

COUNTY OF BLAND, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

COUNTY OF BLAND, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials		<u>Page</u>
		1

FINANCIAL SECTION

Independent Auditors' Report		2-3
------------------------------------	--	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	4
Statement of Activities	2	5
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	9
Statement of Net Assets – Proprietary Funds	7	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	8	11
Statement of Cash Flows – Proprietary Funds.....	9	12
Statement of Fiduciary Net Assets – Fiduciary Funds	10	13
Notes to Financial Statements.....		14-41

Required Supplementary Information:

Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual:		
General Fund	11	42
Schedule of Pension Funding Progress	12	43

COUNTY OF BLAND, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION SECTION:

	<u>Exhibit</u>	<u>Page</u>
Supplementary Financial Statements:		
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	13	44
Discretely Presented Component Unit – School Board:		
Balance Sheet	14	45
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15	46
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	16	47
Supporting Schedules:		
	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues – Budget and Actual - Governmental Funds	1	48-51
Schedule of Expenditures – Budget and Actual - Governmental Funds	2	52-54
Other Statistical Information:		
	<u>Table</u>	<u>Page</u>
Government-wide information:		
Government-Wide Expenses by Function	1	55
Government-Wide Revenues	2	56
Fund information:		
General Governmental Expenditures by Function	3	57
General Governmental Revenues by Source	4	58
Property Tax Levies and Collections	5	59
Assessed Value of Taxable Property	6	60
Property Tax Rates	7	61
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	62
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	63

COMPLIANCE SECTION

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64-65
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	66-67
Schedule of Expenditures of Federal Awards	68-69
Schedule of Findings, Responses and Questioned Costs	70-72

INTRODUCTORY SECTION

COUNTY OF BLAND, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

Lois Shupe	Debbie Barger	Margaret Harless
	Judy Newberry	

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. John Quigley
Judge of the Juvenile & Domestic Relations Court.....	Hon. Edward M. Turner, III
Commonwealth's Attorney	Clinton S. Kegley
Commissioner of the Revenue	Cindy U. Wright
Treasurer	John F. Goins
Sheriff	Jerry Thompson
Superintendent of Schools	Donald W. Hodock
Director of Social Services	Carol Brunty
County Administrator	Jonathan Sweet

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 aggregate 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, 2008, 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 aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Bland, Virginia as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008, on our consideration of the County of Bland, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important in assessing the results of our audit.

The County has elected to omit Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

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

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

Robinson, Jaume, & Associates

Christiansburg, Virginia
December 23, 2008

BASIC FINANCIAL STATEMENTS

County of Bland, Virginia
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	\$ 2,571,324	\$ 154,223	\$ 2,725,547	\$ 3,150,387	\$ 770,199	\$ 30,221
Cash in custody of others	-	2,450	2,450	128,101	-	-
Investments	27,069	-	27,069	-	-	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	4,957,827	-	4,957,827	-	-	-
Accounts receivable	139,753	61,899	201,652	-	-	-
Due from other governmental units	257,816	-	257,816	192,014	-	-
Prepaid expenses	24,404	-	24,404	40,186	-	-
Capital assets (net of accumulated depreciation):						
Land	230,487	255,156	485,643	603,897	150,700	-
Buildings and utility plant	4,608,144	12,146,407	16,754,551	592,097	346,018	-
Machinery and equipment	915,026	2,422	917,448	678,515	-	-
Construction in progress	-	27,878	27,878	165,570	1,488,363	174,780
Total assets	<u>\$ 13,731,850</u>	<u>\$ 12,650,435</u>	<u>\$ 26,382,285</u>	<u>\$ 5,550,767</u>	<u>\$ 2,755,280</u>	<u>\$ 205,001</u>
LIABILITIES						
Accounts payable	\$ 12,271	\$ 2,081	\$ 14,352	\$ 99,795	\$ 216,491	\$ -
Contracts payable	-	-	-	672,127	-	-
Customers' deposits	-	8,209	8,209	-	-	-
Accrued interest payable	20,418	2,904	23,322	-	546	-
Deferred revenue	4,600,032	-	4,600,032	-	421,660	-
Long-term liabilities:						
Due within one year	294,219	73,202	367,421	135,206	34,456	-
Due in more than one year	4,259,854	2,353,246	6,613,100	45,069	1,211,502	-
Total liabilities	<u>\$ 9,186,794</u>	<u>\$ 2,439,642</u>	<u>\$ 11,626,436</u>	<u>\$ 952,197</u>	<u>\$ 1,884,655</u>	<u>\$ -</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 1,611,168	\$ 10,015,075	\$ 11,626,243	\$ 2,040,079	\$ 739,123	\$ 174,780
Unrestricted (deficit)	2,933,888	195,718	3,129,606	2,558,491	131,502	30,221
Total net assets	<u>\$ 4,545,056</u>	<u>\$ 10,210,793</u>	<u>\$ 14,755,849</u>	<u>\$ 4,598,570</u>	<u>\$ 870,625</u>	<u>\$ 205,001</u>

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

County of Bland, Virginia
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Component Units						
							Total	School Board	EDA	Wireless Authority			
PRIMARY GOVERNMENT:													
Governmental activities:													
General government administration	\$ 949,279	\$ 1,790	\$ 356,591	\$ -	\$ (590,898)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	328,350	361,509	112,595	-	145,754	-	-	-	-	-	-	-	-
Public safety	1,535,649	30,378	634,446	-	(870,825)	-	-	-	-	-	-	-	-
Public works	765,844	298,762	6,508	-	(460,574)	-	-	-	-	-	-	-	-
Health and welfare	994,735	-	728,579	-	(266,166)	-	-	-	-	-	-	-	-
Education	2,184,946	-	-	-	(2,184,946)	-	-	-	-	-	-	-	-
Parks, recreation, and cultural	162,006	-	-	-	(162,006)	-	-	-	-	-	-	-	-
Community development	392,417	5,680	75,672	-	(311,065)	-	-	-	-	-	-	-	-
Interest on long-term debt	193,525	-	-	-	(193,525)	-	-	-	-	-	-	-	-
Total governmental activities	\$ 7,506,751	\$ 698,119	\$ 1,914,391	\$ -	\$ (4,894,241)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities:													
Service Authority	\$ 879,490	\$ 376,361	\$ 6,850	\$ -	\$ -	\$ (496,279)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 8,386,241	\$ 1,074,480	\$ 1,921,241	\$ -	\$ (4,894,241)	\$ (496,279)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COMPONENT UNITS:													
School Board	\$ 8,551,663	\$ 196,844	\$ 6,286,506	\$ 113,116	\$ -	\$ -	\$ -	\$ (1,955,197)	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Development Authority (EDA)	118,584	-	-	90,000	-	-	-	-	-	-	-	-	-
Wireless Authority	2,062	-	-	207,063	-	-	-	-	-	-	-	-	205,001
Total component units	\$ 8,672,309	\$ 196,844	\$ 6,286,506	\$ 410,179	\$ -	\$ -	\$ -	\$ (1,955,197)	\$ (28,584)	\$ (28,584)	\$ -	\$ (28,584)	\$ 205,001
General revenues:													
General property taxes	\$ 3,623,286	\$ -	\$ -	\$ -	\$ 3,623,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:													
Local sales and use taxes					293,863								
Consumers' utility taxes					158,394								
Communications taxes					112,842								
Motor vehicle licenses					108,323								
Other local taxes					171,124								
Unrestricted revenues from use of money and property					155,475	4,976			96,383			24,131	
Miscellaneous					21,841				14,735			113,197	
Contributions from Bland County					465,491				2,179,918				
Grants and contributions not restricted to specific programs					(156,299)	156,299							
Transfers					4,954,330	161,275			2,291,036			137,328	
Total general revenues	\$ 4,954,330	\$ 161,275	\$ 5,115,605	\$ -	\$ 5,115,605	\$ 2,291,036	\$ -	\$ -	\$ 137,328	\$ -	\$ -	\$ -	\$ -
Change in net assets	\$ 60,089	\$ (335,004)	\$ (274,915)	\$ -	\$ (274,915)	\$ 335,839	\$ -	\$ -	\$ 108,744	\$ -	\$ 205,001	\$ -	\$ -
Net assets - beginning, as adjusted	4,684,967	10,545,797	15,030,764	-	4,262,731	4,262,731	-	-	761,881	-	-	-	-
Net assets - ending	\$ 4,545,066	\$ 10,210,793	\$ 14,755,849	\$ -	\$ 4,598,570	\$ 4,598,570	\$ -	\$ -	\$ 870,625	\$ -	\$ 205,001	\$ -	\$ -

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

County of Bland, Virginia
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 2,571,324
Investments	27,069
Receivables (net of allowance for uncollectibles):	
Taxes receivable	4,957,827
Accounts receivable	139,753
Due from other governmental units	257,816
Prepaid items	24,404
Total assets	<u>\$ 7,978,193</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 12,271
Deferred revenue	4,927,064
Total liabilities	<u>\$ 4,939,335</u>
Fund balances:	
Unreserved, reported as:	
Designated:	
Recreation programs	\$ 1,268
Courthouse maintenance	64,110
Selective enforcement	4,111
Patrol fund	4,842
Terrorism prevention	234
Unrestricted (deficit)	2,964,293
Total fund balances	<u>\$ 3,038,858</u>
Total liabilities and fund balances	<u>\$ 7,978,193</u>

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

County of Bland, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 3,038,858
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,753,657
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	327,032
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,574,491)
Net assets of governmental activities	<u>\$ 4,545,056</u>

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

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>General</u>
REVENUES	
General property taxes	\$ 3,617,018
Other local taxes	844,536
Permits, privilege fees, and regulatory licenses	30,020
Fines and forfeitures	360,871
Revenue from the use of money and property	155,475
Charges for services	307,228
Miscellaneous	21,841
Recovered costs	231,306
Intergovernmental revenues:	
Commonwealth	1,818,951
Federal	560,931
Total revenues	\$ 7,948,177
 EXPENDITURES	
Current:	
General government administration	\$ 934,887
Judicial administration	325,807
Public safety	1,390,396
Public works	755,811
Health and welfare	1,042,904
Education	2,138,550
Parks, recreation, and cultural	128,473
Community development	476,732
Capital projects	25,672
Debt service:	
Principal retirement	276,561
Interest and other fiscal charges	196,113
Total expenditures	\$ 7,691,906
 Excess (deficiency) of revenues over (under) expenditures	 \$ 256,271
 OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 65,066
Transfers out	(221,365)
Proceeds of capital leases	26,721
Total other financing sources (uses)	\$ (129,578)
 Net change in fund balances	 \$ 126,693
Fund balances - beginning	2,912,165
Fund balances - ending	\$ 3,038,858

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

County of Bland, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds	\$	126,693
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.		(344,138)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6,268
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.		267,267
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.		3,999
Change in net assets of governmental activities	<u>\$</u>	<u>60,089</u>

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

County of Bland, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 154,223	\$ 770,199	\$ 30,221
Cash in custody of others	2,450	-	-
Accounts receivable, net of allowance for uncollectibles	61,899	-	-
Total current assets	<u>\$ 218,572</u>	<u>\$ 770,199</u>	<u>\$ 30,221</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 255,156	\$ 150,700	\$ -
Buildings and Utility plant in service	15,303,903	618,858	-
Less accumulated depreciation	(3,157,496)	(272,840)	-
Machinery and equipment	126,793	-	-
Less accumulated depreciation	(124,371)	-	-
Construction in progress	27,878	1,488,363	174,780
Total capital assets	<u>\$ 12,431,863</u>	<u>\$ 1,985,081</u>	<u>\$ 174,780</u>
Total noncurrent assets	<u>\$ 12,431,863</u>	<u>\$ 1,985,081</u>	<u>\$ 174,780</u>
Total assets	<u>\$ 12,650,435</u>	<u>\$ 2,755,280</u>	<u>\$ 205,001</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,081	\$ 216,491	\$ -
Customers' deposits	8,209	-	-
Accrued interest payable	2,904	546	-
Compensated absences	7,245	-	-
Deferred revenue	-	421,660	-
Bonds payable - current portion	65,957	34,456	-
Total current liabilities	<u>\$ 86,396</u>	<u>\$ 673,153</u>	<u>\$ -</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 2,350,831	\$ 1,211,502	\$ -
Compensated absences	2,415	-	-
Total noncurrent liabilities	<u>\$ 2,353,246</u>	<u>\$ 1,211,502</u>	<u>\$ -</u>
Total liabilities	<u>\$ 2,439,642</u>	<u>\$ 1,884,655</u>	<u>\$ -</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 10,015,075	\$ 739,123	\$ 174,780
Unrestricted	195,718	131,502	30,221
Total net assets	<u>\$ 10,210,793</u>	<u>\$ 870,625</u>	<u>\$ 205,001</u>

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

County of Bland, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 256,019	\$ -	\$ -
Sewer revenues	114,547	-	-
Connection fees	5,795	-	-
Rental income	-	109,324	-
Miscellaneous	-	3,873	-
Total operating revenues	<u>\$ 376,361</u>	<u>\$ 113,197</u>	<u>\$ -</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 136,937	\$ 375	\$ -
Utilities	27,322	-	-
Purchase of water	100,409	-	-
Maintenance and repairs	64,991	9,189	2,062
Office expense	3,881	7,944	-
Insurance	5,494	3,568	-
Permits	4,153	-	-
Professional services	40,269	11,770	-
Miscellaneous	2,707	10,341	-
Depreciation	397,237	20,477	-
Total operating expenses	<u>\$ 783,400</u>	<u>\$ 63,664</u>	<u>\$ 2,062</u>
Operating income (loss)	<u>\$ (407,039)</u>	<u>\$ 49,533</u>	<u>\$ (2,062)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 4,976	\$ 24,131	\$ -
Interest expense	(96,090)	(24,920)	-
Total nonoperating revenues (expenses)	<u>\$ (91,114)</u>	<u>\$ (789)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (498,153)</u>	<u>\$ 48,744</u>	<u>\$ (2,062)</u>
Capital contributions and construction grants	\$ 6,850	\$ 90,000	\$ 207,063
Contribution to the wireless authority	-	(30,000)	-
Transfers in (Contributions from primary government)	221,365	-	-
Transfers out	(65,066)	-	-
Change in net assets	<u>\$ (335,004)</u>	<u>\$ 108,744</u>	<u>\$ 205,001</u>
Total net assets - beginning, as adjusted	10,545,797	761,881	-
Total net assets - ending	<u>\$ 10,210,793</u>	<u>\$ 870,625</u>	<u>\$ 205,001</u>

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

County of Bland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 398,025	\$ 472,174	\$ -
Payments to suppliers	(249,085)	(51,939)	(2,062)
Payments to and for employees	(136,578)	(375)	-
Net cash provided (used) by operating activities	<u>\$ 12,362</u>	<u>\$ 419,860</u>	<u>\$ (2,062)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (65,066)	\$ -	\$ -
Transfers from other funds (Contributions from primary government)	221,365	-	-
Net cash provided (used) by noncapital financing activities	<u>\$ 156,299</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ -	\$ (1,277,351)	\$ (174,780)
Proceeds from indebtedness	-	1,277,351	-
Principal payments on bonds	(64,113)	(31,393)	-
Capital contributions received	6,850	90,000	207,063
Capital contributions disbursed	-	(30,000)	-
Interest payments	(96,151)	(24,374)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (153,414)</u>	<u>\$ 4,233</u>	<u>\$ 32,283</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 4,976	\$ 24,131	\$ -
Net cash provided (used) by investing activities	<u>\$ 4,976</u>	<u>\$ 24,131</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 20,223	\$ 448,224	\$ 30,221
Cash and cash equivalents - beginning	136,450	321,975	-
Cash and cash equivalents - ending	<u>\$ 156,673</u>	<u>\$ 770,199</u>	<u>\$ 30,221</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (407,039)	\$ 49,533	\$ (2,062)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 397,237	\$ 20,477	\$ -
(Increase) decrease in accounts receivable	21,664	-	-
Increase (decrease) in operating accounts payable	141	(9,127)	-
Increase (decrease) in deferred revenue	-	358,977	-
Increase (decrease) compensated absences	359	-	-
Total adjustments	<u>\$ 419,401</u>	<u>\$ 370,327</u>	<u>\$ -</u>
Net cash provided (used) by operating activities	<u>\$ 12,362</u>	<u>\$ 419,860</u>	<u>\$ (2,062)</u>

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

County of Bland, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 42,452
Total assets	<u>\$ 42,452</u>
LIABILITIES	
Amounts held for social services clients	\$ 15,383
Amounts held for scholarships	27,069
Total liabilities	<u>\$ 42,452</u>

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

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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 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, 2008, the County contributed \$113,253 to the Regional Library.

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

A. Reporting Entity (continued)

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

2. Receivables and payables (continued)

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 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 \$58,210 at June 30, 2008 and is composed solely of property taxes.

5. Use of Estimates

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

6. Capital assets

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

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

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

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

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

6. Capital assets (continued)

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

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

7. Compensated Absences

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

8. Long-term obligations

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

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

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

9. Fund equity

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

10. Net Assets

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$4,574,491) and (\$180,275) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
General Obligation Bonds	\$ (560,367)	\$ -
Revenue Bonds	(3,197,245)	-
Lease agreements	(41,377)	-
Literary loans	(343,500)	-
Accrued interest payable	(20,418)	-
Landfill accrued closure and post-closure monitoring costs	(337,183)	-
Compensated absences	<u>(74,401)</u>	<u>(180,275)</u>
 Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	 <u>\$ (4,574,491)</u>	 <u>\$ (180,275)</u>

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

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

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 (\$344,138) and \$48,623 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Capital outlays	\$ 54,286	\$ 333,092
Disposal of Assets (Net)	-	(102,890)
Depreciation expense	<u>(398,424)</u>	<u>(181,579)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (344,138)</u>	<u>\$ 48,623</u>

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

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

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$267,267 difference in the primary government are as follows:

Debt Issued or incurred:	
Proceeds from capital leases	\$ (26,721)
Principal repayments:	
General obligation debt	80,953
Capital leases	70,087
Revenue bonds	56,921
Literary loans	68,600
Accrued landfill closure/postclosure	<u>17,427</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 267,267</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

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

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$3,999 and (\$6,675) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
(Increase) decrease in compensated absences	\$ 1,411	\$ (6,675)
(Increase) decrease in accrued interest	2,588	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 3,999</u>	<u>\$ (6,675)</u>

Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

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

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School 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, 2008, several departments within the general fund had expenditures in excess of appropriations.

C. Deficit fund equity

At June 30, 2008, 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 (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments:

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

Note 4-Deposits and Investments: (continued)

Custodial Credit Risk (Investments):

For an investment, this is the risk that, in the event of the failure of a counterparty, 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, 2008 were held in the County's name by the County's custodial banks; except \$27,069 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, 2008 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 Ratings			
	AAA	AAAm	AAm	Unrated
Zurich Preferred Plus Annuity	\$ -	\$ -	\$ -	\$ 27,069

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a – 7.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 43,613	\$ -
State sales tax	-	134,733
Categorical aid	131,904	-
Non-categorical aid	22,529	-
Virginia public assistance funds	20,537	-
Community services act	7,357	-
<u>Federal Government:</u>		
Virginia public assistance funds	31,876	-
School grants	-	57,281
	<u> </u>	<u> </u>
Totals	<u>\$ 257,816</u>	<u>\$ 192,014</u>

Note 6-Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 156,299
Water and Sewer Fund	156,299	-
Total	<u>\$ 156,299</u>	<u>\$ 156,299</u>

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

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	Literary Loans		General Obligation Bonds		Lease Purchase Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 68,600	\$ 6,870	\$ 87,499	\$ 29,647	\$ 48,830	\$ 147,310
2010	68,600	5,498	89,151	24,492	51,137	145,003
2011	68,600	4,126	95,916	19,094	53,553	142,587
2012	68,600	2,754	97,801	13,375	56,083	140,057
2013	69,100	1,382	60,000	8,800	58,733	137,407
2014-2018	-	-	65,000	5,363	338,001	642,699
2019-2023	-	-	65,000	1,788	425,751	554,949
2024-2028	-	-	-	-	536,282	444,418
2029-2033	-	-	-	-	675,509	305,191
2034-2038	-	-	-	-	850,880	129,820
2039	-	-	-	-	102,486	1,676
Totals	<u>\$ 343,500</u>	<u>\$ 20,630</u>	<u>\$ 560,367</u>	<u>\$ 102,559</u>	<u>\$ 3,197,245</u>	<u>\$ 2,791,117</u>

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2008.

	Balance July 1, 2007	Issuances	Retirements	Balance June 30, 2008
General obligation bonds	\$ 641,320	\$ -	\$ (80,953)	\$ 560,367
Capital lease (Note 9)	84,743	26,721	(70,087)	41,377
Lease purchase revenue bonds	3,254,166	-	(56,921)	3,197,245
Literary Loans	412,100	-	(68,600)	343,500
Landfill closure/ postclosure liability	354,610	-	(17,427)	337,183
Compensated absences	75,812	55,448	(56,859)	74,401
Total	<u>\$ 4,822,751</u>	<u>\$ 82,169</u>	<u>\$ (350,847)</u>	<u>\$ 4,554,073</u>

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$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%	\$ 400,000	\$ 50,000
\$600,408 school general obligation bonds issued January 15, 1992, principal payments varying from \$30,694 to \$42,801 are payable annually on July 15th through 2012, with interest payable semi-annually on July 15th and January 15th at rates varying between 4.9% to 6.6%	<u>160,367</u>	<u>37,499</u>
Total General Obligation Bonds	<u>\$ 560,367</u>	<u>\$ 87,499</u>
<u>Literary Fund Loans:</u>		
\$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%	<u>\$ 343,500</u>	<u>\$ 68,600</u>
<u>Lease Purchase Revenue Bonds:</u>		
\$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 2031	<u>\$ 3,197,245</u>	<u>\$ 48,830</u>
<u>Other Obligations:</u>		
Landfill closure and post-closure monitoring liability	\$ 337,183	\$ -
Capital lease (Note 9)	41,377	33,489
Compensated absences	74,401	55,801
Total Other Obligations	<u>\$ 452,961</u>	<u>\$ 89,290</u>
Total Long-Term Obligations	<u>\$ 4,554,073</u>	<u>\$ 294,219</u>

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

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	Interest
2009	\$ 65,957	\$ 94,290
2010	67,901	92,346
2011	69,939	90,308
2012	72,073	88,174
2013	74,309	85,938
2014-2018	408,994	392,266
2019-2023	458,219	318,041
2024-2028	384,143	228,484
2029-2033	384,166	140,697
2034-2038	320,776	59,126
2039-2043	110,311	6,650
Totals	\$ 2,416,788	\$ 1,596,320

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2008.

	Balance July 1, 2007	Issuances	Retirements	Balance June 30, 2008
Revenue Bonds	\$ 2,480,901	\$ -	\$ (64,113)	\$ 2,416,788
Compensated Absences	9,301	7,335	(6,976)	9,660
Total	\$ 2,490,202	\$ 7,335	\$ (71,089)	\$ 2,426,448

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 7-Long-Term Debt: (continued)

Primary Government - Enterprise Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Revenue Bonds:</u>		
\$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	\$ 148,650	\$ 5,582
\$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	130,860	5,063
\$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	44,175	1,043
\$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	238,233	5,481
\$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	409,903	7,888
\$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	311,982	5,048
\$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	782,985	10,852

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 7-Long-Term Debt: (continued)

Primary Government - Enterprise Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
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	\$ 350,000	\$ 25,000
Total Revenue Bonds	\$ 2,416,788	\$ 65,957
Other Obligations:		
Compensated absences	\$ 9,660	\$ 7,245
Total Long-Term Obligations	\$ 2,426,448	\$ 73,202

Note 8-Long-Term Debt-Component Unit:

Discretely Presented Component Unit – School Board Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2008.

	<u>Balance July 1, 2007</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Compensated absences	\$ 173,600	\$ 136,875	\$ (130,200)	\$ 180,275

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Other Obligations:		
Compensated absences	\$ 180,275	\$ 135,206

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 9-Capital Lease:

Primary Government:

The County has entered into lease agreements to finance the acquisition of a Public Safety CAD, GIS System, and computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and equipment	\$ 296,092
Less: Accumulated depreciation	<u>(112,658)</u>
Total	<u>\$ 183,434</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2008, were as follows:

Fiscal Year Ended	Governmental Activities
2009	\$ 34,195
2010	<u>7,999</u>
Total minimum lease payments	\$ 42,194
Less: amount representing interest	<u>(817)</u>
Present value of minimum lease payments	<u>\$ 41,377</u>

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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)

The County contributes to the Virginia Retirement System (VRS). 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 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% sheriffs and if the employer elects, to 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 increases limited to 5% per year beginning in their second year of retirement. 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/2007annurept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500

B. Funding Policy

Primary Government:

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 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 2008 was 10.68% 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% of their annual salary to the VRS. The employer may assume this 5% member contribution. 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 2008 was 5.73% of annual covered payroll.

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

C. Annual Pension Cost

For fiscal year 2008, the County of Bland, Virginia's annual pension cost of \$179,680 and \$30,669 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	6/30/2008	\$ 179,680	100.00%	\$ -
	6/30/2007	177,251	100.00%	-
	6/30/2006	157,315	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2008	\$ 30,669	100.00%	\$ -
	6/30/2007	30,042	100.00%	-
	6/30/2006	34,006	100.00%	-

¹ Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.73% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2007, the most recent actuarial valuation date, the plan was 72.29% funded. The actuarial accrued liability for benefits was \$6,132,750, and the actuarial value of assets was \$4,433,512, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,699,238. The covered payroll (annual payroll of active employees covered by the plan) was \$1,629,812, and ratio of the UAAL to the covered payroll was 104.26%.

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

D. Funded Status and Funding Progress (continued)

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

As of June 30, 2007, the most recent actuarial valuation date, the plan was 93.50% funded. The actuarial accrued liability for benefits was \$909,148, and the actuarial value of assets was \$850,082, resulting in an unfunded actuarial accrued liability (UAAL) of \$59,066. The covered payroll (annual payroll of active employees covered by the plan) was \$502,936, and ratio of the UAAL to the covered payroll was 11.74%.

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 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 State legislature. 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/2007AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

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 \$406,929, \$350,195, and \$242,535 for the fiscal years ended 2008, 2007, and 2006, respectively. Employer contributions represented 10.30%, 9.20%, and 6.62% of covered payroll for the fiscal years ended 2008, 2007, and 2006, respectively.

Note 11-Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$4,927,064 is comprised of prepaid property taxes and unbilled property taxes.

Prepaid Property Taxes – Prepaid property taxes due subsequent to June 30, 2008, but paid in advance by taxpayers totaled \$27,070.

Unbilled Property Taxes – Property taxes assessed and due December 5, 2008 were estimated at \$4,899,994.

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 230,487	\$ -	\$ -	\$ 230,487
Total capital assets not being depreciated	<u>\$ 230,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,487</u>
Capital assets, being depreciated:				
Buildings	\$ 6,481,385	\$ -	\$ -	\$ 6,481,385
Machinery and equipment	2,437,007	54,286	(38,694)	2,452,599
Total capital assets being depreciated	<u>\$ 8,918,392</u>	<u>\$ 54,286</u>	<u>\$ (38,694)</u>	<u>\$ 8,933,984</u>
Less: accumulated depreciation for:				
Buildings	\$ (1,683,335)	\$ (189,906)	\$ -	\$ (1,873,241)
Machinery and equipment	(1,367,749)	(208,518)	38,694	(1,537,573)
Total accumulated depreciation	<u>\$ (3,051,084)</u>	<u>\$ (398,424)</u>	<u>\$ 38,694</u>	<u>\$ (3,410,814)</u>
Total capital assets being depreciated, net	<u>\$ 5,867,308</u>	<u>\$ (344,138)</u>	<u>\$ -</u>	<u>\$ 5,523,170</u>
Governmental activities capital assets, net	<u>\$ 6,097,795</u>	<u>\$ (344,138)</u>	<u>\$ -</u>	<u>\$ 5,753,657</u>

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 12-Capital Assets: (continued)

Primary Government: (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	27,878	-	-	27,878
Total capital assets not being depreciated	<u>\$ 283,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,034</u>
Capital assets, being depreciated:				
Utility plant	\$ 15,303,903	\$ -	\$ -	\$ 15,303,903
Machinery and equipment	126,793	-	-	126,793
Total capital assets being depreciated	<u>\$ 15,430,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,430,696</u>
Less: accumulated depreciation for:				
Utility plant	\$ (2,774,899)	\$ (382,597)	\$ -	\$ (3,157,496)
Machinery and equipment	(109,731)	(14,640)	-	(124,371)
Total accumulated depreciation	<u>\$ (2,884,630)</u>	<u>\$ (397,237)</u>	<u>\$ -</u>	<u>\$ (3,281,867)</u>
Total capital assets being depreciated, net	<u>\$ 12,546,066</u>	<u>\$ (397,237)</u>	<u>\$ -</u>	<u>\$ 12,148,829</u>
Business-Type activities capital assets, net	<u>\$ 12,829,100</u>	<u>\$ (397,237)</u>	<u>\$ -</u>	<u>\$ 12,431,863</u>

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

Governmental activities:	
General government	\$ 108,578
Public safety	178,753
Public works	19,768
Health and welfare	8,335
Education	49,457
Parks, recreation, and culture	33,533
Total depreciation expense-governmental activities	<u>\$ 398,424</u>
Business type activities:	
Service authority	<u>\$ 397,237</u>

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 12-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2008 was as follows:

Discretely Presented Component Unit-School Board:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 621,639	\$ -	\$ (17,742)	\$ 603,897
Construction in progress	-	165,570	-	165,570
Total capital assets not being depreciated	<u>\$ 621,639</u>	<u>\$ 165,570</u>	<u>\$ (17,742)</u>	<u>\$ 769,467</u>
Capital assets, being depreciated:				
Buildings	\$ 1,525,023	\$ 5,862	\$ (98,227)	\$ 1,432,658
Machinery and equipment	1,351,796	161,660	(50,000)	1,463,456
Total capital assets being depreciated	<u>\$ 2,876,819</u>	<u>\$ 167,522</u>	<u>\$ (148,227)</u>	<u>\$ 2,896,114</u>
Less: accumulated depreciation for:				
Buildings	\$ (810,089)	\$ (43,551)	\$ 13,079	\$ (840,561)
Machinery and equipment	(696,913)	(138,028)	50,000	(784,941)
Total accumulated depreciation	<u>\$ (1,507,002)</u>	<u>\$ (181,579)</u>	<u>\$ 63,079</u>	<u>\$ (1,625,502)</u>
Total capital assets being depreciated, net	<u>\$ 1,369,817</u>	<u>\$ (14,057)</u>	<u>\$ (85,148)</u>	<u>\$ 1,270,612</u>
Governmental activities capital assets, net	<u>\$ 1,991,456</u>	<u>\$ 151,513</u>	<u>\$ (102,890)</u>	<u>\$ 2,040,079</u>

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2008

Note 12-Capital Assets: (continued)

Capital asset activity for the Economic Development Authority for the year ended June 30, 2008 was as follows:

Discretely Presented Component Unit-Economic Development Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 150,700	\$ 18,559	\$ (18,559)	\$ 150,700
Construction in progress	-	1,488,363	-	1,488,363
Total capital assets not being depreciated	<u>\$ 150,700</u>	<u>\$ 1,506,922</u>	<u>\$ (18,559)</u>	<u>\$ 1,639,063</u>
Capital assets, being depreciated:				
Buildings and equipment	<u>\$ 618,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 618,858</u>
Less: accumulated depreciation for:				
Buildings and equipment	<u>\$ (252,363)</u>	<u>\$ (20,477)</u>	<u>\$ -</u>	<u>\$ (272,840)</u>
Total capital assets being depreciated, net	<u>\$ 366,495</u>	<u>\$ (20,477)</u>	<u>\$ -</u>	<u>\$ 346,018</u>
Business-Type activities capital assets, net	<u>\$ 517,195</u>	<u>\$ 1,486,445</u>	<u>\$ (18,559)</u>	<u>\$ 1,985,081</u>

Capital asset activity for the Wireless Authority for the year ended June 30, 2008 was as follows:

Discretely Presented Component Unit-Wireless Authority:

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

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:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
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 \$337,183. These amounts are based on what it would cost to perform all postclosure care in 2008. 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.

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

Note 17-Restatement of Net Assets:

Water Fund:

Beginning Net Assets, as previously reported	\$	10,595,827
Grant booked as receivable in prior year		<u>(50,030)</u>
Beginning Net Assets, as restated	\$	<u>10,545,797</u>

Note 18—Construction Commitments:

The Component Unit School Board had the following construction commitments at June 30, 2008:

Project:	Contract Amount	Amount Outstanding At Year End
Rocky Gap High School Community and Technology Center	\$ <u>188,755</u>	\$ <u>127,819</u>

REQUIRED SUPPLEMENTARY INFORMATION

County of Bland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 3,681,000	\$ 3,681,000	\$ 3,617,018	\$ (63,982)
Other local taxes	758,768	758,768	844,536	85,768
Permits, privilege fees, and regulatory licenses	30,600	30,600	30,020	(580)
Fines and forfeitures	335,643	339,493	360,871	21,378
Revenue from the use of money and property	169,367	169,367	155,475	(13,892)
Charges for services	271,045	271,045	307,228	36,183
Miscellaneous	276,349	286,613	21,841	(264,772)
Recovered costs	172,434	173,434	231,306	57,872
Intergovernmental revenues:				
Commonwealth	1,847,203	1,946,190	1,818,951	(127,239)
Federal	823,294	878,967	560,931	(318,036)
Total revenues	<u>\$ 8,365,703</u>	<u>\$ 8,535,477</u>	<u>\$ 7,948,177</u>	<u>\$ (587,300)</u>
EXPENDITURES				
Current:				
General government administration	\$ 916,241	\$ 940,401	\$ 934,887	\$ 5,514
Judicial administration	337,949	338,400	325,807	12,593
Public safety	1,517,011	1,547,022	1,390,396	156,626
Public works	887,626	882,200	755,811	126,389
Health and welfare	1,222,577	1,220,397	1,042,904	177,493
Education	2,159,245	2,159,245	2,138,550	20,695
Parks, recreation, and cultural	130,087	130,087	128,473	1,614
Community development	574,958	665,978	476,732	189,246
Capital projects	-	45,673	25,672	20,001
Debt service:				
Principal retirement	355,693	355,693	276,561	79,132
Interest and other fiscal charges	42,807	42,807	196,113	(153,306)
Total expenditures	<u>\$ 8,144,194</u>	<u>\$ 8,327,903</u>	<u>\$ 7,691,906</u>	<u>\$ 635,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 221,509</u>	<u>\$ 207,574</u>	<u>\$ 256,271</u>	<u>\$ 48,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 65,066	\$ 65,066
Transfers out	(221,509)	(223,574)	(221,365)	2,209
Proceeds of capital leases	-	-	26,721	26,721
Total other financing sources and uses	<u>\$ (221,509)</u>	<u>\$ (223,574)</u>	<u>\$ (129,578)</u>	<u>\$ 93,996</u>
Net change in fund balances	\$ -	\$ (16,000)	\$ 126,693	\$ 142,693
Fund balances - beginning	-	16,000	2,912,165	2,896,165
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,038,858</u>	<u>\$ 3,038,858</u>

County of Bland, Virginia
Schedule of Pension Funding Progress
As of June 30, 2008

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)
6/30/2007	\$ 4,433,512	\$ 6,132,750	\$ 1,699,238	72.29%	\$ 1,629,812	104.26%
6/30/2006	3,977,553	5,178,368	1,200,815	76.81%	1,565,244	76.72%
6/30/2005	3,745,060	5,111,368	1,366,308	73.27%	1,479,583	92.34%

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)
6/30/2007	\$ 850,082	\$ 909,148	\$ 59,066	93.50%	\$ 502,936	11.74%
6/30/2006	732,253	791,561	59,308	92.51%	475,811	12.46%
6/30/2005	648,191	781,098	132,907	82.98%	587,356	22.63%

OTHER SUPPLEMENTARY INFORMATION SECTION

SUPPLEMENTARY FINANCIAL STATEMENTS

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.

County of Bland, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>FFA Scholarship Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 15,383	\$ 27,069	\$ 42,452
Total assets	\$ 15,383	\$ 27,069	\$ 42,452
LIABILITIES			
Amounts held for social services clients	\$ 15,383	\$ -	\$ 15,383
Amounts held for FFA scholarships	-	27,069	27,069
Total liabilities	\$ 15,383	\$ 27,069	\$ 42,452

**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.

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2008

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,150,387
Cash in custody of others	128,101
Due from other governmental units	192,014
Prepaid items	40,186
Total assets	\$ 3,510,688
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 99,795
Contracts payable	672,127
Total liabilities	\$ 771,922
Fund balances:	
Unreserved:	
Designated for subsequent expenditure	\$ 2,738,766
Total fund balances	\$ 2,738,766
Total liabilities and fund balances	\$ 3,510,688
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 2,738,766
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,040,079
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(180,275)
Net assets of governmental activities	\$ 4,598,570

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, 2008

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 96,383
Charges for services	196,844
Miscellaneous	14,735
Recovered costs	206,953
Intergovernmental revenues:	
Local government	2,130,461
Commonwealth	5,752,777
Federal	646,845
Total revenues	<u>\$ 9,044,998</u>
EXPENDITURES	
Current:	
Education	<u>\$ 8,852,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 192,501</u>
OTHER FINANCING SOURCES (USES)	
Sale of capital assets	<u>\$ 101,390</u>
Total other financing sources and uses	<u>\$ 101,390</u>
Net change in fund balances	\$ 293,891
Fund balances - beginning	2,444,875
Fund balances - ending	<u><u>\$ 2,738,766</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ 293,891
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.	48,623
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.	(6,675)
Change in net assets of governmental activities	<u><u>\$ 335,839</u></u>

County of Bland, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 4,800	\$ 4,800	\$ 96,383	\$ 91,583
Charges for services	-	-	196,844	196,844
Miscellaneous	17,000	17,000	14,735	(2,265)
Recovered costs	37,749	37,749	206,953	169,204
Intergovernmental revenues:				
Local government	2,151,256	2,151,256	2,130,461	(20,795)
Commonwealth	5,751,814	5,751,814	5,752,777	963
Federal	584,841	584,841	646,845	62,004
Total revenues	<u>\$ 8,547,460</u>	<u>\$ 8,547,460</u>	<u>\$ 9,044,998</u>	<u>\$ 497,538</u>
EXPENDITURES				
Current:				
Education	\$ 8,549,460	\$ 8,549,460	\$ 8,852,497	\$ (303,037)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ 192,501</u>	<u>\$ 194,501</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ 2,000	\$ 2,000	\$ 101,390	\$ 99,390
Net change in fund balances	\$ -	\$ -	\$ 293,891	\$ 293,891
Fund balances - beginning	-	-	2,444,875	2,444,875
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,738,766</u>	<u>\$ 2,738,766</u>

SUPPORTING SCHEDULES

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,907,845	\$ 1,907,845	\$ 1,857,618	\$ (50,227)
Real and personal public service corporation taxes	375,735	375,735	349,092	(26,643)
Personal property taxes	973,422	973,422	962,905	(10,517)
Mobile home taxes	39,657	39,657	34,573	(5,084)
Machinery and tools taxes	232,991	232,991	229,562	(3,429)
Merchant's capital taxes	113,350	113,350	137,022	23,672
Penalties	20,000	20,000	23,608	3,608
Interest	18,000	18,000	22,638	4,638
Total general property taxes	<u>\$ 3,681,000</u>	<u>\$ 3,681,000</u>	<u>\$ 3,617,018</u>	<u>\$ (63,982)</u>
Other local taxes:				
Local sales and use taxes	\$ 250,000	\$ 250,000	\$ 293,853	\$ 43,853
Consumers' utility taxes	180,000	180,000	158,394	(21,606)
Consumption taxes	21,500	21,500	22,618	1,118
Communications taxes	96,018	96,018	112,842	16,824
Franchise license tax	-	-	12,283	12,283
Motor vehicle licenses	90,000	90,000	108,323	18,323
Taxes on recordation and wills	32,750	32,750	40,123	7,373
Hotel and motel room taxes	3,500	3,500	3,833	333
Restaurant food taxes	85,000	85,000	92,267	7,267
Total other local taxes	<u>\$ 758,768</u>	<u>\$ 758,768</u>	<u>\$ 844,536</u>	<u>\$ 85,768</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,150	\$ 7,150	\$ 6,253	\$ (897)
Land use application fees	200	200	5,680	5,480
Transfer fees	300	300	332	32
Building permits	22,000	22,000	17,155	(4,845)
Permits and other licenses	950	950	600	(350)
Total permits, privilege fees, and regulatory licenses	<u>\$ 30,600</u>	<u>\$ 30,600</u>	<u>\$ 30,020</u>	<u>\$ (580)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 334,893	\$ 338,743	\$ 360,848	\$ 22,105
Dog violation fines	750	750	23	(727)
Total fines and forfeitures	<u>\$ 335,643</u>	<u>\$ 339,493</u>	<u>\$ 360,871</u>	<u>\$ 21,378</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 168,575	\$ 168,575	\$ 151,875	\$ (16,700)
Revenue from use of property	792	792	3,600	2,808
Total revenue from use of money and property	<u>\$ 169,367</u>	<u>\$ 169,367</u>	<u>\$ 155,475</u>	<u>\$ (13,892)</u>
Charges for services:				
Charges for sheriff's fees	\$ 475	\$ 475	\$ 998	\$ 523
Charges for courthouse maintenance	17,870	17,870	14,681	(3,189)
Charges for law library	775	775	438	(337)
Charges for Commonwealth's Attorney	175	175	223	48
Charges for sanitation and waste removal	243,000	243,000	284,081	41,081
Charges for cannery	5,050	5,050	4,291	(759)
Charges for forest service coop law enforcement	3,000	3,000	1,658	(1,342)
Other charges for services	700	700	858	158
Total charges for services	<u>\$ 271,045</u>	<u>\$ 271,045</u>	<u>\$ 307,228</u>	<u>\$ 36,183</u>
Miscellaneous revenue:				
Miscellaneous	\$ 276,349	\$ 286,613	\$ 21,841	\$ (264,772)

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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)				
Recovered costs:				
Insurance reimbursement	\$ 40,000	\$ 40,000	\$ 37,017	\$ (2,983)
Social services	37,282	37,282	77,820	40,538
Utilities	950	950	2,163	1,213
Schools	11,402	11,402	-	(11,402)
Tipping fees	100	100	-	(100)
Crossroads Industrial Facilities Authority	75,000	75,000	85,000	10,000
Other recovered costs	7,700	8,700	29,306	20,606
Total recovered costs	<u>\$ 172,434</u>	<u>\$ 173,434</u>	<u>\$ 231,306</u>	<u>\$ 57,872</u>
Total revenue from local sources	<u>\$ 5,695,206</u>	<u>\$ 5,710,320</u>	<u>\$ 5,568,295</u>	<u>\$ (142,025)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 6,500	\$ 6,500	\$ -	\$ (6,500)
Wine taxes	6,500	6,500	-	(6,500)
Motor vehicle carriers' tax	1,500	1,500	500	(1,000)
Mobile home titling tax	20,000	20,000	21,833	1,833
State recordation tax	7,500	7,500	6,894	(606)
Personal property tax relief funds	360,201	360,201	354,561	(5,640)
Total noncategorical aid	<u>\$ 402,201</u>	<u>\$ 402,201</u>	<u>\$ 383,788</u>	<u>\$ (18,413)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 84,261	\$ 84,261	\$ 86,185	\$ 1,924
Sheriff	503,794	503,794	492,312	(11,482)
Commissioner of revenue	80,325	80,325	84,301	3,976
Treasurer	72,687	72,687	76,801	4,114
Medical examiner	600	600	-	(600)
Registrar/electoral board	36,500	36,500	38,709	2,209
Clerk of the Circuit Court	126,307	126,307	143,807	17,500
Total shared expenses	<u>\$ 904,474</u>	<u>\$ 904,474</u>	<u>\$ 922,115</u>	<u>\$ 17,641</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 257,233	\$ 257,233	\$ 225,006	\$ (32,227)
Comprehensive Services Act program	98,091	98,091	71,576	(26,515)
Litter control grant	6,989	6,989	6,508	(481)
Two-for-life	5,206	9,706	9,706	-
DMV grant	3,000	3,000	2,850	(150)
E-911 state revenue	-	-	69,897	69,897
Victim-witness grant	4,359	4,359	4,359	-
Fire program	16,666	16,666	18,113	1,447
Juvenile justice grant	9,204	9,204	8,974	(230)
MRPDC Commerce Park Design Grant	-	40,000	-	(40,000)
School resource officer grant	38,758	38,758	33,086	(5,672)
Tobacco indemnification & revitalization grant	-	50,000	50,000	-
Mining royalties	-	-	2,425	2,425
Other categorical	101,022	105,509	10,548	(94,961)
Total other categorical aid	<u>\$ 540,528</u>	<u>\$ 639,515</u>	<u>\$ 513,048</u>	<u>\$ (126,467)</u>
Total categorical aid	<u>\$ 1,445,002</u>	<u>\$ 1,543,989</u>	<u>\$ 1,435,163</u>	<u>\$ (108,826)</u>
Total revenue from the Commonwealth	<u>\$ 1,847,203</u>	<u>\$ 1,946,190</u>	<u>\$ 1,818,951</u>	<u>\$ (127,239)</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 81,932	\$ 81,932	\$ 81,703	\$ (229)

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Revenue from the federal government: (continued)				
Categorical aid:				
Criminal justice grant	\$ 17,492	\$ 17,492	\$ 17,436	\$ (56)
State and community highway safety funds	-	10,000	4,123	(5,877)
Public assistance and welfare administration	493,870	493,870	431,997	(61,873)
Community development block grant	-	45,673	25,672	(20,001)
Other federal categorical aid	230,000	230,000	-	(230,000)
Total categorical aid	<u>\$ 741,362</u>	<u>\$ 797,035</u>	<u>\$ 479,228</u>	<u>\$ (317,807)</u>
Total revenue from the federal government	<u>\$ 823,294</u>	<u>\$ 878,967</u>	<u>\$ 560,931</u>	<u>\$ (318,036)</u>
Total General Fund	<u>\$ 8,365,703</u>	<u>\$ 8,535,477</u>	<u>\$ 7,948,177</u>	<u>\$ (587,300)</u>
Total Primary Government	<u>\$ 8,365,703</u>	<u>\$ 8,535,477</u>	<u>\$ 7,948,177</u>	<u>\$ (587,300)</u>
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	\$ -	\$ -	\$ 96,383	\$ 96,383
Revenue from the use of property	4,800	4,800	-	(4,800)
Total revenue from use of money and property	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 96,383</u>	<u>\$ 91,583</u>
Charges for services:				
Cafeteria sales	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,844</u>	<u>\$ 196,844</u>
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 14,735</u>	<u>\$ (2,265)</u>
Recovered costs:				
Miscellaneous recovered costs	<u>\$ 37,749</u>	<u>\$ 37,749</u>	<u>\$ 206,953</u>	<u>\$ 169,204</u>
Total revenue from local sources	<u>\$ 59,549</u>	<u>\$ 59,549</u>	<u>\$ 514,915</u>	<u>\$ 455,366</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	<u>\$ 2,151,256</u>	<u>\$ 2,151,256</u>	<u>\$ 2,130,461</u>	<u>\$ (20,795)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 814,448	\$ 814,448	\$ 809,611	\$ (4,837)
Basic school aid	3,097,496	3,097,496	3,120,228	22,732
Remedial summer education	5,706	5,706	3,994	(1,712)
Regular foster care	4,976	4,976	15,238	10,262
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	25,755	25,755	25,756	1
Remedial education	59,675	59,675	59,678	3
Enrollment loss	-	-	29,001	29,001
Special education	353,732	353,732	337,967	(15,765)
Textbook payment	62,992	62,992	62,995	3
Vocational SOQ payments	90,455	90,455	90,460	5
Vocational adult education	5,886	5,886	-	(5,886)
School food	7,082	7,082	7,938	856
Social security fringe benefits	162,694	162,694	162,702	8
Retirement fringe benefits	243,098	243,098	243,110	12
Group life insurance benefits	8,794	8,794	8,795	1
State lottery payments	138,817	138,817	139,961	1,144

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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)				
Categorical aid: (continued)				
Early reading intervention	\$ 9,530	\$ 9,530	\$ 17,153	\$ 7,623
School construction grant	112,922	112,922	113,116	194
Dropout prevention	4,000	4,000	2,607	(1,393)
Homebound education	3,014	3,014	3,814	800
Regional program tuition	-	-	14,559	14,559
Vocation education - equipment	18,000	18,000	4,684	(13,316)
Vocational occupational preparedness	-	-	1,613	1,613
Salary supplement	197,871	197,871	199,765	1,894
Local history grant	4,000	4,000	2,584	(1,416)
At risk payments	41,936	41,936	41,936	-
Primary class size	74,397	74,397	32,807	(41,590)
Standards of Learning algebra readiness	7,810	7,810	7,810	-
Enhancing education through technology	154,000	154,000	154,000	-
Mentor teacher program	-	-	223	223
Virginia tobacco settlement	23,000	23,000	26,091	3,091
At risk four year olds	11,869	11,869	-	(11,869)
Other state funds	-	-	4,722	4,722
Total categorical aid	<u>\$ 5,751,814</u>	<u>\$ 5,751,814</u>	<u>\$ 5,752,777</u>	<u>\$ 963</u>
Total revenue from the Commonwealth	<u>\$ 5,751,814</u>	<u>\$ 5,751,814</u>	<u>\$ 5,752,777</u>	<u>\$ 963</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 136,774	\$ 136,774	\$ 151,305	\$ 14,531
Title VI-B, preschool	206,073	206,073	221,940	15,867
Drug free schools	3,500	3,500	2,886	(614)
Title II Part D	1,739	1,739	625	(1,114)
Title II Part A	38,159	38,159	36,738	(1,421)
School food program	153,000	153,000	172,027	19,027
Schools and roads	41,000	41,000	40,476	(524)
Language acquisition grant	-	-	252	252
Perkins	-	-	15,620	15,620
Title IV	-	-	4,976	4,976
Other federal categorical	4,596	4,596	-	(4,596)
Total categorical aid	<u>\$ 584,841</u>	<u>\$ 584,841</u>	<u>\$ 646,845</u>	<u>\$ 62,004</u>
Total revenue from the federal government	<u>\$ 584,841</u>	<u>\$ 584,841</u>	<u>\$ 646,845</u>	<u>\$ 62,004</u>
Total School Operating Fund	<u>\$ 8,547,460</u>	<u>\$ 8,547,460</u>	<u>\$ 9,044,998</u>	<u>\$ 497,538</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 8,547,460</u>	<u>\$ 8,547,460</u>	<u>\$ 9,044,998</u>	<u>\$ 497,538</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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	\$ 119,962	\$ 128,442	\$ 131,303	\$ (2,861)
General and financial administration:				
County administrator	\$ 273,386	\$ 272,866	\$ 266,823	\$ 6,043
Commissioner of revenue	160,903	160,903	159,316	1,587
Treasurer	164,299	168,799	167,192	1,607
Legal services	33,665	33,965	34,684	(719)
Information technology	42,230	33,230	41,904	(8,674)
Auditors	28,954	46,054	45,979	75
Other general and financial administration	13,684	13,684	5,862	7,822
Total general and financial administration	\$ 717,121	\$ 729,501	\$ 721,760	\$ 7,741
Board of elections:				
Electoral board and officials	\$ 24,227	\$ 27,427	\$ 27,352	\$ 75
Registrar	54,931	55,031	54,472	559
Total board of elections	\$ 79,158	\$ 82,458	\$ 81,824	\$ 634
Total general government administration	\$ 916,241	\$ 940,401	\$ 934,887	\$ 5,514
Judicial administration:				
Courts:				
Circuit court	\$ 4,125	\$ 4,125	\$ 2,555	\$ 1,570
General district court	2,080	2,080	1,077	1,003
Magistrates	967	967	408	559
Juvenile and domestic relations court	8,561	4,061	1,162	2,899
Victim and witness assistance	23,498	23,498	23,209	289
Clerk of the circuit court	189,950	194,437	189,251	5,186
Law Library	1,000	1,000	949	51
Total courts	\$ 230,181	\$ 230,168	\$ 218,611	\$ 11,557
Commonwealth's attorney:				
Commonwealth's attorney	\$ 107,768	\$ 108,232	\$ 107,196	\$ 1,036
Total judicial administration	\$ 337,949	\$ 338,400	\$ 325,807	\$ 12,593
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 952,470	\$ 979,481	\$ 927,655	\$ 51,826
Fire and rescue services:				
Fire department	\$ 83,150	\$ 85,450	\$ 84,612	\$ 838
Ambulance and rescue services	20,849	20,849	20,849	-
Other fire and rescue services	11,101	15,601	15,601	-
Total fire and rescue services	\$ 115,100	\$ 121,900	\$ 121,062	\$ 838
Correction and detention:				
Regional jail	\$ 127,783	\$ 130,583	\$ 132,277	\$ (1,694)
Inspections:				
Building	\$ 68,207	\$ 68,207	\$ 67,812	\$ 395
Other protection:				
Animal control	\$ 51,657	\$ 45,057	\$ 39,067	\$ 5,990
Medical examiner	600	600	120	480
E-911	201,194	201,194	102,403	98,791
Total other protection	\$ 253,451	\$ 246,851	\$ 141,590	\$ 105,261
Total public safety	\$ 1,517,011	\$ 1,547,022	\$ 1,390,396	\$ 156,626

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 2,500	\$ 2,500	\$ 2,149	\$ 351
Sanitation and waste removal:				
Refuse collection and disposal	\$ 347,824	\$ 331,359	\$ 322,502	\$ 8,857
Landfill closure	33,900	33,900	36,115	(2,215)
Total sanitation and waste removal	<u>\$ 381,724</u>	<u>\$ 365,259</u>	<u>\$ 358,617</u>	<u>\$ 6,642</u>
Maintenance of general buildings and grounds:				
General properties	\$ 283,171	\$ 294,210	\$ 218,433	\$ 75,777
Canneries	124,927	124,927	91,243	33,684
Public works administration	95,304	95,304	85,369	9,935
Total maintenance of general buildings and grounds	<u>\$ 503,402</u>	<u>\$ 514,441</u>	<u>\$ 395,045</u>	<u>\$ 119,396</u>
Total public works	<u>\$ 887,626</u>	<u>\$ 882,200</u>	<u>\$ 755,811</u>	<u>\$ 126,389</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 75,518	\$ 75,518	\$ 75,518	\$ -
Mental health and mental retardation:				
Community services board	\$ 13,000	\$ 14,040	\$ 13,000	\$ 1,040
Welfare:				
Welfare administration	\$ 745,896	\$ 742,708	\$ 633,605	\$ 109,103
Public assistance	241,705	240,673	205,318	35,355
State and local hospitalization	726	726	368	358
Elderly and handicapped services	8,387	8,387	8,387	-
Comprehensive services	124,307	124,307	92,670	31,637
Other welfare	13,038	14,038	14,038	-
Total welfare	<u>\$ 1,134,059</u>	<u>\$ 1,130,839</u>	<u>\$ 954,386</u>	<u>\$ 176,453</u>
Total health and welfare	<u>\$ 1,222,577</u>	<u>\$ 1,220,397</u>	<u>\$ 1,042,904</u>	<u>\$ 177,493</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 8,089	\$ 8,089	\$ 8,089	\$ -
Contribution to County School Board	2,151,156	2,151,156	2,130,461	20,695
Total education	<u>\$ 2,159,245</u>	<u>\$ 2,159,245</u>	<u>\$ 2,138,550</u>	<u>\$ 20,695</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	\$ 13,317	\$ 13,317	\$ 15,220	\$ (1,903)
Library:				
Contribution to regional library	\$ 116,770	\$ 116,770	\$ 113,253	\$ 3,517
Total parks, recreation, and cultural	<u>\$ 130,087</u>	<u>\$ 130,087</u>	<u>\$ 128,473</u>	<u>\$ 1,614</u>
Community development:				
Planning and community development:				
Community development	\$ 3,675	\$ 3,675	\$ 3,577	\$ 98
Planning	132,999	133,419	36,798	96,621
Economic development	350,657	440,657	348,763	91,894
Total planning and community development	<u>\$ 487,331</u>	<u>\$ 577,751</u>	<u>\$ 389,138</u>	<u>\$ 188,613</u>
Environmental management:				
Contribution to soil and water district	\$ 11,200	\$ 11,200	\$ 11,200	\$ -

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Community development: (continued)				
Cooperative extension program:				
Extension office	\$ 76,427	\$ 77,027	\$ 76,394	\$ 633
Total community development	<u>\$ 574,958</u>	<u>\$ 665,978</u>	<u>\$ 476,732</u>	<u>\$ 189,246</u>
Capital projects:				
Medical center project	\$ -	\$ 45,673	\$ 25,672	\$ 20,001
Debt service:				
Principal retirement	\$ 355,693	\$ 355,693	\$ 276,561	\$ 79,132
Interest and other fiscal charges	42,807	42,807	196,113	(153,306)
Total debt service	<u>\$ 398,500</u>	<u>\$ 398,500</u>	<u>\$ 472,674</u>	<u>\$ (74,174)</u>
Total General Fund	<u>\$ 8,144,194</u>	<u>\$ 8,327,903</u>	<u>\$ 7,691,906</u>	<u>\$ 635,997</u>
Total Primary Government	<u>\$ 8,144,194</u>	<u>\$ 8,327,903</u>	<u>\$ 7,691,906</u>	<u>\$ 635,997</u>
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 6,516,034	\$ 6,516,034	\$ 6,457,701	\$ 58,333
Operating costs:				
Administration and health services	\$ 524,044	\$ 524,044	\$ 495,960	\$ 28,084
Pupil transportation	645,710	645,710	743,705	(97,995)
Operation and maintenance of school plant	682,342	682,342	673,306	9,036
Facilities	-	-	71,192	(71,192)
Total operating costs	<u>\$ 1,852,096</u>	<u>\$ 1,852,096</u>	<u>\$ 1,984,163</u>	<u>\$ (132,067)</u>
School food services:				
Administration of school food program	\$ 181,330	\$ 181,330	\$ 410,633	\$ (229,303)
Total education	<u>\$ 8,549,460</u>	<u>\$ 8,549,460</u>	<u>\$ 8,852,497</u>	<u>\$ (303,037)</u>
Total School Fund	<u>\$ 8,549,460</u>	<u>\$ 8,549,460</u>	<u>\$ 8,852,497</u>	<u>\$ (303,037)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 8,549,460</u>	<u>\$ 8,549,460</u>	<u>\$ 8,852,497</u>	<u>\$ (303,037)</u>

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

OTHER STATISTICAL INFORMATION

Table 1

County of Bland, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Service Authority	Total
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	132,296	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 6 years.

Table 2

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

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

(1) Information has only been available for 6 years.

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
2007-08	\$ 934,887	\$ 325,807	\$ 1,390,396	\$ 755,811	\$ 1,042,904	\$ 8,860,566	\$ 128,473	\$ 476,732	\$ 472,674	\$ 14,388,270
2006-07	817,094	299,335	1,335,075	736,940	946,016	8,201,233	126,888	351,578	586,148	13,400,307
2005-06	710,820	315,639	1,202,639	646,999	893,987	7,545,042	129,560	235,497	476,839	12,157,022
2004-05	657,733	306,197	1,527,395	596,176	912,423	8,441,212	138,078	199,116	464,170	13,242,500
2003-04	643,310	268,737	1,410,291	556,988	891,649	7,165,625	105,440	150,777	337,706	11,530,523
2002-03	635,889	266,246	1,100,205	560,904	744,286	6,836,170	89,467	98,578	230,088	10,561,833
2001-02	836,356	248,528	784,665	784,409	928,036	6,632,772	94,487	193,488	234,694	10,737,435
2000-01	780,632	271,774	816,103	563,529	746,591	6,617,954	65,998	289,224	229,136	10,380,941
1999-00	757,437	245,354	668,149	506,489	594,820	6,370,777	61,720	107,715	188,976	9,501,437
1998-99	667,798	194,590	735,955	456,221	571,800	6,115,703	102,979	191,883	173,192	9,210,121

(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
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	289,480	9,363,693	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	656,870	25,691	93,822	133,980	391,691	52,844	270,979	6,774,368	10,476,251
1999-00	2,030,577	550,020	24,191	70,740	134,261	330,499	95,788	206,828	6,460,697	9,903,601
1998-99	2,080,598	525,133	28,151	66,618	104,674	388,681	51,001	128,172	6,387,618	9,760,646

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1, 2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2007-08	\$ 3,933,705	\$ 3,830,011	97.36%	\$ 95,322	\$ 3,925,333	99.79%	\$ 392,206	9.97%
2006-07	3,733,925	3,579,896	95.87%	88,682	3,668,578	98.25%	342,624	9.18%
2005-06	3,663,193	3,562,454	97.25%	91,914	3,654,368	99.76%	266,586	7.28%
2004-05	3,482,487	3,266,798	93.81%	95,997	3,362,795	96.56%	218,913	6.29%
2003-04	2,809,664	2,718,454	96.75%	57,158	2,775,612	98.79%	194,327	6.92%
2002-03	2,772,481	2,686,344	96.89%	74,992	2,761,336	99.60%	186,608	6.73%
2001-02	2,356,318	2,230,228	94.65%	90,543	2,320,771	98.49%	182,817	7.76%
2000-01	2,254,495	2,174,881	96.47%	79,634	2,254,515	100.00%	191,937	8.51%
1999-00	2,128,453	2,053,312	96.47%	59,368	2,112,680	99.26%	193,394	9.09%
1998-99	2,063,412	1,983,724	96.14%	96,874	2,080,598	100.83%	167,668	8.13%

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2007-08	\$ 270,659,200	63,916,186	\$ 25,878,004	\$ 19,288,259	\$ 50,582,512	\$ 430,324,161
2006-07	265,110,100	61,738,795	25,452,487	15,108,640	35,833,223	403,243,245
2005-06	258,944,800	60,157,418	25,043,406	21,483,898	30,787,455	396,416,977
2004-05	253,943,800	56,014,094	23,222,618	27,616,238	22,036,848	382,833,598
2003-04	247,794,775	51,340,645	21,215,034	24,332,409	15,319,483	360,002,346
2002-03	244,150,636	51,573,678	19,785,849	22,804,351	15,534,869	353,849,383
2001-02	178,804,811	51,031,334	20,159,754	17,006,117	11,558,507	278,560,523
2000-01	174,420,419	49,328,188	16,009,653	14,250,753	12,124,168	266,133,181
1999-00	172,305,084	45,800,146	14,068,435	8,625,379	13,012,038	253,811,082
1998-99	169,620,491	42,660,265	13,334,838	9,566,991	12,883,473	248,066,058

(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
2007-08	\$ 0.69	\$ 2.29	\$ 0.69	\$ 0.73	\$ 0.89
2006-07	0.69	2.29	0.69	0.73	0.89
2005-06	0.69	2.29	0.69	0.73	0.89
2004-05	0.69	2.29	0.69	0.73	0.89
2003-04	0.65	1.60	0.65	0.73	0.73
2002-03	0.65	1.60	0.65	0.73	0.73
2001-02	0.69	1.60	0.69	0.73	0.73
2000-01	0.69	1.60	0.69	0.73	0.73
1999-00	0.69	1.60	0.69	0.73	0.73
1998-99	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
2007-08	6,871	\$ 430,324	\$ 903,867	\$ 903,867	0.21%	\$ 132
2006-07	6,871	403,243	1,053,420	1,053,420	0.26%	153
2005-06	6,871	396,417	1,201,525	1,201,525	0.30%	175
2004-05	6,871	382,834	1,364,859	1,364,859	0.36%	199
2003-04	6,871	360,002	1,496,503	1,496,503	0.42%	218
2002-03	6,871	353,849	1,690,723	1,690,723	0.48%	246
2001-02	6,871	278,561	1,846,964	1,846,964	0.66%	269
2000-01	6,871	266,133	2,002,205	2,002,205	0.75%	291
1999-00	6,514	253,811	2,146,537	2,146,537	0.85%	330
1998-99	6,514	248,066	1,555,041	1,555,041	0.63%	239

(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.

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
2007-08	\$ 276,561	\$ 196,113	\$ 472,674	\$ 14,388,270	3.29%
2006-07	379,126	207,022	586,148	13,400,307	4.37%
2005-06	261,416	215,423	476,839	12,157,022	3.92%
2004-05	206,152	258,018	464,170	13,242,500	3.51%
2003-04	221,071	116,635	337,706	11,530,523	2.93%
2002-03	156,241	73,847	230,088	10,561,833	2.18%
2001-02	155,241	79,453	234,694	10,737,435	2.19%
2000-01	144,332	84,804	229,136	10,380,941	2.21%
1999-00	118,504	70,472	188,976	9,501,437	1.99%
1998-99	117,753	55,439	173,192	9,210,121	1.88%

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

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, business-type activities, the aggregate 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, 2008, which collectively comprise the County of Bland, Virginia's basic financial statements and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, And Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Bland, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Bland, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Bland, Virginia's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings, responses and questioned costs (reference 2008-1 and 2008-2) to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above (reference 2008-1) is a material weakness.

Compliance and Other Matters

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

However, we noted certain matters that we reported to management of the County of Craig, Virginia, in a separate letter dated December 23, 2008.

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

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

Robinson, James, & Associates

Christiansburg, Virginia
December 23, 2008

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the compliance of the County of Bland, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Bland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Bland, Virginia's management. Our responsibility is to express an opinion on County of Bland, Virginia's compliance based on our audit.

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

In our opinion, the County of Bland, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

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

Robinson, James, & Associates

Christiansburg, Virginia
December 23, 2008

County of Bland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	\$ 12,171
Temporary Assistance to Needy Families (TANF)	93.558	51,678
Refugee and Entrant Assistance - Discretionary Grants	93.566	323
Independent Living	93.674	1,123
Low Income Home Energy Assistance	93.568	1,677
Child Welfare Services - State Grants	93.645	534
Chafee Education and Training Vouchers Program	93.599	537
Payments to States for Child Care Assistance - Child Care Cluster Program	93.575	13,278
Child Care and Development Fund - Child Care Cluster Program	93.596	17,565
Adoption Assistance	93.659	20,746
Foster Care - Title IV-E	93.658	66,642
Social Services Block Grant	93.667	97,119
State Children's Insurance Program	93.767	3,711
Medical Assistance Program (Title XIX)	93.778	<u>61,472</u>
Total Department Health & Human Services-pass through		<u>\$ 348,576</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution - School Food Program Cluster	10.555	\$ 32,509
Department of Education:		
National school breakfast program - School Food Program Cluster	10.553	44,834
National school lunch program - School Food Program Cluster	10.555	127,193
Schools and Roads	10.665	40,476
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>83,422</u>
Total Department of Agriculture		<u>\$ 328,434</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	<u>\$ 4,123</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice:		
Victim Witness Program	16.575	<u>\$ 17,436</u>

County of Bland, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 151,305
Title VI-B: Handicapped state grants	84.027	214,704
Special Education - preschool grants	84.173	7,235
Vocational Education: Basic grants to states	84.048	15,620
Drug free schools and communities	84.186	2,886
Title VI: Improving school programs state block grant	84.298	4,976
Technology Literacy Grant	84.318	625
Improving Teacher Quality	84.367	36,738
Language Acquisition Grants	84.365	<u>252</u>
Total Department of Education		<u>\$ 434,341</u>
Department of Housing and Community Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	<u>\$ 25,672</u>
Total Federal Assistance		<u><u>\$ 1,158,582</u></u>

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bland County, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

County of Bland, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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County of Bland, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2008

Section II - Financial Statement Findings

2008-1

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

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

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

Management's

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

2008-2

Condition: The Component Unit School Board's capital assets had to be adjusted to include improvements made to the Rocky Gap High School Community and Technology Center. In addition, the Wireless Authority had to be removed from the primary government and shown as discretely presented component unit.

Criteria: Pursuant to Statement on Auditing Standards number 112, misstatements identified by the audit should be reported as a significant deficiency as this is an indicator that controls over the selection and application of accounting principles were inadequate.

Management's

Response: Management will continue to work with the external accounting firm to prepare all necessary year-end accounting adjustments and to insure all entries are posted in conformance with generally accepted accounting principles.

County of Bland, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2008

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

The finding 2007-1 was corrected while the findings 2007-2 and 2007-3 are recurring in the current year. There were no federal findings and questioned costs in the prior year.