COUNTY OF BLAND, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

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

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COUNTY OF BLAND, VIRGINIA

BOARD OF SUPERVISORS

Henry Blessing, Chair

Jason Ramsey, Vice-chair

Nick Asbury

Karen Hodock

COUNTY SCHOOL BOARD

Anthony T. Kennedy, Chair

Roger L. Morehead, Vice-chair

Melinda Litton

Rob Brizendine

SOCIAL SERVICES BOARD

Margaret Harless

Karen Hodock

Stephen Kelly

Debbie Barger

Cathy Strock

OTHER OFFICIALS

Judge of the Circuit Court ..... Hon. Josiah Showalter
Clerk of the Circuit Court ..... Rebecca I. Johnson
Judge of the General District Court ..... Hon. Edward Turner III
Judge of the Juvenile & Domestic Relations Court ..... Hon. Robert Viar Jr.
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
County Administrator ..... Willie Howlett

FINANCIAL SECTION

Independent Auditors' Report

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 20, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Post-Employment Benefits other than Pensions*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010, 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 should be considered 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 schedules of pension and OPEB 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, supplementary financial statements, supporting schedules, 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 supplementary financial statements, supporting schedules, and 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, Farmer, Cox Associates

Christiansburg, Virginia
December 30, 2010

Basic Financial Statements

Exhibit 1

County of Bland, Virginia
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	$ 3,120,112	$ -	$ 3,120,112	$ 3,540,863	$ 736,163	$ 178,064
Cash in custody of others	-	15,798	15,798	149,447	26,214	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	4,848,595	-	4,848,595	-	-	-
Accounts receivable	138,576	68,268	206,844	-	-	13,388
Due from other funds	4,806	-	4,806	-	-	-
Due from component unit	60,898	-	60,898	-	-	-
Due from other governmental units	278,812	-	278,812	184,615	-	-
Prepaid expenses	32,719	-	32,719	83,511	-	-
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	328,200	-
Buildings and utility plant	4,429,545	11,593,517	16,023,062	772,180	1,561,297	-
Machinery and equipment	738,464	2,110	740,574	767,231	-	-
Infrastructure	-	-	-	-	-	392,504
Construction in progress	-	27,878	27,878	-	-	-
Total assets	$ 13,883,014	$ 12,117,128	$ 26,000,142	$ 6,101,744	$ 2,651,874	$ 583,956
LIABILITIES						
Accounts payable	$ 32,545	$ 788	$ 33,333	$ 44,357	$ 59,948	$ 7,099
Contracts payable	-	-	-	734,386	-	-
Customers' deposits	-	8,209	8,209	-	-	-
Accrued interest payable	13,782	2,771	16,553	-	-	-
Due to other funds	-	4,806	4,806	-		
Due to primary government	-	-	-	60,898	-	-
Unearned revenue	4,546,015	-	4,546,015	-	-	-
Long-term liabilities:						
Due within one year	229,984	77,205	307,189	128,166	29,724	-
Due in more than one year	3,711,243	2,215,444	5,926,687	60,922	1,331,964	-
Total liabilities	$ 8,533,569	$ 2,309,223	$ 10,842,792	$ 1,028,729	$ 1,421,636	$ 7,099
NET ASSETS						
Invested in capital assets, net of related debt	$ 1,768,178	$ 9,595,700	$ 11,363,878	$ 2,143,308	$ 527,809	$ 392,504
Restricted for:						
Restricted for debt service and bond covenants	-	154,401	154,401	-	-	-
Unrestricted (deficit)	3,581,267	57,804	3,639,071	2,929,707	702,429	184,353
Total net assets	$ 5,349,445	$ 9,807,905	$ 15,157,350	$ 5,073,015	$ 1,230,238	$ 576,857

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

Exhibit 2

County of Bland, Virginia
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: EDA	Component Units: Wireless Authority
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	$ 899,026	$ 4,916	$ 212,300	$ -	$ (681,810)	$ -	$ (681,810)	$ -	$ -	$ -
Judicial administration	339,747	1,481	240,905	-	(97,361)	-	(97,361)	-	-	-
Public safety	1,634,918	368,116	566,676	-	(700,126)	-	(700,126)	-	-	-
Public works	793,257	288,053	5,125	-	(500,079)	-	(500,079)	-	-	-
Health and welfare	1,349,766	-	1,078,900	-	(270,866)	-	(270,866)	-	-	-
Education	2,073,276	-	-	-	(2,073,276)	-	(2,073,276)	-	-	-
Parks, recreation, and cultural	374,658	4,915	-	-	(369,743)	-	(369,743)	-	-	-
Community development	127,203	466	-	-	(126,737)	-	(126,737)	-	-	-
Interest on long-term debt	178,482	-	-	-	(178,482)	-	(178,482)	-	-	-
Total governmental activities	$ 7,770,333	$ 667,947	$ 2,103,906	$ -	$ (4,998,480)	$ -	$ (4,998,480)	$ -	$ -	$ -
Business-type activities:										
Service Authority	$ 836,366	$ 357,212	$ 9,563	$ -	$ -	$ (469,591)	$ (469,591)	$ -	$ -	$ -
Total primary government	$ 8,606,699	$ 1,025,159	$ 2,113,469	$ -	$ (4,998,480)	$ (469,591)	$ (5,468,071)	$ -	$ -	$ -
COMPONENT UNITS:										
School Board	$ 8,889,518	$ 199,555	$ 6,558,256	$ -	$ -	$ -	$ -	$ (2,131,707)	$ -	$ -
Economic Development Authority (EDA)	338,261	-	-	-	-	-	-	-	(338,261)	-
Wireless Authority	31,742	-	-	-	-	-	-	-	-	(31,742)
Total component units	$ 9,259,521	$ 199,555	$ 6,558,256	$ -	$ -	$ -	$ -	$ (2,131,707)	$ (338,261)	$ (31,742)
General revenues:										
General property taxes					$ 3,871,685	$ -	$ 3,871,685	$ -	$ -	$ -
Other local taxes:										
Local sales and use taxes					219,718	-	219,718	-	-	-
Consumers' utility taxes					165,543	-	165,543	-	-	-
E-911 telephone taxes					2,799	-	2,799	-	-	-
Motor vehicle licenses					104,774	-	104,774	-	-	-
Other local taxes					159,831	-	159,831	-	-	-
Unrestricted revenues from use of money and property					16,620	495	17,115	7,973	2,216	-
Miscellaneous					41,353	50,033	91,386	79,447	178,892	16,736
Contributions from Bland County					-	-	-	2,095,292	80,000	-
Grants and contributions not restricted to specific programs					527,844	-	527,844	-	-	-
Gain on disposal of capital assets					-	-	-	1,500	-	-
Transfers					(312,079)	312,079	-	-	-	-
Total general revenues					$ 4,798,088	$ 362,607	$ 5,160,695	$ 2,184,212	$ 261,108	$ 16,736
Change in net assets					$ (200,392)	$ (106,984)	$ (307,376)	$ 52,505	$ (77,153)	$ (15,006)
Net assets - beginning, as restated					5,549,837	9,914,889	15,464,726	5,020,510	1,307,391	591,863
Net assets - ending					$ 5,349,445	$ 9,807,905	$ 15,157,350	$ 5,073,015	$ 1,230,238	$ 576,857

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

Exhibit 3

County of Bland, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

		General
ASSETS		
Cash and cash equivalents	$	3,120,112
Receivables (net of allowance for uncollectibles):		
Taxes receivable		4,848,595
Accounts receivable		138,576
Due from other funds		4,806
Due from component unit		60,898
Due from other governmental units		278,812
Prepaid items		32,719
Total assets	$	8,484,518
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	32,545
Deferred revenue		4,862,995
Total liabilities	$	4,895,540
Fund balances:		
Unreserved, reported as:		
Designated:		
Recreation programs	$	6,122
Courthouse maintenance		77,335
Selective enforcement		27,010
Patrol fund		7,470
Terrorism prevention		234
Unrestricted (deficit)		3,470,807
Total fund balances	$	3,588,978
Total liabilities and fund balances	$	8,484,518

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

Exhibit 4

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	$	3,588,978
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		5,398,496
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		316,980
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(3,955,009)
Net assets of governmental activities	$	5,349,445

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

Exhibit 5

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

		General
REVENUES		
General property taxes	$	3,972,657
Other local taxes		652,665
Permits, privilege fees, and regulatory licenses		20,815
Fines and forfeitures		344,934
Revenue from the use of money and property		16,620
Charges for services		302,198
Miscellaneous		41,353
Recovered costs		467,012
Intergovernmental revenues:		
Commonwealth		2,058,229
Federal		573,521
Total revenues	$	8,450,004
EXPENDITURES		
Current:		
General government administration	$	941,426
Judicial administration		334,519
Public safety		1,561,234
Public works		790,800
Health and welfare		1,414,492
Education		2,055,260
Parks, recreation, and cultural		335,437
Community development		381,951
Debt service:		
Principal retirement		263,449
Interest and other fiscal charges		182,830
Total expenditures	$	8,261,398
Excess (deficiency) of revenues over (under) expenditures	$	188,606
OTHER FINANCING SOURCES (USES)		
Transfers out	$	(312,079)
Net change in fund balances	$	(123,473)
Fund balances - beginning		3,712,451
Fund balances - ending	$	3,588,978

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

Exhibit 6

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, 2010

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ (123,473)
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.	(214,310)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(100,972)
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.	242,003
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.	(3,640)
Change in net assets of governmental activities	$ (200,392)

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

Exhibit 7

County of Bland, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
ASSETS			
Current assets:			
Cash and cash equivalents	$ -	$ 736,163	$ 178,064
Cash in custody of others	15,798	26,214	-
Accounts receivable, net of allowance for uncollectibles	68,268	-	13,388
Total current assets	$ 84,066	$ 762,377	$ 191,452
Noncurrent assets:			
Restricted current assets:			
Cash and cash equivalents (in custody of others)	$ 154,401	$ -	$ -
Capital assets:			
Land	$ 255,156	$ 328,200	$ -
Buildings and Utility plant in service, net	11,593,517	1,561,297	-
Machinery and equipment, net	2,110	-	-
Infrastructure, net	-	-	392,504
Construction in progress	27,878	-	-
Total capital assets	$ 11,878,661	$ 1,889,497	$ 392,504
Total noncurrent assets	$ 12,033,062	$ 1,889,497	$ 392,504
Total assets	$ 12,117,128	$ 2,651,874	$ 583,956
LIABILITIES			
Current liabilities:			
Accounts payable	$ 788	$ 59,948	$ 7,099
Customers' deposits	8,209	-	-
Accrued interest payable	2,771	-	-
Due to primary government	4,806	-	-
Compensated absences	7,266	-	-
Bonds payable - current portion	69,939	29,724	-
Total current liabilities	$ 93,779	$ 89,672	$ 7,099
Noncurrent liabilities:			
Bonds payable - net of current portion	$ 2,213,022	$ 1,331,964	$ -
Compensated absences	2,422	-	-
Total noncurrent liabilities	$ 2,215,444	$ 1,331,964	$ -
Total liabilities	$ 2,309,223	$ 1,421,636	$ 7,099
NET ASSETS			
Invested in capital assets, net of related debt	$ 9,595,700	$ 527,809	$ 392,504
Restricted for debt service and bond covenants	154,401	-	-
Unrestricted	57,804	702,429	184,353
Total net assets	$ 9,807,905	$ 1,230,238	$ 576,857

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

Exhibit 8

County of Bland, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
OPERATING REVENUES			
Charges for services:			
Water revenues	$ 265,100	$ -	$ -
Sewer revenues	87,437	-	-
Connection fees	4,675	-	-
Rental income	-	83,651	2,625
Other revenues	44,925	73,052	14,111
Miscellaneous	5,108	7	-
Total operating revenues	$ 407,245	$ 156,710	$ 16,736
OPERATING EXPENSES			
Salaries and fringes	$ 150,191	$ 2,674	$ 11,731
Utilities	37,476	-	3,735
Rent of Equipment	-	-	2,400
Purchase of water	98,931	-	-
Maintenance and repairs	41,508	4,123	12
Equipment and repairs	-	-	7,915
Office expense	1,534	13,014	536
Insurance	5,584	1,200	-
Permits	4,153	-	-
Professional services	14,980	-	-
Indian Village	-	196,759	-
Miscellaneous	2,892	9,801	899
Depreciation	386,816	55,413	4,514
Total operating expenses	$ 744,065	$ 282,984	$ 31,742
Operating income (loss)	$ (336,820)	$ (126,274)	$ (15,006)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	$ 495	$ 2,216	$ -
Gain on sale of assets	-	22,182	-
Interest expense	(92,301)	(55,277)	-
Total nonoperating revenues (expenses)	$ (91,806)	$ (30,879)	$ -
Income before contributions and transfers	$ (428,626)	$ (157,153)	$ (15,006)
Capital contributions and construction grants	$ 9,563	$ -	$ -
Transfers in (Contributions from primary government)	312,079	80,000	-
Change in net assets	$ (106,984)	$ (77,153)	$ (15,006)
Total net assets - beginning, as restated	9,914,889	1,307,391	591,863
Total net assets - ending	$ 9,807,905	$ 1,230,238	$ 576,857

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

Exhibit 9

County of Bland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 386,102	$ 156,710	$ 6,649
Payments to suppliers	(208,705)	(220,058)	(11,749)
Payments to and for employees	(150,191)	(2,674)	(11,731)
Net cash provided (used) by operating activities	$ 27,206	$ (66,022)	$ (16,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	$ 4,806	$ -	$ -
Transfers from other funds (Contributions from primary government)	312,079	80,000	-
Net cash provided (used) by noncapital financing activities	$ 316,885	$ 80,000	$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	$ (212,296)	$ -	$ -
Principal payments on bonds	(67,883)	(24,880)	-
Capital contributions received	9,563	-	194,800
Interest payments	(92,369)	(58,772)	-
Proceeds from sales of capital assets	-	36,886	-
Net cash provided (used) by capital and related financing activities	$ (362,985)	$ (46,766)	$ 194,800
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	$ 495	$ 2,216	$ -
Net cash provided (used) by investing activities	$ 495	$ 2,216	$ -
Net increase (decrease) in cash and cash equivalents	$ (18,399)	$ (30,572)	$ 177,969
Cash and cash equivalents - beginning	188,598	792,949	95
Cash and cash equivalents - ending	$ 170,199	$ 762,377	$ 178,064
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (336,820)	$ (126,274)	$ (15,006)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	$ 386,816	$ 55,413	$ 4,514
(Increase) decrease in accounts receivable	(21,143)	-	(13,388)
Increase (decrease) in operating accounts payable	(1,647)	4,839	7,049
Total adjustments	$ 364,026	$ 60,252	$ (1,825)
Net cash provided (used) by operating activities	$ 27,206	$ (66,022)	$ (16,831)

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

Exhibit 10

County of Bland, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

		Agency Funds
ASSETS		
Cash and cash equivalents	$	8,391
Investments, at fair value:		
Other investments		27,171
Total assets	$	35,562
LIABILITIES		
Amounts held for Social Services clients	$	8,391
Amounts held for scholarships		27,171
Total liabilities	$	35,562

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

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, 2010, the County contributed $123,225 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 un-collectible 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 5th. Personal property taxes are due and collectible annually on December 5th. 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 $181,025 at June 30, 2010 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:

Assets	Years
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.

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 $(3,955,009) and $(189,088) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
General Obligation Bonds	$ (342,801)	$ -
Revenue Bonds	(3,081,217)	-
Literary loans	(206,300)	-
Accrued interest payable	(13,782)	-
Landfill accrued closure and post-closure monitoring costs	(199,687)	-
Net OPEB obligation	(42,091)	(18,200)
Compensated absences	(69,131)	(170,888)
Net adjustment to reduce *fund balance-total governmental funds* to arrive at *net assets-governmental activities*	$ (3,955,009)	$ (189,088)

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 $(214,310) and $(76,712) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	$ 183,486	$ 159,870
Depreciation expense	(397,796)	(236,582)
Net adjustment to increase (decrease) *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (214,310)	$ (76,712)

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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 $242,003 difference in the primary government are as follows:

Principal repayments:	**Primary Government**
General obligation debt	$ 130,067
Capital leases	7,434
Revenue bonds	57,348
Literary loans	68,600
Net OPEB obligation issuance	(42,091)
Accrued landfill postclosure	20,645
Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 242,003

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 $(3,640) and $22,600 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	**Component Unit School Board**
(Increase) decrease in compensated absences	$ (7,988)	$ 22,600
(Increase) decrease in accrued interest	4,348	-
Net adjustment to increase (decrease) *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (3,640)	$ 22,600

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.

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, 2010, there were two departments that had expenditures in excess of appropriations. The departments exceeding their budgets were health and welfare and Education by $55,744 and $70,223 respectively.

C. Deficit fund equity

At June 30, 2010, 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).

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, 2010 were held in the County's name by the County's custodial banks; except $27,172 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, 2010 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

Rated Debt Investments	Fair Quality Rating Unrated
Zurich Preferred Plus Annuity	$ 27,172

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Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit-School Board
Commonwealth of Virginia:		
Local sales tax	$ 64,128	$ -
State sales tax	-	127,212
Shared expenses	73,175	-
Categorical aid	7,124	-
Non-categorical aid	27,902	-
Virginia public assistance funds	19,782	-
Community services act	57,028	-
Federal Government:		
Virginia public assistance funds	29,673	-
School grants	-	57,403
Totals	$ 278,812	$ 184,615

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Note 6-Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 312,079
Water and Sewer Fund	312,079	-
Total	$ 312,079	$ 312,079

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.

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	$ 60,898	$ -
Component Unit:		
School Fund	$ -	$ 60,898

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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	Literary Loans		General Obligation Bonds		Lease Purchase Revenue Bonds	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 68,600	$ 4,126	$ 55,000	$ 16,331	$ 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	-	-	65,000	4,612	65,596	130,544
2016-2020	-	-	-	-	377,497	603,203
2021-2025	-	-	-	-	475,500	505,200
2026-2030	-	-	-	-	598,947	381,753
2031-2035	-	-	-	-	754,442	226,258
2036-2039	-	-	-	-	575,138	44,953
Totals	$ 206,300	$ 8,262	$ 342,801	$ 48,481	$ 3,081,217	$ 2,442,374

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
General obligation bonds	$ 472,868	$ -	$ (130,067)	$ 342,801
Capital lease (Note 9)	7,434	-	(7,434)	-
Lease purchase revenue bonds	3,138,565	-	(57,348)	3,081,217
Literary Loans	274,900	-	(68,600)	206,300
Landfill closure/ postclosure liability	220,332	-	(20,645)	199,687
Net OPEB obligation	-	42,091	-	42,091
Compensated absences	61,143	53,845	(45,857)	69,131
Total	$ 4,175,242	$ 95,936	$ (329,951)	$ 3,941,227

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
General Obligation Bonds:		
$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%	$ 300,000	$ 55,000
$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%	42,801	-
Total General Obligation Bonds	$ 342,801	$ 55,000
Literary Fund Loans:		
$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%	$ 206,300	$ 68,600
Lease Purchase Revenue Bonds:		
$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	$ 3,081,217	$ 54,536
Other Obligations:		
Landfill post-closure monitoring liability	$ 199,687	$ -
Net OPEB obligation	42,091	-
Compensated absences	69,131	51,848
Total Other Obligations	$ 310,909	$ 51,848
Total Long-Term Obligations	$ 3,941,227	$ 229,984

Note 7-Long-Term Debt: (continued)

Primary Government - Enterprise Activity Indebtedness:

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

Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest
2011	$ 69,939	$ 90,313
2012	72,073	88,179
2013	74,309	85,943
2014	76,652	83,600
2015	79,105	81,147
2016-2020	436,629	364,631
2021-2025	443,097	283,163
2026-2030	371,678	193,480
2031-2035	377,968	105,914
2036-2040	256,615	32,981
2041	24,896	349
Totals	$ 2,282,961	$ 1,409,700

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Revenue Bonds	$ 2,350,844	$ -	$ (67,883)	$ 2,282,961
Compensated Absences	9,688	7,266	(7,266)	9,688
Total	$ 2,360,532	$ 7,266	$ (75,149)	$ 2,292,649

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Note 7-Long-Term Debt: (continued)

Primary Government - Enterprise Activity Indebtedness: (continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Revenue Bonds:		
$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	$ 137,202	$ 6,168
$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	120,504	5,538
$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	42,045	1,152
$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	226,993	6,056
$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	393,770	8,629
$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	301,657	5,523
$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	760,790	11,873

Note 7-Long-Term Debt: (continued)

Primary Government - Enterprise Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	Total Amount	Amount Due Within One Year
Revenue Bonds: (continued)		
$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	$ 300,000	$ 25,000
Total Revenue Bonds	$ 2,282,961	$ 69,939
Other Obligations:		
Compensated absences	$ 9,688	$ 7,266
Total Long-Term Obligations	$ 2,292,649	$ 77,205

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:

Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest
2011	$ 29,724	$ 53,927
2012	30,935	52,715
2013	32,196	51,455
2014	33,508	50,143
2015	34,873	48,778
2016-2018	1,200,452	111,903
Totals	$ 1,361,688	$ 368,921

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, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
SBA Bond	$ 1,386,568	$ -	$ (24,880)	$ 1,361,688

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Revenue Bonds: (continued)		
$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.	$ 1,361,688	$ 29,724

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

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, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Compensated absences	$ 193,488	$ 122,516	$ (145,116)	$ 170,888
Net OPEB obligation	-	18,200	-	18,200
Total	$ 193,488	$ 140,716	$ (145,116)	$ 189,088

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Compensated absences	$ 170,888	$ 128,166
Net OPEB obligation	18,200	-
Total Long-Term Obligations	$ 189,088	$ 128,166

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. During the fiscal year ended June 30, 2010, the County made the final payment on the capital lease and therefore, the balance was zero.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	$ 26,721
Less: Accumulated depreciation	(16,003)
Total	$ 10,718

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/2009-Annual-Report.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 2010 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 2010 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 $247,806 and $41,725 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)[1]	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2010	$ 247,806	100.00%	$ -
	6/30/2009	242,905	100.00%	-
	6/30/2008	179,680	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2010	$ 41,725	100.00%	$ -
	6/30/2009	43,086	100.00%	-
[1] Employer portion only	6/30/2008	30,669	100.00%	-

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 Boars' assets is equal to the modified market value of assets.

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

C. Annual Pension Cost: (continued)

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, 2009, the most recent actuarial valuation date, the plan was 71.43% funded. The actuarial accrued liability for benefits was $6,802,419, and the actuarial value of assets was $4,859,170, resulting in an unfunded actuarial accrued liability (UAAL) of $1,943,249. The covered payroll (annual payroll of active employees covered by the plan) was $1,668,675, and ratio of the UAAL to the covered payroll was 116.45%.

Discretely Presented Component Unit - School Board (Non-Professional Employees):
As of June 30, 2009, the most recent actuarial valuation date, the plan was 94.19% funded. The actuarial accrued liability for benefits was $1,130,149, and the actuarial value of assets was $1,064,525, resulting in an unfunded actuarial accrued liability (UAAL) of $65,624. The covered payroll (annual payroll of active employees covered by the plan) was $583,914, and ratio of the UAAL to the covered payroll was 11.24%.

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/2009-Annual-Report.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, $371,025, and $406,929 for the fiscal years ended 2010, 2009, and 2008, respectively. Employer contributions represented 8.81% for July 2009 through March 2010 and zero (0.00%) for April through June 2010, 8.81%, and 10.30% of covered payroll for the fiscal years ended 2010, 2009, and 2008, respectively.

Note 11-Deferred (Unearned) 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 $4,862,995 is comprised of prepaid property taxes and unbilled property taxes.

Prepaid Property Taxes – Prepaid property taxes due subsequent to June 30, 2010, but paid in advance by taxpayers totaled $31,778.

Billed Property Taxes – Property taxes billed as of June 30, 2010, but not paid prior to August 31, 2010 totaled $316,980.

Unbilled Property Taxes – Property taxes assessed and due December 5, 2010 were estimated at $4,514,237.

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Note 12-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 230,487	$ -	$ -	$ 230,487
Construction in progress	86,698	48,800	(135,498)	-
Total capital assets not being depreciated	$ 317,185	$ 48,800	$ (135,498)	$ 230,487
Capital assets, being depreciated:				
Buildings	$ 6,541,610	$ 152,258	$ -	$ 6,693,868
Machinery and equipment	2,511,982	117,926	-	2,629,908
Total capital assets being depreciated	$ 9,053,592	$ 270,184	$ -	$ 9,323,776
Less: accumulated depreciation for:				
Buildings	$ (2,066,883)	$ (197,440)	$ -	$ (2,264,323)
Machinery and equipment	(1,691,088)	(200,356)	-	(1,891,444)
Total accumulated depreciation	$ (3,757,971)	$ (397,796)	$ -	$ (4,155,767)
Total capital assets being depreciated, net	$ 5,295,621	$ (127,612)	$ -	$ 5,168,009
Governmental activities capital assets, net	$ 5,612,806	$ (78,812)	$ (135,498)	$ 5,398,496

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Note 12-Capital Assets: (continued)

Primary Government: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
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	$ 283,034	$ -	$ -	$ 283,034
Capital assets, being depreciated:				
Utility plant	$ 15,303,903	$ 212,295	$ -	$ 15,516,198
Machinery and equipment	126,793	-	-	126,793
Total capital assets being depreciated	$ 15,430,696	$ 212,295	$ -	$ 15,642,991
Less: accumulated depreciation for:				
Utility plant	$ (3,540,084)	$ (382,597)	$ -	$ (3,922,681)
Machinery and equipment	(120,465)	(4,218)	-	(124,683)
Total accumulated depreciation	$ (3,660,549)	$ (386,815)	$ -	$ (4,047,364)
Total capital assets being depreciated, net	$ 11,770,147	$ (174,520)	$ -	$ 11,595,627
Business-Type activities capital assets, net	$ 12,053,181	$ (174,520)	$ -	$ 11,878,661

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

Governmental activities:	
General government administration	$ 115,607
Public safety	180,164
Public works	19,146
Health and welfare	23
Education	49,323
Parks, recreation, and cultural	33,533
Total depreciation expense-governmental activities	$ 397,796
Business type activities:	
Service authority	$ 386,816

Note 12-Capital Assets: (continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 603,897	$ -	$ -	$ 603,897
Capital assets, being depreciated:				
Buildings	$ 1,705,380	$ 9,000	$ -	$ 1,714,380
Machinery and equipment	1,618,115	150,870	-	1,768,985
Total capital assets being depreciated	$ 3,323,495	$ 159,870	$ -	$ 3,483,365
Less: accumulated depreciation for:				
Buildings	$ (888,681)	$ (53,519)	$ -	$ (942,200)
Machinery and equipment	(818,691)	(183,063)	-	(1,001,754)
Total accumulated depreciation	$ (1,707,372)	$ (236,582)	$ -	$ (1,943,954)
Total capital assets being depreciated, net	$ 1,616,123	$ (76,712)	$ -	$ 1,539,411
Governmental activities capital assets, net	$ 2,220,020	$ (76,712)	$ -	$ 2,143,308

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Note 12-Capital Assets: (continued)

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

Discretely Presented Component Unit-Economic Development Authority:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 331,200	$ -	$ (3,000)	$ 328,200
Capital assets, being depreciated:				
Buildings and equipment	$ 1,680,758	$ -	$ (13,814)	$ 1,666,944
Less: accumulated depreciation for:				
Buildings and equipment	$ (52,344)	$ (55,413)	$ 2,110	$ (105,647)
Total capital assets being depreciated, net	$ 1,628,414	$ (55,413)	$ (11,704)	$ 1,561,297
Business-Type activities capital assets, net	$ 1,959,614	$ (55,413)	$ (14,704)	$ 1,889,497

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Note 12-Capital Assets: (continued)

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

Discretely Presented Component Unit-Wireless Authority:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 397,018	$ -	$ (397,018)	$ -
Capital assets, being depreciated:				
Infrastructure	$ -	$ 397,018	$ -	$ 397,018
Less: accumulated depreciation for:				
Infrastructure	$ -	$ (4,514)	$ -	$ (4,514)
Total capital assets being depreciated, net	$ -	$ 392,504	$ -	$ 392,504
Business-Type activities capital assets, net	$ 397,018	$ 392,504	$ (397,018)	$ 392,504

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 $199,687. These amounts are based on what it would cost to perform all post-closure care in 2010. 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 - School Board Early Retirement Incentive Program:

The Component Unit – School Board is offering a one-time retirement plan in an attempt to balance the 2010-2011 budget. This policy will expire on July 1, 2010 and will be deleted for future retires after the deadline. Early retirement is available to those employees with a minimum of thirty years of service in public education covered by the Virginia Retirement System (VRS). To participate, the employee must be a vested member of the VRS, not presently receiving VRS benefits. In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 16% of an employee's final contracted salary, earned before the effective date of retirement, for a period of 7 years or until death or acceptance of disability retirement.

Note 18-Restatement of Beginning Fund Balance/Net Assets:

		Component Unit Wireless Authority Net Assets
Net Assets/Fund Balance, as previously stated	$	588,563
Accounts Payable		3,300
Net Assets/Fund Balance, as restated	$	591,863

Note 19- Subsequent Event:

The Economic Development Authority (EDA) entered into an agreement with Virginia Steel & Fabrications, Inc. for the transfer of an EDA owned building and the outstanding debt on said asset. At June 30, 2010, the transfer had not taken place and Virginia Steel & Fabrications was making monthly rental payments in the amount of the monthly debt payment. The payments will continue until the transfer is final.

Note 20-Other Post-Employment Benefits – Health Insurance:

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

A. Plan Description

The County of Bland and Bland County's Component Unit – School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County and School Board. Any County eligible retiree and spouse may receive this benefit until he/she has reaches the earlier of sixty five years of age or death. Coverage for the spouse ends at the earliest of the retiree's death, the retiree's attainment of age 65, the spouse's death, and the spouse's attainment of age 65.

To be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 5 years of service. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively. The Plan does not issue a publicly available financial report.

Note 20-Other Post-Employment Benefits – Health Insurance: (continued)

B. Funding Policy

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 53 and 138 employees that are eligible, respectively, for the program. County retirees must pay the full premium. Any additional premium to cover a spouse and dependents is also paid by the retiree. In addition, the School Board pays for retirees under age 65 who have at least 15 years of service with the System, the System contributes $1.50 per year of VRS service per month up to $45.00. Retirees with less than 15 years of service are responsible for 100% of their premiums. All retirees are responsible for providing the difference between the premium and the amount contributed by the System.

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the County. The rates are as follows:

	Premiums
Employee Only	$ 475.00
Employee & Spouse	879.00
Employee & Family	1,283.00

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the School Board. The rates are as follows:

	Anthem Key Care 15	Anthem Key Care 20
Employee Only	$ 563.21	$ 541.07
Employee & Spouse	1,260.04	1,210.44
Employee & Child	765.52	735.40
Employee & Family	1,666.34	1,600.73
Family	1,437.84	1,308.44

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

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Note 20-Other Post-Employment Benefits – Health Insurance: (continued)

C. Annual OPEB Cost and Net OPEB Obligation

For 2010, the County's annual OPEB cost (expense) of $52,899 equaled the ARC of $52,897. The obligation calculation is as follows:

Annual required contribution	$	52,897
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		52,897
Contributions made		(10,806)
Increase in net OPEB obligation		42,091
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	$	42,091

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$ 52,897	80%	$ 42,091

For 2010, the School Board's annual OPEB cost (expense) of $60,700 equaled the ARC of $60,700. The obligation calculation is as follows:

Annual required contribution	$	60,700
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		60,700
Contributions made		(42,500)
Increase in net OPEB obligation		18,200
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	$	18,200

Note 20-Other Post-Employment Benefits – Health Insurance: (continued)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$ 60,700	29.98%	$ 18,200

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2010, is as follows:

Actuarial accrued liability (AAL)	$	271,296
Actuarial value of plan assets	$	-
Unfunded actuarial accrued liability (UAAL)	$	271,296
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	$	1,668,675
UAAL as a percentage of covered payroll		16.26%

The funded status of the Plan for the School Board as of June 30, 2010, is as follows:

Actuarial accrued liability (AAL)	$	570,800
Actuarial value of plan assets	$	-
Unfunded actuarial accrued liability (UAAL)	$	570,800
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	$	4,842,800
UAAL as a percentage of covered payroll		11.79%

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

Note 20-Other Post-Employment Benefits – Health Insurance: (continued)

D. Funded Status and Funding Progress: (continued)

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010, actuarial valuation of the County, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility the actuarial assumptions included: inflations at 3.00 percent, plus productivity component of 1.25 percent, and investments rate of return at 4.00 percent, and a health care trend rate of 9.00 percent graded to 5.00 percent over 9 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010 was 30 years.

In the June 30, 2010, actuarial valuation of the Schools, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility the actuarial assumptions included: inflations at 2.50 percent, plus productivity component of 1.25 percent, and investments rate of return at 4.00 percent, and a health care trend rate of 8.20 percent graded to 4.70 percent over 73 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010 was 30 years.

Note 21-Other Post-Employment Benefits – VRS Health Insurance Credit:

A. Plan Description

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

Note 21-Other Post-Employment Benefits – VRS Health Insurance Credit: (continued)

A. Plan Description (continued)

An employee of the County, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of $1.50 per year of creditable service up to a maximum monthly credit of $45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of $45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2010 was 0.12% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2010, the County's contribution of $2,097 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
County	6/30/2010	$ 2,097	100.00%	$ -

Note 21-Other Post-Employment Benefits – VRS Health Insurance Credit: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$	22,789
Actuarial value of plan assets	$	6,191
Unfunded actuarial accrued liability (UAAL)	$	16,598
Funded ratio (actuarial value of plan assets/AAL		27.17%
Covered payroll (active plan members)	$	1,668,675
UAAL as a percentage of covered payroll		0.99%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2009 was 27 years.

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Note 21-Other Post-Employment Benefits – VRS Health Insurance Credit: (continued)

F. Professional Employees – Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2010 was $31,483 and equaled the required contributions.

Required Supplementary Information

Exhibit 11

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 4,082,748	$ 4,082,748	$ 3,972,657	$ (110,091)
Other local taxes	602,811	602,811	652,665	49,854
Permits, privilege fees, and regulatory licenses	25,100	25,100	20,815	(4,285)
Fines and forfeitures	332,655	362,836	344,934	(17,902)
Revenue from the use of money and property	57,556	57,556	16,620	(40,936)
Charges for services	312,595	312,595	302,198	(10,397)
Miscellaneous	73,900	103,983	41,353	(62,630)
Recovered costs	501,808	533,652	467,012	(66,640)
Intergovernmental revenues:				
Commonwealth	2,746,552	2,771,107	2,058,229	(712,878)
Federal	1,610,372	1,676,835	573,521	(1,103,314)
Total revenues	$ 10,346,097	$ 10,529,223	$ 8,450,004	$ (2,079,219)
EXPENDITURES				
Current:				
General government administration	$ 1,028,944	$ 1,018,025	$ 941,426	$ 76,599
Judicial administration	351,399	348,817	334,519	14,298
Public safety	1,602,643	1,779,552	1,561,234	218,318
Public works	881,903	849,259	790,800	58,459
Health and welfare	1,337,097	1,358,748	1,414,492	(55,744)
Education	1,985,037	1,985,037	2,055,260	(70,223)
Parks, recreation, and cultural	287,935	344,377	335,437	8,940
Community development	1,185,392	1,188,049	381,951	806,098
Capital projects	971,191	970,388	-	970,388
Debt service:				
Principal retirement	235,451	235,451	263,449	(27,998)
Interest and other fiscal charges	163,400	163,400	182,830	(19,430)
Total expenditures	$ 10,030,392	$ 10,241,103	$ 8,261,398	$ 1,979,705
Excess (deficiency) of revenues over (under) expenditures	$ 315,705	$ 288,120	$ 188,606	$ (99,514)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (315,705)	$ (288,120)	$ (312,079)	$ (23,959)
Net change in fund balances	$ -	$ -	$ (123,473)	$ (123,473)
Fund balances - beginning	-	-	3,712,451	3,712,451
Fund balances - ending	$ -	$ -	$ 3,588,978	$ 3,588,978

Exhibit 12

County of Bland, Virginia
Schedules of Pension and OPEB Funding Progress
As of June 30, 2010

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)
6/30/2009	$ 4,859,170	$ 6,802,419	$ 1,943,249	71.43%	$ 1,668,675	116.45%
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%

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)
6/30/2009	$ 1,064,525	$ 1,130,149	$ 65,624	94.19%	$ 583,914	11.24%
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%

Primary Government: Other Post Employment Benefit-Health Insurance (1)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	$ -	$ 271,296	$ 271,296	0.00%	$ 1,668,675	16.26%

Discretely Presented Component Unit: School Board Other Post Employment Benefit-Health Insurance (1)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	$ -	$ 570,800	$ 570,800	0.00%	$ 4,842,800	11.79%

(1) Information has only been available for 1 year.

Primary Government: Other Post Employment Benefit-VRS Health Insurance Credit (2)

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)
6/30/2009	$ 6,191	$ 22,789	$ 16,598	27.17%	$ 1,668,675	0.99%
6/30/2008	8,570	31,592	23,022	27.13%	1,675,967	1.37%

(2) Information has only been available for 2 years.

Other Supplementary Information

FIDUCIARY FUNDS

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

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

Exhibit 13

County of Bland, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency Funds		
	Special Welfare	FFA Scholarship Fund	Total
ASSETS			
Cash and cash equivalents	$ 8,391	$ -	$ 8,391
Investments, at fair value:			
Other investments	-	27,171	27,171
Total assets	$ 8,391	$ 27,171	$ 35,562
LIABILITIES			
Amounts held for social services clients	$ 8,391	$ -	$ 8,391
Amounts held for FFA scholarships	-	27,171	27,171
Total liabilities	$ 8,391	$ 27,171	$ 35,562

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

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

Exhibit 14

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

		School Operating Fund
ASSETS		
Cash and cash equivalents	$	3,540,863
Cash in custody of others		149,447
Due from other governmental units		184,615
Prepaid items		83,511
Total assets	$	3,958,436
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	44,357
Contracts payable		734,386
Due to primary government		60,898
Total liabilities	$	839,641
Unreserved:		
Designated for subsequent expenditure	$	3,118,795
Total fund balances	$	3,118,795
Total liabilities and fund balances	$	3,958,436

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

Total fund balances per above	$	3,118,795
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,143,308
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(189,088)
Net assets of governmental activities	$	5,073,015

Exhibit 15

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, 2010

		School Operating Fund
REVENUES		
Revenue from the use of money and property	$	7,973
Charges for services		199,555
Miscellaneous		79,447
Recovered costs		163,538
Intergovernmental revenues:		
Local government		2,045,969
Commonwealth		5,466,498
Federal		1,091,758
Total revenues	$	9,054,738
EXPENDITURES		
Current:		
Education	$	8,929,921
Excess (deficiency) of revenues over (under) expenditures	$	124,817
Net change in fund balances	$	124,817
Fund balances - beginning		2,993,978
Fund balances - ending	$	3,118,795

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	$	124,817
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.		(76,712)
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.		(18,200)
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.		22,600
Change in net assets of governmental activities	$	52,505

Exhibit 16

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, 2010

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 7,973	$ 7,973
Charges for services	-	-	199,555	199,555
Miscellaneous	8,000	8,000	79,447	71,447
Recovered costs	39,841	39,841	163,538	123,697
Intergovernmental revenues:				
Local government	1,975,746	1,975,746	2,045,969	70,223
Commonwealth	5,947,118	5,947,118	5,466,498	(480,620)
Federal	1,403,079	1,403,079	1,091,758	(311,321)
Total revenues	$ 9,373,784	$ 9,373,784	$ 9,054,738	$ (319,046)
EXPENDITURES				
Current:				
Education	$ 9,373,784	$ 9,590,414	$ 8,929,921	$ 660,493
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (216,630)	$ 124,817	$ 341,447
Net change in fund balances	$ -	$ (216,630)	$ 124,817	$ 341,447
Fund balances - beginning	-	216,630	2,993,978	2,777,348
Fund balances - ending	$ -	$ -	$ 3,118,795	$ 3,118,795

SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 2,547,627	$ 2,547,627	$ 2,447,808	$ (99,819)
Real and personal public service corporation taxes	358,948	358,948	367,914	8,966
Personal property taxes	796,963	796,963	777,270	(19,693)
Mobile home taxes	28,301	28,301	25,189	(3,112)
Machinery and tools taxes	196,212	196,212	194,845	(1,367)
Merchant's capital taxes	119,697	119,697	108,653	(11,044)
Penalties	15,000	15,000	24,102	9,102
Interest	20,000	20,000	26,876	6,876
Total general property taxes	$ 4,082,748	$ 4,082,748	$ 3,972,657	$ (110,091)
Other local taxes:				
Local sales and use taxes	$ 200,000	$ 200,000	$ 219,718	$ 19,718
Consumers' utility taxes	150,000	150,000	165,543	15,543
Consumption taxes	20,000	20,000	22,365	2,365
Gross receipts taxes	-	-	2,799	2,799
Franchise license tax	-	-	21,659	21,659
Motor vehicle licenses	105,000	105,000	104,774	(226)
Taxes on recordation and wills	34,711	34,711	30,227	(4,484)
Hotel and motel room taxes	3,100	3,100	3,485	385
Restaurant food taxes	90,000	90,000	82,095	(7,905)
Total other local taxes	$ 602,811	$ 602,811	$ 652,665	$ 49,854
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 3,100	$ 3,100	$ 4,779	$ 1,679
Land use application fees	1,500	1,500	466	(1,034)
Transfer fees	200	200	250	50
Building permits	20,000	20,000	14,520	(5,480)
Permits and other licenses	300	300	800	500
Total permits, privilege fees, and regulatory licenses	$ 25,100	$ 25,100	$ 20,815	$ (4,285)
Fines and forfeitures:				
Court fines and forfeitures	$ 332,630	$ 362,811	$ 344,911	$ (17,900)
Dog violation fines	25	25	23	(2)
Total fines and forfeitures	$ 332,655	$ 362,836	$ 344,934	$ (17,902)
Revenue from use of money and property:				
Revenue from use of money	$ 53,956	$ 53,956	$ 13,020	$ (40,936)
Revenue from use of property	3,600	3,600	3,600	-
Total revenue from use of money and property	$ 57,556	$ 57,556	$ 16,620	$ (40,936)
Charges for services:				
Charges for sheriff's fees	$ 50	$ 50	$ 15	$ (35)
Charges for courthouse maintenance	12,750	12,750	14,369	1,619
Charges for law library	650	650	900	250
Charges for Commonwealth's Attorney	150	150	331	181
Charges for sanitation and waste removal	286,840	286,840	273,684	(13,156)
Charges for cannery	7,000	7,000	4,915	(2,085)
Charges for forest service coop law enforcement	3,000	3,000	3,868	868
Other charges for services	2,155	2,155	4,116	1,961
Total charges for services	$ 312,595	$ 312,595	$ 302,198	$ (10,397)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous revenue:				
Miscellaneous	$ 73,900	$ 103,983	$ 41,353	$ (62,630)
Recovered costs:				
Insurance reimbursement	$ 38,820	$ 38,820	$ 27,807	$ (11,013)
Social services	91,005	91,005	78,743	(12,262)
Utilities	500	500	1,651	1,151
Schools	31,307	31,307	31,307	-
Crossroads Industrial Facilities Authority	135,000	135,000	205,000	70,000
Other recovered costs	205,176	237,020	122,504	(114,516)
Total recovered costs	$ 501,808	$ 533,652	$ 467,012	$ (66,640)
Total revenue from local sources	$ 5,989,173	$ 6,081,281	$ 5,818,254	$ (263,027)
Intergovernmental revenues:				
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	750	750	1,030	280
Mobile home titling tax	27,500	27,500	24,119	(3,381)
State recordation tax	6,000	6,000	4,706	(1,294)
Communications taxes	100,000	100,000	118,119	18,119
Personal property tax relief funds	354,561	354,561	354,561	-
Total noncategorical aid	$ 497,061	$ 497,061	$ 502,535	$ 5,474
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 84,655	$ 84,155	$ 92,142	$ 7,987
Sheriff	508,816	508,816	441,905	(66,911)
Commissioner of revenue	86,114	84,114	79,434	(4,680)
Treasurer	76,298	74,798	70,297	(4,501)
Registrar/electoral board	36,986	36,986	30,281	(6,705)
Clerk of the Circuit Court	126,160	123,155	127,555	4,400
Total shared expenses	$ 919,029	$ 912,024	$ 841,614	$ (70,410)
Other categorical aid:				
Public assistance and welfare administration	$ 405,344	$ 405,344	$ 278,845	$ (126,499)
Comprehensive Services Act program	91,322	91,322	332,093	240,771
Litter control grant	6,337	6,337	5,125	(1,212)
Two-for-life	4,005	4,005	6,028	2,023
DMV grant	3,000	10,500	750	(9,750)
VDOT grant	382,100	382,100	-	(382,100)
E-911 state revenue	44,200	44,200	33,774	(10,426)
Victim-witness grant	16,082	16,082	21,208	5,126

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Other categorical aid: (continued)				
Fire program	18,698	18,698	18,956	258
Juvenile justice grant	8,974	8,974	8,155	(819)
MRPDC Commerce Park Design Grant	50,000	50,000	-	(50,000)
Tobacco Indemnification and Revitalization Grant	181,500	181,500	-	(181,500)
Mining royalties	3,000	3,000	1,110	(1,890)
Other categorical	115,900	139,960	8,036	(131,924)
Total other categorical aid	$ 1,330,462	$ 1,362,022	$ 714,080	$ (647,942)
Total categorical aid	$ 2,249,491	$ 2,274,046	$ 1,555,694	$ (718,352)
Total revenue from the Commonwealth	$ 2,746,552	$ 2,771,107	$ 2,058,229	$ (712,878)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 75,000	$ 75,000	$ 25,309	$ (49,691)
Categorical aid:				
Victim-witness grant	$ 4,021	$ 4,021	$ 18,029	$ 14,008
State and community highway safety funds	-	16,463	17,179	716
Public assistance and welfare administration	410,951	410,951	467,962	57,011
Schools and roads	-	-	23,142	23,142
State homeland security grant	-	-	21,900	21,900
Other federal categorical aid	1,120,400	1,170,400	-	(1,170,400)
Total categorical aid	$ 1,535,372	$ 1,601,835	$ 548,212	$ (1,053,623)
Total revenue from the federal government	$ 1,610,372	$ 1,676,835	$ 573,521	$ (1,103,314)
Total General Fund	$ 10,346,097	$ 10,529,223	$ 8,450,004	$ (2,079,219)
Total Primary Government	$ 10,346,097	$ 10,529,223	$ 8,450,004	$ (2,079,219)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 7,973	$ 7,973
Charges for services:				
Cafeteria sales	$ -	$ -	$ 199,555	$ 199,555
Miscellaneous revenue:				
Other miscellaneous	$ 8,000	$ 8,000	$ 79,447	$ 71,447
Recovered costs:				
Miscellaneous recovered costs	$ 39,841	$ 39,841	$ 163,538	$ 123,697
Total revenue from local sources	$ 47,841	$ 47,841	$ 450,513	$ 402,672
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	$ 1,975,746	$ 1,975,746	$ 2,045,969	$ 70,223
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 758,363	$ 758,363	$ 723,722	$ (34,641)
Basic school aid	3,608,210	3,608,210	3,321,553	(286,657)
Remedial summer education	4,823	4,823	-	(4,823)
Regular foster care	12,832	12,832	2,282	(10,550)
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	30,603	30,603	30,625	22
Remedial education	65,286	65,286	65,333	47
Enrollment loss	24,709	24,709	25,827	1,118
Special education	414,682	414,682	398,802	(15,880)
Textbook payment	80,601	80,601	-	(80,601)
Vocational SOQ payments	82,288	82,288	82,346	58
Vocational adult education	6,297	6,297	387	(5,910)
School food	7,544	7,544	6,463	(1,081)
Social security fringe benefits	194,498	194,498	194,637	139
Retirement fringe benefits	250,264	250,264	187,831	(62,433)
Group life insurance benefits	6,801	6,801	4,764	(2,037)
State lottery payments	-	-	78,569	78,569
Early reading intervention	15,876	15,876	18,144	2,268
School construction grant	61,797	61,797	-	(61,797)
Dropout prevention	-	-	2,123	2,123
Homebound education	5,225	5,225	3,083	(2,142)
Vocation education - equipment	18,000	18,000	3,482	(14,518)
Vocational occupational preparedness	-	-	774	774
At risk payments	50,887	50,887	49,950	(937)
Primary class size	51,184	51,184	49,574	(1,610)
Standards of Learning algebra readiness	9,266	9,266	9,266	-

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
Special Revenue Funds: (continued)				
School Operating Fund: (continued)				
Revenue from the Commonwealth: (continued)				
Mentor teacher program	223	223	371	148
Virginia tobacco settlement	25,000	25,000	22,981	(2,019)
Technology initiative	154,000	154,000	154,000	-
Other state funds	-	-	21,750	21,750
Total categorical aid	$ 5,947,118	$ 5,947,118	$ 5,466,498	$ (480,620)
Total revenue from the Commonwealth	$ 5,947,118	$ 5,947,118	$ 5,466,498	$ (480,620)
Revenue from the federal government:				
Categorical aid:				
Title I	$ 261,299	$ 261,299	$ 147,577	$ (113,722)
Title I - ARRA	-	-	39,174	39,174
Title VI-B, flow-through	456,172	456,172	194,496	(261,676)
Title VI-B, flow-through - ARRA	-	-	40,531	40,531
Title VI-B, preschool	13,306	13,306	5,278	(8,028)
Title VI-B, preschool - ARRA	-	-	1,035	1,035
Drug free schools	-	-	2,686	2,686
Title II Part D	1,763	1,763	2,200	437
Title II Part D - ARRA	-	-	4,431	4,431
Title II Part A	38,404	38,404	26,221	(12,183)
School food program	$ 150,000	$ 150,000	$ 231,153	$ 81,153
Schools and roads	40,000	40,000	131,140	91,140
State fiscal stabilization funds	442,135	442,135	251,298	(190,837)
Enhancing education through technology	-	-	14,538	14,538
Total categorical aid	$ 1,403,079	$ 1,403,079	$ 1,091,758	$ (311,321)
Total revenue from the federal government	$ 1,403,079	$ 1,403,079	$ 1,091,758	$ (311,321)
Total School Operating Fund	$ 9,373,784	$ 9,373,784	$ 9,054,738	$ (319,046)
Total Discretely Presented Component Unit - School Board	$ 9,373,784	$ 9,373,784	$ 9,054,738	$ (319,046)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 98,065	$ 75,116	$ 67,519	$ 7,597
General and financial administration:				
County administrator	$ 346,722	$ 365,922	$ 348,507	$ 17,415
Commissioner of revenue	176,880	174,880	164,963	9,917
Treasurer	172,393	170,893	162,366	8,527
Legal services	32,885	32,635	32,000	635
Information technology	50,409	46,989	26,531	20,458
Auditors	52,150	53,750	54,927	(1,177)
Employee added benefit pool	5,000	3,400	2,178	1,222
Local government dues	8,965	8,965	7,875	1,090
Total general and financial administration	$ 845,404	$ 857,434	$ 799,347	$ 58,087
Board of elections:				
Electoral board and officials	$ 26,779	$ 26,779	$ 20,341	$ 6,438
Registrar	58,696	58,696	54,219	4,477
Total board of elections	$ 85,475	$ 85,475	$ 74,560	$ 10,915
Total general government administration	$ 1,028,944	$ 1,018,025	$ 941,426	$ 76,599
Judicial administration:				
Courts:				
Circuit court	$ 4,465	$ 4,465	$ 2,690	$ 1,775
General district court	2,080	2,080	1,553	527
Magistrates	300	300	75	225
Juvenile and domestic relations court	8,561	9,364	3,074	6,290
Victim and witness assistance	22,015	22,135	22,251	(116)
Clerk of the circuit court	200,053	197,048	193,312	3,736
Law Library	2,000	2,000	1,428	572
Total courts	$ 239,474	$ 237,392	$ 224,383	$ 13,009
Commonwealth's attorney:				
Commonwealth's attorney	$ 111,925	$ 111,425	$ 110,136	$ 1,289
Total judicial administration	$ 351,399	$ 348,817	$ 334,519	$ 14,298
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 801,508	$ 936,644	$ 852,678	$ 83,966
Ticket enforcement	69,809	69,809	61,428	8,381
Transporation safety	-	16,463	13,132	3,331
School resource officer	101,990	71,990	60,850	11,140
Total law enforcement and traffic control	$ 973,307	$ 1,094,906	$ 988,088	$ 106,818
Fire and rescue services:				
Fire department	$ 100,278	$ 101,478	$ 101,388	$ 90
Ambulance and rescue services	10,875	34,935	34,170	765
Other fire and rescue services	13,816	13,916	13,887	29
Total fire and rescue services	$ 124,969	$ 150,329	$ 149,445	$ 884
Correction and detention:				
Regional jail	$ 223,590	$ 273,590	$ 236,163	$ 37,427

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Inspections:				
Building	$ 66,967	$ 72,967	$ 71,314	$ 1,653
Other protection:				
Animal control	$ 80,334	$ 65,334	$ 59,343	$ 5,991
Medical examiner	120	120	100	20
E-911	133,356	122,306	56,781	65,525
Total other protection	$ 213,810	$ 187,760	$ 116,224	$ 71,536
Total public safety	$ 1,602,643	$ 1,779,552	$ 1,561,234	$ 218,318
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	$ 3,380	$ 3,380	$ 2,789	$ 591
Sanitation and waste removal:				
Refuse collection and disposal	$ 391,375	$ 379,010	$ 377,607	$ 1,403
Landfill closure	28,900	28,900	28,346	554
Total sanitation and waste removal	$ 420,275	$ 407,910	$ 405,953	$ 1,957
Maintenance of general buildings and grounds:				
General properties	$ 290,702	$ 277,073	$ 259,883	$ 17,190
Canneries	59,362	59,362	36,776	22,586
Public works administration	108,184	101,534	85,399	16,135
Total maintenance of general buildings and grounds	$ 458,248	$ 437,969	$ 382,058	$ 55,911
Total public works	$ 881,903	$ 849,259	$ 790,800	$ 58,459
Health and welfare:				
Health:				
Supplement of local health department	$ 75,125	$ 75,125	$ 75,125	$ -
Mental health and mental retardation:				
Community services board	$ 13,250	$ 13,250	$ 13,250	$ -
Welfare:				
Welfare administration	$ 1,098,894	$ 1,064,342	$ 583,360	$ 480,982
Public assistance	-	-	324,187	(324,187)
Elderly and handicapped services	9,127	9,127	9,127	-
Comprehensive services	124,227	180,330	389,563	(209,233)
Other welfare	16,474	16,574	19,880	(3,306)
Total welfare	$ 1,248,722	$ 1,270,373	$ 1,326,117	$ (55,744)
Total health and welfare	$ 1,337,097	$ 1,358,748	$ 1,414,492	$ (55,744)
Education:				
Other instructional costs:				
Contributions to Community College	$ 9,291	$ 9,291	$ 9,291	$ -
Contribution to County School Board	1,975,746	1,975,746	2,045,969	(70,223)
Total education	$ 1,985,037	$ 1,985,037	$ 2,055,260	$ (70,223)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	$ 10,872	$ 15,814	$ 11,888	$ 3,926

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Parks, recreation, and cultural: (continued)				
Cultural enrichment:				
Indian Village	$ 149,018	$ 199,018	$ 195,074	$ 3,944
Youth enrichment program	1,250	1,250	1,250	-
Other cultural enrichment	2,500	4,000	4,000	-
Total cultural enrichment	$ 152,768	$ 204,268	$ 200,324	$ 3,944
Library:				
Contribution to regional library	$ 124,295	$ 124,295	$ 123,225	$ 1,070
Total parks, recreation, and cultural	$ 287,935	$ 344,377	$ 335,437	$ 8,940
Community development:				
Planning and community development:				
Community development	$ 1,225	$ 1,225	$ 540	$ 685
Planning	121,622	124,029	84,228	39,801
Economic development	966,569	966,819	217,453	749,366
Total planning and community development	$ 1,089,416	$ 1,092,073	$ 302,221	$ 789,852
Environmental management:				
Contribution to soil and water district	$ 11,200	$ 11,200	$ 8,700	$ 2,500
Cooperative extension program:				
Extension office	$ 84,776	$ 84,776	$ 71,030	$ 13,746
Total community development	$ 1,185,392	$ 1,188,049	$ 381,951	$ 806,098
Capital projects:				
Other capital projects	$ 971,191	$ 970,388	$ -	$ 970,388
Debt service:				
Principal retirement	$ 235,451	$ 235,451	$ 263,449	$ (27,998)
Interest and other fiscal charges	163,400	163,400	182,830	(19,430)
Total debt service	$ 398,851	$ 398,851	$ 446,279	$ (47,428)
Total General Fund	$ 10,030,392	$ 10,241,103	$ 8,261,398	$ 1,979,705
Total Primary Government	$ 10,030,392	$ 10,241,103	$ 8,261,398	$ 1,979,705

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	$ 6,917,027	$ 7,133,657	$ 6,532,967	$ 600,690
Operating costs:				
Administration and health services	$ 482,248	$ 482,248	$ 509,676	$ (27,428)
Pupil transportation	810,762	810,762	662,781	147,981
Operation and maintenance of school plant	801,800	801,800	746,428	55,372
Facilities	175,499	175,499	3,167	172,332
Total operating costs	$ 2,270,309	$ 2,270,309	$ 1,922,052	$ 348,257
School food services:				
Administration of school food program	$ 186,448	$ 186,448	$ 474,902	$ (288,454)
Total Discretely Presented Component Unit - School Board	$ 9,373,784	$ 9,590,414	$ 8,929,921	$ 660,493

(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 $228,861. 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
2009-10	$ 899,026	$ 339,747	$ 1,634,918	$ 793,257	$ 1,349,766	$ 2,073,276	$ 374,658	$ 127,203	$ 178,482	$ 836,366	$ 8,606,699
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	559,135	6,467,355

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

Table 2

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

	PROGRAM REVENUES		GENERAL REVENUES					
Fiscal Year	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	Total
2009-10	$ 1,025,159	$ 2,113,469	$ 3,871,685	$ 770,784	$ 17,115	$ 91,386	$ 409,725	$ 8,299,323
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	2,313,540	2,442,677	537,350	13,598	16,688	488,039	6,529,148

(1) Information has only been available for 8 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
2009-10	$ 941,426	$ 334,519	$ 1,561,234	$ 790,800	$ 1,414,492	$ 8,939,212	$ 335,437	$ 381,951	$ 446,279	$ 15,145,350
2008-09	919,303	340,198	1,613,833	750,964	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

(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
2009-10	$ 3,972,657	$ 770,784	$ 20,815	$ 344,934	$ 24,593	$ 501,753	$ 120,800	$ 630,550	$ 9,071,887	$ 15,458,773
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	538,751	25,691	93,822	133,980	391,691	52,844	270,979	6,892,487	10,476,251

(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)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2009-10	$ 4,393,072	$ 4,174,315	95.02%	$ 101,925	$ 4,276,240	97.34%	$ 453,569	10.32%
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%

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

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
2009-10	$ 462,097,800	$ 56,044,649	$ 19,321,771	$ 17,708,818	$ 66,929,253	$ 622,102,291
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

(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
2009-10	$ 0.55	$ 2.29	$ 0.55	$ 0.73	$ 0.89
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

(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
2009-10	6,871	$ 622,102	$ 549,101	$ 549,101	0.09%	$ 80
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

(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
2009-10	$ 263,449	$ 182,830	$ 446,279	$ 15,145,350	2.95%
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%

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

COMPLIANCE SECTION

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

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

We have audited the 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, 2010,which collectively comprise the County's basic financial statements and have issued our report thereon dated December 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications of Audits for 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 was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (Reference 2010-1).

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 instances of

noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (Reference 2010-2).

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

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

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, Farmer, Cox Associates
Christiansburg, Virginia
December 30, 2010

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

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

Compliance

We have audited the County of Bland, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Bland, Virginia's major federal programs for the year ended June 30, 2010. 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 and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Bland, Virginia's management. Our responsibility is to express an opinion on the 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 the 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 the County of Bland, Virginia's compliance with those requirements.

As described in item 2010-3 in the accompanying schedule of findings and questioned costs, County of Bland, Virginia did not comply with requirements regarding eligibility that are applicable to its Title IV-E program. Compliance with such requirements is necessary, in our opinion, for the County of Bland, Virginia to comply with the requirements applicable to that program.

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

Internal Control Over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (Reference 2010-3) to be material weaknesses.

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

This report is intended solely for the information and use of management, 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, Farmer, Cox Associates
Christiansburg, Virginia
December 30, 2010

County of Bland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	90249, 90359, 90360, 90361	$ 14,450
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90223, 90229, 90230 90231, 90232, 90247, 90365 90366, 90367, 90377, 90409 90410, 90411,90412, 90603	72,481
Refugee and Entrant Assistance - State Administered Programs	93.566	90114, 90115, 90234, 90235	197
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	4,333
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	90545	8,071
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90119 90236, 90237, 90238, 90239 90378, 90521, 90540, 90549	15,057
Chafee Education and Training Vouchers Program	93.599	90353	536
Child Welfare Services - State Grants	93.645	90251	251
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90637 90639, 90657, 90658	85,749
ARRA - Foster Care - Title IV-E	93.658	90639, 90637, 90639, 90657 90658	7,835
Adoption Assistance	93.659	90108, 90214, 90228, 90405 90606, 90627	48,578
ARRA - Adoption Assistance	93.659	90606	5,270
Social Services Block Grant	93.667	90120, 90122, 90123, 90124 90125, 90126, 90240, 90242 90243, 90244, 90245, 90246 90252, 90262, 90338, 90340 90379	41,463
Chafee Foster Care Independence Program	93.674	90254, 90356	1,008
ARRA - Child Care and Development Block Grant	93.713	90521, 90540, 90545	4,361
Children's Health Insurance Program	93.767	90102, 90222, 90254, 90402	4,115
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401,90446	56,849
Total Department of Health & Human Services			$ 370,604
Department of Agriculture:			
Direct Payments:			
Community Connect Grant Program	10.863	Not applicable	$ 14,111
School Nutrition Cluster:			
Food Distribution (3)	10.555	Not applicable	$ 28,498
Total Department of Agriculture - direct payments			$ 42,609

County of Bland, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (continued)			
Pass Through Payments:			
Department of Education:			
School Nutrition Cluster:			
National school breakfast program	10.553	40591	$ 54,644
National school lunch program	10.555	40623	148,011
Schools and Roads - Grants to States	10.665	43841	154,282
Total Department of Education - pass-through payments:			$ 356,937
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	90103, 9010, 90212, 90223 90224, 90403, 90404	$ 95,857
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	90103, 9010, 90212, 90223 90224, 90403, 90404	1,500
Total Department of Social Services - pass-through payments:			$ 97,357
Total Department of Agriculture			$ 496,903
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
State Homeland Security Grant Program	97.073	Not applicable	$ 21,900
Department of Defense:			
Direct Payments:			
Payments to States in lieu of Real Estate Taxes	12.112	Not applicable	$ 25,309
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety Program	20.600	SC-2010 50357 3977	$ 8,334
Alcohol Open Container Requirements	20.607	154AL-2009 59123 3426	8,845
Total Department of Transportation			$ 17,179
Department of Justice:			
Pass Through Payments:			
Virginia Compensation Board:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	09SUB9033	$ 18,029

County of Bland, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I: Grants to Local Educational Agencies	84.010	42901	$ 147,577
ARRA - Title I: Grants to Local Educational Agencies	84.389	42913	39,174
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	194,497
ARRA - Special Education - Grants to States	84.391	61245	40,531
Special Education - preschool grants	84.173	62521	5,278
ARRA - Special Education - preschool grants	84.392	61247	1,035
Career and Technological Education - Basic Grants to States	84.048	61095	14,538
Safe and Drug-Free Schools and Communities - State Grants	84.186	60511	2,686
Education Technology Cluster:			
Education Technology - State Grants	84.318	61600	2,200
ARRA - Education Technology - State Grants	84.386	60897	4,431
Improving Teacher Quality - State Grants	84.367	61480, 61485	26,221
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	251,298
Total Department of Education			$ 729,466
Total Federal Expenditures			$ 1,679,390

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bland County, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Bland, Virginia, it is not intended to and does not present the financial position, changes in nets assets, or cash flows of the County of Bland, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, The Bland County School Board had food commodities totaling $0 in inventory.

Note 4 -- Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	$ 573,521
Total primary government	$ 573,521
Component Units:	
School Operating Fund	$ 1,091,758
Bland County Wireless Authority	14,111
Total Component Units	$ 1,105,869
Total federal expenditures per the basic financial statements	$ 1,679,390
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 1,679,390

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
84.010/84.389	Title I, Part A Cluster
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants
10.561	SNAP Cluster (including ARRA)
93.658	Foster Care, Title IV-E (including ARRA)

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

Section II - Financial Statement Findings

2010-1

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.
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.
Cause of Condition:	The County, Social Services, and School Board lack the funding to fully support a completely segregated finance department.
Effect of Condition:	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.
Recommendation:	Management should further try to segregate duties amongst current staff to help alleviate risk created by improper segregation of duties.
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.

2010-2

Criteria:	The Code of Virginia, (1950) as amended requires that an appropriation exist prior to the expenditure of funds.
Condition:	The County did not include the state's portion of funding on Comprehensive Services when additional appropriations were made during the year. As such, The Comprehensive Services expenditures exceeding appropriations by approximately $200,000.
Cause of Condition:	The County did not appropriate funds for Comprehensive Services.
Effect of Condition:	The County has not met the requirements of the Code of Virginia, (1950) as amended.
Recommendation:	Management should appropriate funds for all expenditures.
Management's Response:	Management will begin to appropriate all funds needed for expenditure

Section III - Federal Award Findings and Questioned Costs

2010-3	Title IV-E-Foster Care (including ARRA funds)
Statement of Condition:	Eligibility: Due to limited staff, the Bland County Department of Social Services has not been documenting supervisor approval in Title IV-E case files.
Criteria:	According to the compliance supplement each Department of Social Services should have processes in place for supervisor's approval.
Effect:	Case files may be missing information necessary for approval.
Recommendation:	The Department of Social Services should have someone that has supervisory duties periodically review all case files.
Management's Response:	The Department of Social Services will begin reviewing case files to comply with federal guidelines.

Section IV - Status of Prior Audit Findings and Questioned Costs

The 2010-1 is recurring in the current year. There were no federal findings and questioned costs in the prior year.