\$ 581,380</u>	<u>\$ 581,380</u>	<u>\$ 783,761</u>	<u>\$ 202,381</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 9,064,428</u>	<u>\$ 9,064,428</u>	<u>\$ 9,471,996</u>	<u>\$ 407,568</u>

County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 103,901	\$ 88,668	\$ 82,667	\$ 6,001
General and financial administration:				
County administrator	\$ 350,130	\$ 332,926	\$ 314,100	\$ 18,826
Commissioner of revenue	184,883	179,883	174,105	5,778
Treasurer	177,951	157,951	154,781	3,170
Legal services	36,685	33,985	32,249	1,736
Information technology	45,098	35,098	24,786	10,312
Auditors	46,642	46,642	42,348	4,294
Other general and financial administration	13,847	14,547	10,621	3,926
Total general and financial administration	\$ 855,236	\$ 801,032	\$ 752,990	\$ 48,042
Board of elections:				
Electoral board and officials	\$ 26,642	\$ 26,642	\$ 25,515	\$ 1,127
Registrar	58,549	58,549	58,131	418
Total board of elections	\$ 85,191	\$ 85,191	\$ 83,646	\$ 1,545
Total general government administration	\$ 1,044,328	\$ 974,891	\$ 919,303	\$ 55,588
Judicial administration:				
Courts:				
Circuit court	\$ 4,448	\$ 4,448	\$ 3,701	\$ 747
General district court	2,080	2,080	1,645	435
Magistrates	300	300	125	175
Juvenile and domestic relations court	9,326	10,129	4,270	5,859
Victim and witness assistance	22,430	22,430	22,924	(494)
Clerk of the circuit court	203,399	203,399	196,471	6,928
Law Library	1,000	2,500	1,270	1,230
Total courts	\$ 242,983	\$ 245,286	\$ 230,406	\$ 14,880
Commonwealth's attorney:				
Commonwealth's attorney	\$ 114,660	\$ 114,660	\$ 109,792	\$ 4,868
Total judicial administration	\$ 357,643	\$ 359,946	\$ 340,198	\$ 19,748
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,002,579	\$ 1,008,502	\$ 950,496	\$ 58,006
Fire and rescue services:				
Fire department	\$ 93,578	\$ 98,578	\$ 107,750	\$ (9,172)
Ambulance and rescue services	20,875	20,875	20,875	-
Other fire and rescue services	13,153	13,153	14,320	(1,167)
Total fire and rescue services	\$ 127,606	\$ 132,606	\$ 142,945	\$ (10,339)
Correction and detention:				
Regional jail	\$ 151,109	\$ 206,109	\$ 211,052	\$ (4,943)
Inspections:				
Building	\$ 65,211	\$ 72,711	\$ 71,481	\$ 1,230



County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Public safety: (continued)				
Other protection:				
Animal control	\$ 62,523	\$ 51,423	\$ 51,639	\$ (216)
Medical examiner	80	180	100	80
E-911	350,194	350,194	186,120	164,074
Total other protection	<u>\$ 412,797</u>	<u>\$ 401,797</u>	<u>\$ 237,859</u>	<u>\$ 163,938</u>
Total public safety	<u>\$ 1,759,302</u>	<u>\$ 1,821,725</u>	<u>\$ 1,613,833</u>	<u>\$ 207,892</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 2,600	\$ 2,600	\$ 2,584	\$ 16
Sanitation and waste removal:				
Refuse collection and disposal	\$ 342,724	\$ 348,724	\$ 348,402	\$ 322
Landfill closure	33,900	17,900	22,985	(5,085)
Total sanitation and waste removal	<u>\$ 376,624</u>	<u>\$ 366,624</u>	<u>\$ 371,387</u>	<u>\$ (4,763)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 317,749	\$ 255,749	\$ 255,219	\$ 530
Canneries	77,834	57,834	36,036	21,798
Public works administration	107,836	97,836	85,738	12,098
Total maintenance of general buildings and grounds	<u>\$ 503,419</u>	<u>\$ 411,419</u>	<u>\$ 376,993</u>	<u>\$ 34,426</u>
Total public works	<u>\$ 882,643</u>	<u>\$ 780,643</u>	<u>\$ 750,964</u>	<u>\$ 29,679</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 79,102	\$ 79,102	\$ 79,102	\$ -
Mental health and mental retardation:				
Community services board	\$ 13,250	\$ 13,250	\$ 13,250	\$ -
Welfare:				
Welfare administration	\$ 969,706	\$ 969,706	\$ 609,107	\$ 360,599
Public assistance	-	-	233,900	(233,900)
State and local hospitalization	656	656	355	301
Elderly and handicapped services	8,730	8,730	8,730	-
Comprehensive services	124,227	124,227	113,933	10,294
Other welfare	15,716	16,716	16,716	-
Total welfare	<u>\$ 1,119,035</u>	<u>\$ 1,120,035</u>	<u>\$ 982,741</u>	<u>\$ 137,294</u>
Total health and welfare	<u>\$ 1,211,387</u>	<u>\$ 1,212,387</u>	<u>\$ 1,075,093</u>	<u>\$ 137,294</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 7,869	\$ 7,869	\$ 7,869	\$ -
Contribution to County School Board	2,025,846	2,025,846	1,715,342	310,504
Total education	<u>\$ 2,033,715</u>	<u>\$ 2,033,715</u>	<u>\$ 1,723,211</u>	<u>\$ 310,504</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	\$ 10,824	\$ 15,700	\$ 7,408	\$ 8,292

County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (continued)</b>				
Parks, recreation, and cultural: (continued)				
Cultural enrichment:				
Indian Village	\$ 30,000	\$ 252,941	\$ 226,019	\$ 26,922
Library:				
Contribution to regional library	\$ 123,728	\$ 123,728	\$ 123,100	\$ 628
Total parks, recreation, and cultural	\$ 164,552	\$ 392,369	\$ 356,527	\$ 35,842
Community development:				
Planning and community development:				
Community development	\$ 3,725	\$ 3,725	\$ 3,235	\$ 490
Planning	105,214	185,671	182,305	3,366
Economic development	1,034,029	1,054,029	388,967	665,062
Total planning and community development	\$ 1,142,968	\$ 1,243,425	\$ 574,507	\$ 668,918
Environmental management:				
Contribution to soil and water district	\$ 9,700	\$ 9,700	\$ 9,700	\$ -
Cooperative extension program:				
Extension office	\$ 83,752	\$ 83,752	\$ 77,618	\$ 6,134
Total community development	\$ 1,236,420	\$ 1,336,877	\$ 661,825	\$ 675,052
Capital projects:				
Other capital projects	\$ 350,000	\$ 79,106	\$ -	\$ 79,106
Debt service:				
Principal retirement	\$ 256,140	\$ 256,140	\$ 248,722	\$ 7,418
Interest and other fiscal charges	20,300	20,300	184,607	(164,307)
Total debt service	\$ 276,440	\$ 276,440	\$ 433,329	\$ (156,889)
Total General Fund	\$ 9,316,430	\$ 9,268,099	\$ 7,874,283	\$ 1,393,816
Total Primary Government	\$ 9,316,430	\$ 9,268,099	\$ 7,874,283	\$ 1,393,816

County of Bland, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2009

Fund, Function, Activity and Element	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:				
Instruction costs:				
Instruction costs	\$ 6,814,983	\$ 6,814,983	\$ 6,630,408	\$ 184,575
Operating costs:				
Administration and health services	\$ 536,842	\$ 536,842	\$ 516,726	\$ 20,116
Pupil transportation	798,343	798,343	835,185	(36,842)
Operation and maintenance of school plant	730,458	730,458	779,401	(48,943)
Facilities	-	-	8,607	(8,607)
Total operating costs	<u>\$ 2,065,643</u>	<u>\$ 2,065,643</u>	<u>\$ 2,139,919</u>	<u>\$ (74,276)</u>
School food services:				
Administration of school food program	\$ 183,802	\$ 183,802	\$ 446,456	\$ (262,654)
Total Discretely Presented Component Unit - School Board	<u>\$ 9,064,428</u>	<u>\$ 9,064,428</u>	<u>\$ 9,216,783</u>	<u>\$ (152,355)</u>

- (1) School Board appropriations are approved at the fund level, therefore appropriations should be compared against expenditures at the fund level only for legal compliance requirements. School expenditures above include disbursements at decentralized cafeteria operations in the amount of \$377,802. These amounts are not subject to appropriation and accordingly are not budgeted.

**OTHER STATISTICAL INFORMATION**

Table 1

**County of Bland, 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	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Service Authority	Total
2008-09	\$ 874,209	\$ 341,475	\$ 1,698,669	\$ 762,499	\$ 989,548	\$ 1,741,599	\$ 277,656	\$ 240,035	\$ 182,319	\$ 846,734	\$ 7,954,743
2007-08	949,279	328,350	1,535,649	765,844	994,735	2,184,946	162,006	392,417	193,525	879,490	8,386,241
2006-07	840,399	297,365	1,481,054	728,774	1,544,378	2,084,371	142,065	291,841	201,620	826,285	8,438,152
2005-06	778,866	309,714	1,404,672	638,453	815,065	1,885,195	154,734	136,704	219,003	839,822	7,182,228
2004-05	610,090	308,198	1,585,787	452,403	849,638	1,813,666	132,256	149,572	205,861	825,247	6,932,718
2003-04	610,700	157,670	1,142,285	604,667	857,946	1,833,075	105,440	150,620	160,525	783,401	6,406,329
2002-03	544,185	166,654	1,236,876	553,177	732,946	2,409,685	89,467	100,294	74,936	599,135	6,467,355

(1) Information has only been available for 7 years.

Table 2

County of Bland, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2008-09	\$ 1,028,168	\$ 1,884,067	\$	\$ 4,248,680	\$ 795,467	\$ 64,337	\$ 31,940	\$ 571,623	\$ 8,624,282		
2007-08	1,074,480	1,921,241		3,623,286	844,536	160,451	21,841	465,491	8,111,326		
2006-07	1,109,941	2,818,405		3,496,273	826,622	156,285	8,065	507,610	8,923,201		
2005-06	965,640	1,821,778		3,340,366	808,111	90,115	33,980	535,336	7,595,326		
2004-05	1,092,738	1,732,905		3,107,948	746,668	31,870	12,235	395,801	7,120,165		
2003-04	731,851	1,809,218		2,554,497	670,715	7,726	236,409	438,601	6,449,017		
2002-03	717,256	2,195,421		2,442,677	655,469	13,598	16,688	488,039	6,529,148		

(1) Information has only been available for 7 years.

Table 3

**County of Bland, Virginia**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2008-09	\$ 919,303	\$ 340,198	\$ 1,613,833	\$ 750,984	\$ 1,075,093	\$ 9,224,652	\$ 356,527	\$ 661,825	\$ 433,329	\$ 15,375,724
2007-08	934,887	325,807	1,390,396	755,811	1,042,904	8,860,586	128,473	476,732	472,674	14,388,270
2006-07	817,094	299,335	1,335,075	736,940	946,016	8,201,233	126,888	351,578	586,148	13,400,307
2005-06	710,820	315,639	1,202,639	646,999	893,987	7,545,042	129,560	235,497	476,839	12,157,022
2004-05	657,733	306,197	1,527,395	596,176	912,423	8,441,212	138,078	199,116	464,170	13,242,500
2003-04	643,310	268,737	1,410,291	556,988	891,649	7,165,625	105,440	150,777	337,706	11,530,523
2002-03	635,889	266,246	1,100,205	560,904	744,286	6,836,170	89,467	98,578	230,088	10,561,833
2001-02	836,356	248,528	784,665	784,409	928,036	6,632,772	94,487	193,488	234,694	10,737,435
2000-01	780,632	271,774	816,103	563,529	746,591	6,617,954	65,998	289,224	229,136	10,380,941
1999-00	757,437	245,354	668,149	506,489	594,820	6,370,777	61,720	107,715	188,976	9,501,437

(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 and capital projects.

Table 4

County of Bland, 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	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2008-09	\$ 4,157,760	795,467	31,301	362,801	109,069	480,020	90,797	719,694	9,734,423	\$ 16,481,332
2007-08	3,617,018	844,536	30,020	360,871	251,858	504,072	36,576	438,259	8,779,504	14,862,714
2006-07	3,351,678	826,622	28,040	296,394	258,917	578,721	69,426	269,480	9,363,593	15,042,871
2005-06	3,273,790	808,111	29,033	330,548	169,423	426,461	50,744	362,505	8,038,739	13,489,354
2004-05	3,138,006	746,668	30,202	344,252	74,899	500,266	55,308	351,753	7,908,701	13,150,055
2003-04	2,507,386	670,715	28,018	62,324	18,839	472,032	803,209	165,366	7,659,749	12,387,638
2002-03	2,466,323	655,469	28,861	140,234	34,172	428,282	44,901	196,990	7,178,022	11,173,254
2001-02	2,030,621	646,359	52,156	74,527	62,453	410,508	33,215	226,891	7,343,739	10,880,469
2000-01	2,076,006	666,870	25,691	93,822	133,980	391,691	52,844	270,979	6,774,368	10,476,251
1999-00	2,030,577	550,020	24,191	70,740	134,261	330,499	95,788	206,828	6,460,697	9,903,601

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

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



Table 5

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

Fiscal Year	Total Tax Levy (1, 2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2008-09	\$ 4,572,954	\$ 4,351,121	95.15%	\$ 107,837	\$ 4,458,958	97.51%	\$ 417,952	9.14%	
2007-08	3,933,705	3,830,011	97.36%	95,322	3,925,333	99.79%	392,206	9.97%	
2006-07	3,733,925	3,579,896	95.87%	88,682	3,668,578	98.25%	342,624	9.18%	
2005-06	3,663,193	3,562,454	97.25%	91,914	3,654,368	99.76%	266,586	7.28%	
2004-05	3,482,487	3,266,798	93.81%	95,997	3,362,795	96.56%	218,913	6.29%	
2003-04	2,809,664	2,718,454	96.75%	57,158	2,775,612	98.79%	194,327	6.92%	
2002-03	2,772,481	2,686,344	96.89%	74,992	2,761,336	99.60%	186,608	6.73%	
2001-02	2,356,318	2,230,228	94.65%	90,543	2,320,771	98.49%	182,817	7.76%	
2000-01	2,254,495	2,174,881	96.47%	79,634	2,254,515	100.00%	191,937	8.51%	
1999-00	2,128,453	2,053,312	96.47%	59,368	2,112,680	99.26%	193,394	9.09%	

(1) Exclusive of penalties and interest. Includes payments from the State under the PPTRA Program.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Table 6

County of Bland, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2008-09	\$ 460,617,400	\$ 63,124,074	\$ 20,572,309	\$ 16,411,741	\$ 68,693,487	\$ 629,419,011
2007-08	270,659,200	63,916,186	25,878,004	19,288,259	50,582,512	430,324,161
2006-07	265,110,100	61,738,795	25,452,487	15,108,640	35,833,223	403,243,245
2005-06	258,944,800	60,157,418	25,043,406	21,483,898	30,787,455	396,416,977
2004-05	253,943,800	56,014,094	23,222,618	27,616,238	22,036,848	382,833,598
2003-04	247,794,775	51,340,645	21,215,034	24,332,409	15,319,483	360,002,346
2002-03	244,150,636	51,573,678	19,785,849	22,804,351	15,534,869	353,849,383
2001-02	178,804,811	51,031,334	20,159,754	17,006,117	11,558,507	278,560,523
2000-01	174,420,419	49,328,188	16,009,653	14,250,753	12,124,168	266,133,181
1999-00	172,305,084	45,800,146	14,068,435	8,625,379	13,012,038	253,811,082

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2008-09	\$ 0.55	\$ 2.29	\$ 0.55	\$ 0.73	0.89
2007-08	0.69	2.29	0.69	0.73	0.89
2006-07	0.69	2.29	0.69	0.73	0.89
2005-06	0.69	2.29	0.69	0.73	0.89
2004-05	0.69	2.29	0.69	0.73	0.89
2003-04	0.65	1.60	0.65	0.73	0.73
2002-03	0.65	1.60	0.65	0.73	0.73
2001-02	0.69	1.60	0.69	0.73	0.73
2000-01	0.69	1.60	0.69	0.73	0.73
1999-00	0.69	1.60	0.69	0.73	0.73

(1) Per \$100 of assessed value.

Table 8

**County of Bland, Virginia**  
**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 and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008-09	6,871	\$ 629,419	\$ 747,768	\$ 747,768	0.12%	\$ 109
2007-08	6,871	430,324	903,867	903,867	0.21%	132
2006-07	6,871	403,243	1,053,420	1,053,420	0.26%	153
2005-06	6,871	396,417	1,201,525	1,201,525	0.30%	175
2004-05	6,871	382,834	1,364,859	1,364,859	0.36%	199
2003-04	6,871	360,002	1,496,503	1,496,503	0.42%	218
2002-03	6,871	353,849	1,690,723	1,690,723	0.48%	246
2001-02	6,871	278,561	1,846,964	1,846,964	0.66%	269
2000-01	6,871	266,133	2,002,205	2,002,205	0.75%	291
1999-00	6,514	253,811	2,146,537	2,146,537	0.85%	330

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2008-09	\$ 248,722	\$ 184,607	\$ 433,329	\$ 15,375,724	2.82%
2007-08	276,561	196,113	472,674	14,388,270	3.29%
2006-07	379,126	207,022	586,148	13,400,307	4.37%
2005-06	261,416	215,423	476,839	12,157,022	3.92%
2004-05	206,152	258,018	464,170	13,242,500	3.51%
2003-04	221,071	116,635	337,706	11,530,523	2.93%
2002-03	156,241	73,847	230,088	10,561,833	2.18%
2001-02	155,241	79,453	234,694	10,737,435	2.19%
2000-01	144,332	84,804	229,136	10,380,941	2.21%
1999-00	118,504	70,472	188,976	9,501,437	1.99%

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

## **COMPLIANCE SECTION**

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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 Members of the Board of Supervisors  
County of Bland, Virginia  
Bland, Virginia

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Bland, Virginia as of and for the year ended June 30, 2009, which collectively comprise the County of Bland, Virginia's basic financial statements and have issued our report thereon dated November 30, 2009. 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 Bland, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Bland, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Bland, Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings, responses and questioned costs (reference 2009-1) to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above (reference 2009-1) is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Bland, 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 Bland, Virginia, in a separate letter dated November 30, 2009.

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

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

*Robinson, Jarner, Co. Associates*

Christiansburg, Virginia  
November 30, 2009



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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To the Members of the Board of Supervisors  
County of Bland, Virginia  
Bland, Virginia

### Compliance

We have audited the compliance of the County of Bland, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Bland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Bland, Virginia's management. Our responsibility is to express an opinion on County of Bland, Virginia's compliance based on our audit.

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

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

### **Internal Control Over Compliance**

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

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

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

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

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, 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, Jaeger, & Associates*

Christiansburg, Virginia  
November 30, 2009

County of Bland, Virginia  
Schedule of Expenditures of Federal Awards (1)  
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	\$ 6,334
Temporary Assistance for Needy Families (TANF)	93.558	71,885
Refugee and Entrant Assistance - State Administered Programs	93.566	151
Chafee Foster Care Independence Program	93.674	1,230
Low-Income Home Energy Assistance	93.568	4,102
Child Welfare Services - State Grants	93.645	513
Chafee Education and Training Vouchers Program	93.599	979
Child Care and Development Block Grant	93.575	11,838
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	17,978
Child Care and Development Block Grant-ARRA	93.713	135
Adoption Assistance	93.659	30,856
Adoption Assistance-ARRA	93.659	3,370
Foster Care - Title IV-E	93.658	58,380
Foster Care - Title IV-E-ARRA	93.658	3,342
Social Services Block Grant	93.667	52,846
Children's Health Insurance Program	93.767	6,020
Medical Assistance Program	93.778	56,278
		<hr/>
Total Department of Health & Human Services		\$ 326,237
Department of Agriculture:		
Direct Payments:		
New ERA Rural Technology Competitive Grants Program	10.314	\$ 27,500
Community Connect Grant Program	10.863	194,800
		<hr/>
Total Department of Agriculture - direct payments		\$ 222,300
Pass Through Payments:		
Department of Agriculture:		
Food Distribution (2)	10.555	\$ 27,415
Department of Education:		
National school breakfast program	10.553	54,922
National school lunch program	10.555	138,279
Schools and Roads - Grants to States	10.665	170,231
Department of Social Services:		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	84,714
		<hr/>
Total Department of Agriculture		\$ 697,861
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 862
		<hr/>

County of Bland, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice:		
Crime Victim Assistance	16.575	\$ 16,082
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Grants to Local Educational Agencies	84.010	\$ 151,545
Special Education - Grants to States	84.027	214,970
Career and Technological Education - Basic Grants to States	84.048	15,935
Safe and Drug-Free Schools and Communities - State Grants	84.186	4,178
State Grants for Innovative Programs	84.298	728
Education Technology - State Grants	84.318	30,039
Improving Teacher Quality - State Grants	84.367	1,054
Total Department of Education		\$ 418,449
Total Federal Assistance		\$ 1,459,491
Note 1 -- Basis of Presentation		
<p>The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bland County, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.</p>		
Note 2 -- Food Distribution		
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.		
Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund		\$ 480,930
Total primary government		\$ 480,930
Component Units:		
School Operating Fund		\$ 783,761
Bland County Wireless Authority		194,800
Total Component Units		\$ 978,561
Total federal expenditures per the Schedule of Expenditures of Federal Awards		\$ 1,459,491

**County of Bland, Virginia**

Schedule of Findings, Responses and Questioned Costs  
 Year Ended June 30, 2009

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
10.665	Schools and Roads
10.553	Child Nutrition Cluster
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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**County of Bland, Virginia**

Schedule of Findings, Responses and Questioned Costs  
Year Ended June 30, 2009

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**Section II - Financial Statement Findings**

**2009-1**

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Condition: The County (including Social Services) and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; Accounts Payable and Payroll at the School Board; and Accounts Payable and Payroll in the Department of Social Services.

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

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

Management's

Response: Management acknowledges that internal controls over the functions listed above lack proper segregation of duties, however to alleviate same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency.

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

There are no federal award findings and questioned costs to report.

**Section IV - Status of Prior Audit Findings and Questioned Costs**

The 2009-1 is recurring in the current year. There were no federal findings and questioned costs in the prior year.