



COUNTY
OF
SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

Prepared by
Garland Miller, Budget Manager
Shenandoah County, Virginia

COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

Table of Contents

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-4
Organizational Chart.....	6-7
List of Elected and Appointed Officials.....	8

FINANCIAL SECTION

Independent Auditors' Report	9-10
Management's Discussion and Analysis	11-18

Basic Financial Statements:

Government—Wide Financial Statements

Exhibit 1	Statement of Net Assets	23
Exhibit 2	Statement of Activities	24-25

Fund Financial Statements

Exhibit 3	Balance Sheet — Governmental Funds	28
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	29
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	30
Exhibit 6	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	31
Exhibit 7	Statement of Net Assets — Proprietary Funds.....	32
Exhibit 8	Statement of Revenues, Expenditures, and Changes in Fund Net Assets — Proprietary Funds	33
Exhibit 9	Statement of Cash Flows — Proprietary Funds	34
Exhibit 10	Statement of Fiduciary Net Assets — Fiduciary Funds	35
Exhibit 11	Statement of Changes in Fiduciary Net Assets — Fiduciary Funds.....	36

**COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

Table of Contents (Continued)

FINANCIAL SECTION (CONTINUED)

	<u>Page</u>
Notes to Financial Statements	37-78
Required Supplementary Information:	
Exhibit 12 General Fund — Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual	80
Exhibit 13 Schedule of Pension Funding Progress	81
Exhibit 14 Schedule of OPEB Funding Progress	82
Other Supplementary Information:	
Exhibit 15 County Debt Service Fund — Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual.....	85
Exhibit 16 County Capital Projects Fund — Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual.....	86
Combining Fund Statements:	
Exhibit 17 Combining Balance Sheet — Nonmajor Governmental Funds.....	88
Exhibit 18 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Governmental Funds	89
Exhibit 19 Combining Balance Sheet — Nonmajor Special Revenue Funds	90
Exhibit 20 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Special Revenue Funds.....	91
Exhibit 21 Combining Statement of Fiduciary Net Assets — Fiduciary Funds.....	92
Exhibit 22 Combining Statement of Changes in Assets and Liabilities — Agency Funds.	93
Discretely Presented Component Unit — School Board	
Exhibit 23 Combining Balance Sheet — Discretely Presented Component Unit — School Board	96
Exhibit 24 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds — Discretely Presented Component Unit — School Board	97
Exhibit 25 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Discretely Presented Component Unit — School Board	98-99

**COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

Table of Contents (Continued)

FINANCIAL SECTION (CONTINUED)

	<u>Page</u>
Supporting Schedules	
Schedule 1 Governmental Funds and Discretely Presented Component Unit — School Board — Schedule of Revenues – Budget and Actual	103-108
Schedule 2 Governmental Funds and Discretely Presented Component Unit — School Board — Schedule of Expenditures — Budget and Actual Funds	109-112

STATISTICAL SECTION

Table 1 Net Assets by Component	114-115
Table 2 Changes in Net Assets	116-119
Table 3 Governmental Activities Tax Revenues by Source	121
Table 4 Fund Balances of Governmental Funds	122-123
Table 5 Changes in Fund Balances of Governmental Funds	124-124
Table 6 General Governmental Activities Tax Revenues by Source	127
Table 7 Assessed Value and Estimated Actual Value of Taxable Property	128-129
Table 8 Property Tax Rates (1)	130
Table 9 Principal Property Taxpayers	131
Table 10 Property Tax Levies and Collections	133
Table 11 Ratio of Outstanding Debt by Type	134-135
Table 12 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	136
Table 13 Pledge-Revenue Coverage	137
Table 14 Demographic and Economic Statistics	138
Table 15 Principal Employers	139
Table 16 Full-time Equivalent County Employees by Function	140
Table 17 Operating Indicators by Function	141
Table 18 Capital Asset Statistics by Function	142

COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

Table of Contents (Continued)

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 Government Auditing Standards	143-144
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	145-146
Schedule of Expenditures of Federal Awards	147-149
Schedule of Findings and Questioned Costs	150
Summary Schedule of Prior Audit Findings.....	151

INTRODUCTORY SECTION

County of Shenandoah

BOARD OF SUPERVISORS

DISTRICT 1 - DICK NEESE 540.740.3414
DISTRICT 2 - STEVE BAKER 540.477.3550
DISTRICT 3 - DAVID FERGUSON 540.984.8777
DISTRICT 4 - SHARON BARONCELLI 540.331.4492
DISTRICT 5 - DENNIS MORRIS 540.436.9149
DISTRICT 6 - CONRAD HELSLEY 540.481.6167

600 N. Main Street, Ste 102
WOODSTOCK, VA 22664



Tel: 540.459.6165 Fax: 540.459.6168
www.shenandoahcountyva.us

OFFICE OF COUNTY ADMINISTRATION

DOUGLAS C. WALKER
COUNTY ADMINISTRATOR

MARY T. PRICE
ASSISTANT COUNTY ADMINISTRATOR

November 30, 2011

To the Honorable Board of Supervisors of the County of Shenandoah, Virginia:

The comprehensive annual financial report of the County of Shenandoah for the year ended June 30, 2011 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Shenandoah issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the County of Shenandoah. All disclosures necessary to enable the reader to gain an understanding of the County of Shenandoah's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report. The independent auditor's report is presented as the first component of the financial section of this report.

The financial reporting entity (*the government*) includes all funds of the primary government (*i.e., the County of Shenandoah as legally defined*), as well as all of its component units. The government provides a full range of services including police and fire protection; sanitation services; recreational activities; cultural events; and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component unit included in this report is the Shenandoah County School Board and the Shenandoah County Library. The financial statements for the Authority and the of Shenandoah County, Virginia are not included in the County report as these organizations are administered by boards separate from and independent of the County of Shenandoah Board of Supervisors.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Shenandoah's MD&A can be found immediately following the report of the independent auditors.

□ The Reporting Entity and Economic Outlook □

The County of Shenandoah was formed in 1772 from Frederick County, and was originally named Dunmore County in honor of Governor Dunmore. In 1778, the name was changed to Shenandoah after the Shenandoah River, an Indian name meaning "Daughter of the Stars."

Situated in the scenic northern Shenandoah Valley of Virginia, the County of Shenandoah is 34 miles long and an average of 16 miles wide and contains a land area of 512 square miles. Within the boundaries of the County of Shenandoah are the towns of Edinburg, Mt. Jackson, New Market, Strasburg, Toms Brook and Woodstock. The County of Shenandoah is a political subdivision of the Commonwealth of Virginia administered by a six member board elected by magisterial district for four year concurrent terms. The Board of Supervisors elects one of its own to serve as Chairman and selects a County Administrator to oversee the general administration of the County of Shenandoah.

Although a rural county, Shenandoah County's 2010 population was 41,993. Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 25% of the jobs in the County. Agriculture accounts for less than 10% of the full time and part time jobs in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. The ten largest manufacturers employ approximately 5,125 of 13,114 plus workers in the County's labor force and make-up 2% of the total local property taxes. The national recession and slowing housing market continued to impact the economy of Shenandoah County during fiscal year 2011. The County saw declines in the housing market and significant decreases in interest rates. Despite the fact that consumer confidence in the economy remained sluggish, sales, hotel, and meals taxes for the County improved slightly over FY10. Unemployment remains near the State average and during the 2011 calendar year Shenandoah County saw unemployment rates decrease from 7.8 percent to 6.6 percent.

□ Major Initiatives and Goals □

The mission statement of the County of Shenandoah is as follows:

"The government of Shenandoah County is to promote an organizational environment that emphasizes the efficient delivery of high quality services to the public, assist the Board of Supervisors in carrying out its strategic objectives, and effectively communicate information about County operations and services to citizens, the Board of Supervisors, the public, the employees, and the media."

In 2010, Rappahannock, Shenandoah and Warren Counties formed the RSW Regional Jail Authority. The RSW Jail Authority hired an architectural firm to design a 375 bed regional jail to be constructed on land purchased in Warren County, Virginia. The jail will be funded by a 50 percent match from the Commonwealth of Virginia. The remaining portion will be funded by each locality based on their proportional share of beds utilized. Plans for the jail will be completed in the fall of 2011 and application for long term financing is scheduled for the winter 2011-12. Construction could begin in the summer of 2012 with a completion date of 2015.

Shenandoah County received a PPEA proposal in May 2011 to renovate the old Edinburg School located in Edinburg, Virginia. The proposal would convert the building to a regional school for students with special needs. Other competitive PPEA proposals were sought in the summer of 2011. The Board of Supervisor accepted the original proposal in the fall of 2011 and began the process to generate construction drawings and cost estimates.

During 2011, Shenandoah County began exploring the option of implementing a Revenue Recovery program. Revenue Recovery is a program that bills a user fee to Medicaid, Medicare and private insurance companies for emergency ambulance transport services. In order to offset the increasing financial demands of emergency ambulance transport services. In order to offset the increasing financial demands of emergency medical services, the County, like many local governments nationwide, is seeking alternative ways to fund these services. Most insurance plans already offer the benefit for emergency transports. Therefore, citizens are affected very little by this program. Citizens who are not covered by an insurance plan will not be billed for the service. In the fall of 2011, the County will present an ordinance to consider their right to exercise the powers enumerated in § 32.1-111.14, Code of Virginia (1950), as amended to grant franchise permits for operation of Emergency Medical Services vehicles, to make reasonable charges for use of Emergency Medical Services vehicles, including charging insurers, and for other purposes.

□ Financial Information □

The management of the County of Shenandoah is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Shenandoah's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2011 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

In addition to internal accounting controls the County also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the County Board of Supervisors. Budgetary control is maintained at the function level and any unspent appropriations at the fiscal year end may be reappropriated as part of the following year's revised budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. Due to the decrease in rates on bonds and mutual funds, the County has revised its investment policy to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates dropped to below 2 percent in 2011. The County was able to pull some funds out of LGIP and invest in money market accounts that were offering higher yields than what was available through LGIP. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

Risk Management

The County periodically reviews its risk management program. Substantially all of the County's coverage is through independent third party insurers.

□ OTHER INFORMATION □

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the County. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of federal Single Audit Act of 1984, as amended in 1997, and related OMB Circular A-133. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

Awards

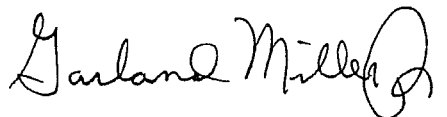
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for the certificate.

Acknowledgments

The preparation of this annual financial report could not have been accomplished without the dedicated effort of Douglas Walker, County Administrator, Mary Beth Price, Assistant County Administrator, Cindy George, Treasurer, the School Board and the members of their staffs. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

Also, without the leadership and support of the Board of Supervisors, preparation of this report would not have been possible.

Sincerely,

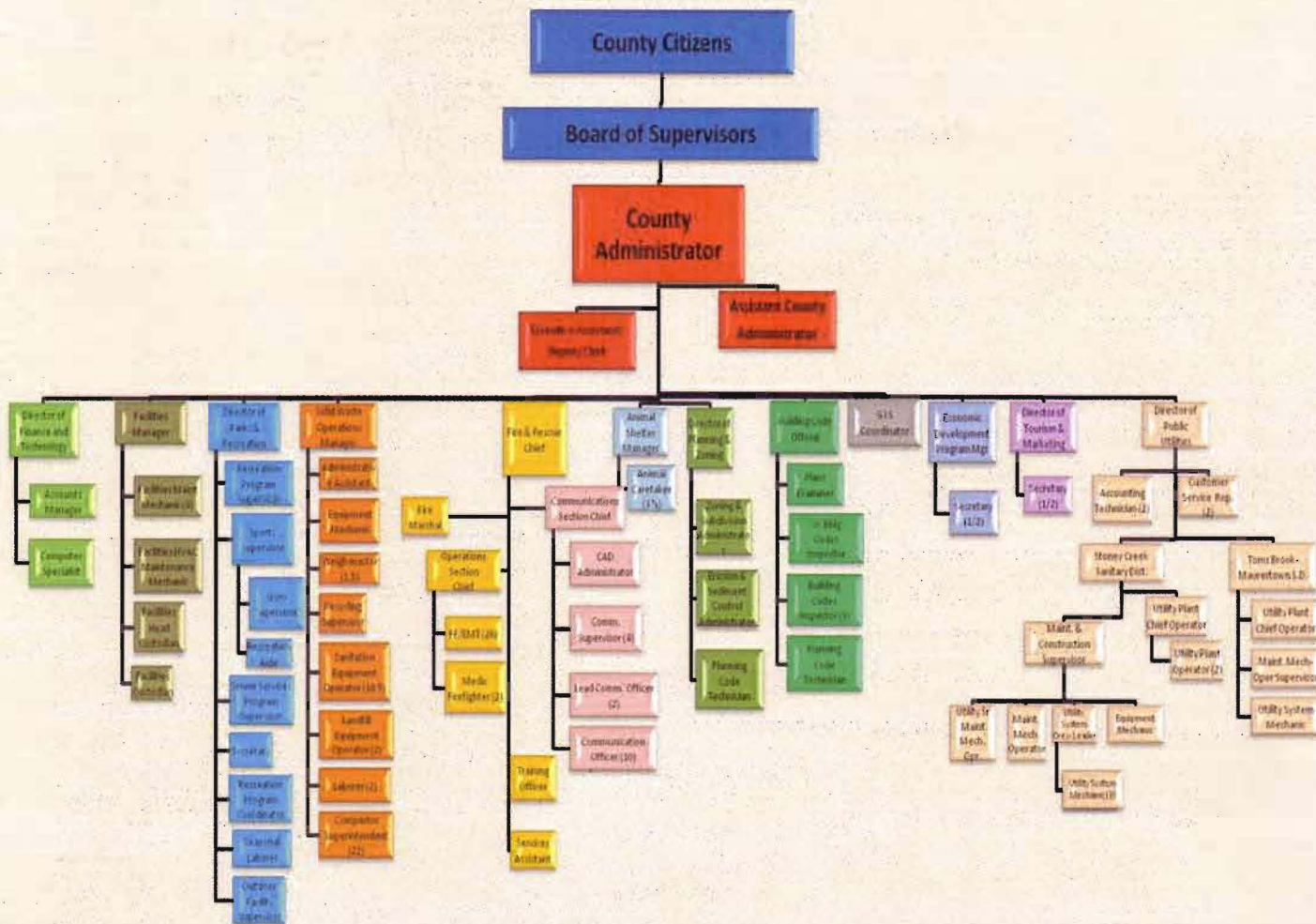
A handwritten signature in black ink, reading "Garland Miller Jr." with a stylized flourish at the end.

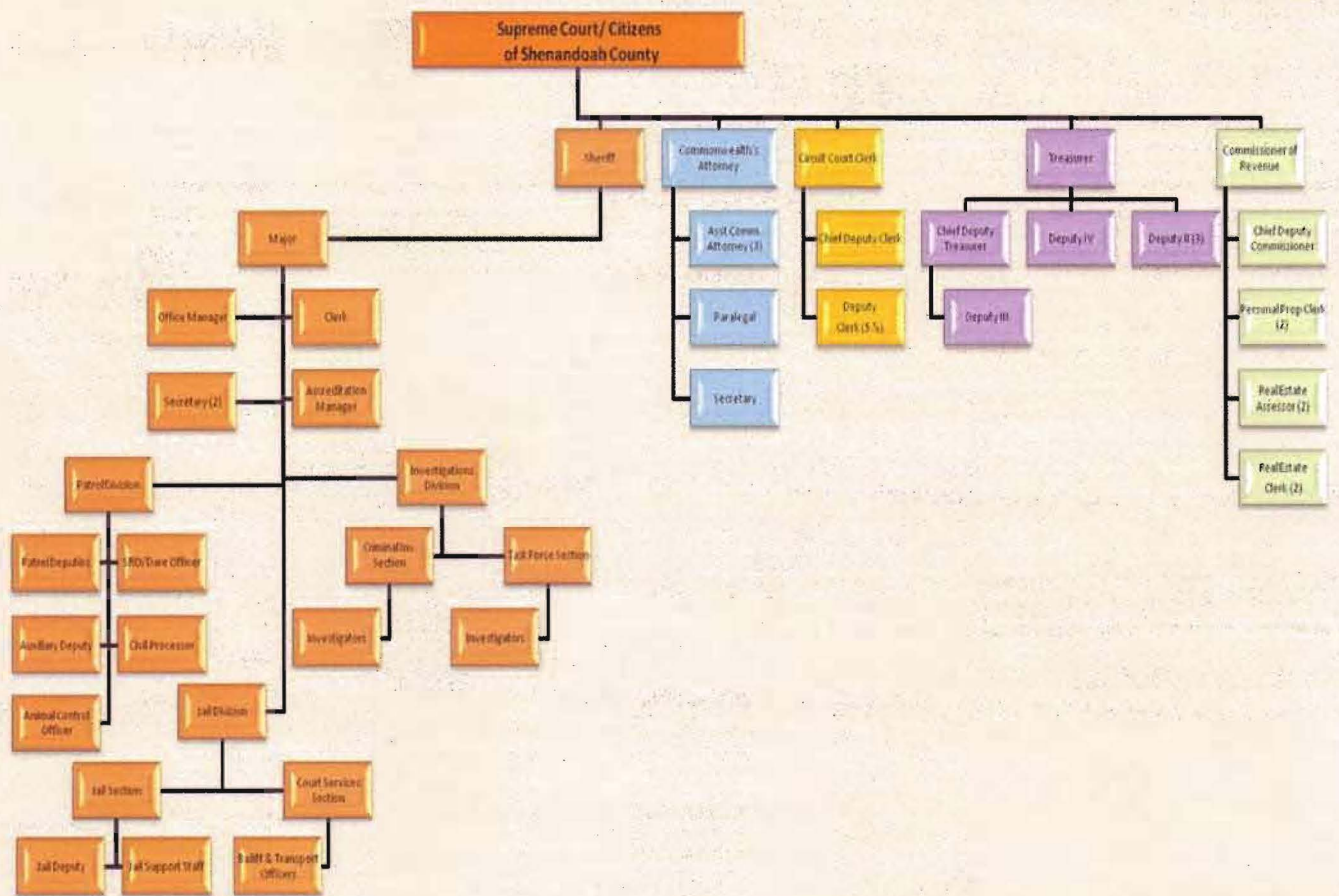
Garland Miller Jr
Budget Manager

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COUNTY OF SHENANDOAH, VIRGINIA

ORGANIZATIONAL CHART





COUNTY OF SHENANDOAH, VIRGINIA

BOARD OF SUPERVISORS

Dr. Conrad A. Helsley, Chairman
Dennis Morris, Vice-Chairman

Dick Neese, District 1
Stevent A. Baker, District 2

David E. Ferguson, District 3
Sharon Baroncelli, District 4

COUNTY SCHOOL BOARD

Gary Rutz, Chairman
Richard L. Koontz, Jr. Vice-Chairman

Irving L. Getz
Karen Whetzel

Kathryn Holsinger
Sonya Williams-Giersch

OTHER OFFICIALS

Judge of the Circuit Court	Dennis Hupp
Judge of the General District Court	Richard Claybrook
Judge of the Juvenile & Domestic Court	William Logan
Clerk of the General District Court	Tammy Heishman
Clerk of the Juvenile & Domestic Court	Nikki Taylor
Clerk of the Circuit Court	Denise Barb-Estep
Commonwealth's Attorney	Amanda McDonald Wiseley
Commissioner of the Revenue	Kathy Black
Treasurer	Cindy George
Sheriff	Timothy Carter
Superintendent of Schools	Dr. B. Keith Rowland
Director of Sanitary Districts	Rodney McClain
Director of Social Services	John Ayers
General Registrar	Lisa McDonald
Chief Building Inspector	Geary Showman
Program Coordinator of Economic Development	Vincent E. Poling
Director of Information Technology	Garland Miller
Director of Parks and Recreation	Pam Sheets
Director of Emergency Operation Center	Gary Yew
Chief of Fire and Rescue	Gary Yew
Maintenance Manager	Duane Williams
Library Director	Sandy Whitesides
Personnel Director	Mary T. Price
County Attorney	J. Jay Litten
County Administrator	Douglas C. Walker
Assistant County Administrator	Mary T. Price
Budget Manager	Garland Miller

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF SHENANDOAH, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Shenandoah, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County of Shenandoah, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the County of Shenandoah, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$17,865,780 (net assets). Of this amount, \$6,527,786 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The Component Unit School Board's net assets were \$39,808,507 of which \$(894,809) was unrestricted.
- The County of Shenandoah's total debt increased by \$4,707,239 during the current fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$31,383,064, an increase of \$1,912,502 in comparison with the prior year. Approximately thirty one percent of the total amount, \$9,686,116 is available for spending at the Shenandoah's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,686,116 or 19.2% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's nets assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, parks and recreation and cultural, and community development. Business-type activities of the County include the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District and the North Fork Wastewater fund.

The Government-wide financial statements include not only the County of Shenandoah, Virginia itself (known as the primary government), but also a legally separate school district and a legally separate library for which the County of Shenandoah, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Shenandoah, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balance of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, both of which are considered to be major funds. Data from the other three government funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District and the North Fork Wastewater fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District and the North Fork Wastewater fund, all of which are considered to be major funds of the County.

Overview of the Financial Statements (Continued)

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in the connection with non-major governmental funds are also presented as supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$17,865,780 at the close of the end of the fiscal year. The County's net assets are divided into three categories: (1) invested in capital assets, net of debt; (2) restricted; and (3) unrestricted.

Shenandoah County's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 39 percent of total net assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued)**County of Shenandoah, Virginia's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 52,669,503	\$ 51,002,642	\$ 2,053,077	\$ 1,987,956	\$ 54,722,580	\$ 52,990,598
Capital assets	49,534,593	44,366,614	6,017,370	5,492,735	55,551,963	49,859,349
Total assets	<u>\$ 102,204,096</u>	<u>\$ 95,369,256</u>	<u>\$ 8,070,447</u>	<u>\$ 7,480,691</u>	<u>\$ 110,274,543</u>	<u>\$ 102,849,947</u>
Current liabilities	\$ 18,962,180	\$ 19,265,966	\$ 557,340	\$ 481,405	\$ 19,519,520	\$ 19,747,371
Long-term liabilities	70,446,039	65,691,405	2,443,204	2,490,599	72,889,243	68,182,004
Total liabilities	<u>\$ 89,408,219</u>	<u>\$ 84,957,371</u>	<u>\$ 3,000,544</u>	<u>\$ 2,972,004</u>	<u>\$ 92,408,763</u>	<u>\$ 87,929,375</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 3,331,416	\$ 4,902,912	\$ 3,633,593	\$ 3,093,376	\$ 6,965,009	\$ 7,996,288
Restricted:						
Debt service	692,618	315,168	-	-	692,618	315,168
Asset forfeiture	3,680,367	-	-	-	3,680,367	-
Unrestricted	5,091,476	5,193,805	1,436,310	1,415,311	6,527,786	6,609,116
Total net assets	<u>\$ 12,795,877</u>	<u>\$ 10,411,885</u>	<u>\$ 5,069,903</u>	<u>\$ 4,508,687</u>	<u>\$ 17,865,780</u>	<u>\$ 14,920,572</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets, both for the County as a whole and for its separate governmental and business-type activities.

Governmental Activities - Governmental activities increased the County's net assets by \$2,383,992. Key elements of this increase are as follows:

County of Shenandoah, Virginia's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,751,345	\$ 2,765,848	\$ 1,555,987	\$ 1,446,521	\$ 4,307,332	\$ 4,212,369
Operating grants and contributions	8,500,571	8,116,656	-	-	8,500,571	8,116,656
Capital grants and contributions	3,996,634	-	239,000	175,383	4,235,634	175,383
General Revenues:						
Property taxes	31,699,815	31,119,938	561,634	541,459	32,261,449	31,661,397
Other local taxes	6,480,927	6,154,087	19,004	-	6,499,931	6,154,087
Other	6,607,493	4,419,929	139,622	135,620	6,747,115	4,555,549
Total revenues	<u>\$ 60,036,785</u>	<u>\$ 52,576,458</u>	<u>\$ 2,515,247</u>	<u>\$ 2,298,983</u>	<u>\$ 62,552,032</u>	<u>\$ 54,875,441</u>
Expenses:						
General						
government	\$ 2,402,794	\$ 2,694,098	\$ -	\$ -	\$ 2,402,794	\$ 2,694,098
Judicial						
administration	1,794,214	1,563,538	-	-	1,794,214	1,563,538
Public safety	11,247,826	11,327,324	-	-	11,247,826	11,327,324
Public works	4,836,959	3,669,994	-	-	4,836,959	3,669,994
Health and welfare	6,728,853	6,147,406	-	-	6,728,853	6,147,406
Education	24,476,243	24,147,779	-	-	24,476,243	24,147,779
Parks, recreation and culture	1,487,353	1,820,175	-	-	1,487,353	1,820,175
Community development	1,606,664	965,207	-	-	1,606,664	965,207
Interest	2,728,110	2,152,971	-	-	2,728,110	2,152,971
Business-type activities	-	-	2,297,808	2,354,749	2,297,808	2,354,749
Total expenses	<u>\$ 57,309,016</u>	<u>\$ 54,488,492</u>	<u>\$ 2,297,808</u>	<u>\$ 2,354,749</u>	<u>\$ 59,606,824</u>	<u>\$ 56,843,241</u>
Increase (decrease) in net assets						
before transfers	\$ 2,727,769	\$ (1,912,034)	\$ 217,439	\$ (55,766)	\$ 2,945,208	\$ (1,967,800)
Transfers	(343,777)	-	343,777	-	-	-
Increase (decrease) in net assets	\$ 2,383,992	\$ (1,912,034)	\$ 561,216	\$ (55,766)	\$ 2,945,208	\$ (1,967,800)
Net assets beginning	10,411,885	12,323,919	4,508,687	4,564,453	14,920,572	16,888,372
Net assets-ending	<u>\$ 12,795,877</u>	<u>\$ 10,411,885</u>	<u>\$ 5,069,903</u>	<u>\$ 4,508,687</u>	<u>\$ 17,865,780</u>	<u>\$ 14,920,572</u>

- Property taxes increased \$579,877 during the year. The housing market has continued stabilized.
- Other local taxes increased by \$326,840. Forty-two percent of this increase resulted from gains in local sales taxes.
- Other revenues increased by \$1,843,787.
- The County received \$3,500,000 in federal asset seizure proceeds.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities- Business-type activities increased the Shenandoah County Government's net assets by \$561,216. This was an increase of \$616,982 from the previous fiscal year change in net assets. Key elements of this increase are as follows.

Stoney Creek Sanitary District had a slight improvement in the occupancy rates of the units in the Bayse area. Toms Brook Sanitary District has an increase in connection fees. Much of the gains in the enterprise funds are due to the creation of a new enterprise account involving the North Fork Wastewater Treatment Plant. This shifted assets from the County to this new account. The transfer was \$343,777 which is 56% of the total increase in net assets.

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$31,383,064 an increase of \$1,912,502 in comparison with the prior year. Approximately thirty one percent of the total fund balance, \$9,686,116 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it is committed to various County projects.

The general fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,686,116, while the total fund balance was \$15,234,318. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.2 percent of total general fund expenditures, while total fund balance represents 30.3 percent of that same amount.

The general fund balance increased \$4,486,727 during the current fiscal year. Key components of the increase is as follows:

- Property taxes increased \$938,766 during the year. The housing market has continued stabilized.
- Other local taxes increased by \$326,840. Forty-two percent of this increase resulted from gains in local sales taxes.
- The County received federal asset forfeiture proceeds of \$3,500,000.
- Operating grants and contributions increased \$383,915 mostly a result of department of justice contributions.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

The capital projects fund had a total fund balance of \$15,472,457, all of which is restricted or assigned for future capital projects. The fund balance decreased by \$2,584,625 during the current year due to courthouse, administrative building and school energy savings projects.

Proprietary Funds- The Shenandoah County Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$1,436,310. Overall, net assets increased \$561,216. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Shenandoah County Government's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$ 2,300,627 increase in appropriations) and can be briefly summarized as follows:

- \$302,804 increase in public works expenditures, two-thirds of this increase was to pay off capital leases.
- \$ 24,592 increase in judicial administration expenditures.
- \$719,334 increase in public safety expenditures from Department of Justice grant, funding for roadside safety checks and to pay off capital leases.
- \$494,966 increase capital projects, funding for an Industrial Access Road funds and a TEA/21 grant.

Capital Asset and Debt Administration

Capital assets - The County's net capital assets for its governmental funds as of June 30, 2011 amounts to \$55,551,963 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total of the County's investment in capital assets for the current fiscal year increased \$5,692,614.

County of Shenandoah, Virginia's Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1,606,239	\$ 1,831,189	\$ 126,248	\$ 121,298	\$ 1,732,487	\$ 1,952,487
Building and improvements	51,796,135	40,459,506	1,229,326	1,181,976	53,025,461	41,641,482
Wells, lines, and reservoirs	-	-	9,599,504	9,381,445	9,599,504	9,381,445
Equipment	10,873,674	11,425,330	6,030,740	5,873,346	16,904,414	17,298,676
Construction in progress	<u>2,022,678</u>	<u>6,359,917</u>	<u>659,272</u>	<u>169,267</u>	<u>2,681,950</u>	<u>6,529,184</u>
Subtotal	\$ <u>66,298,726</u>	\$ <u>60,075,942</u>	\$ <u>17,645,090</u>	\$ <u>16,727,332</u>	\$ <u>83,943,816</u>	\$ <u>76,803,274</u>
Less:						
accumulated depreciation	<u>(16,764,133)</u>	<u>(15,709,328)</u>	<u>(11,627,720)</u>	<u>(11,234,598)</u>	<u>(28,391,853)</u>	<u>(26,943,926)</u>
Net capital assets	\$ <u><u>49,534,593</u></u>	\$ <u><u>44,366,614</u></u>	\$ <u><u>6,017,370</u></u>	\$ <u><u>5,492,734</u></u>	\$ <u><u>55,551,963</u></u>	\$ <u><u>49,859,348</u></u>

Additional information on the County's capital assets can be found in Note 9.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$59,549,661. The bonded debt outstanding comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt increased by \$4,707,239.

Additional information on the County of Shenandoah, Virginia's long-term debt can be found in Note 12 of this report.

Economic Factors and Next Year's Budgets and Rates

- The June 2011 unemployment rate for the County was 6.6 percent, which is a decrease from a rate of 7.8 percent in June 2010. This compares favorably to the region's average unemployment rate of 6.5, the state average of 6.3 percent and the national average rate of 9.3 percent
- Despite low interest rates for home mortgages, the residential building market has continued to remain low.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The proposed FY12 budget was \$95,539,782 which is more than the FY11 budget of \$92,538,675 and it reflects a plan to balance increasing needs in a year of declining or stagnant revenues. It is well documented that significant portions of the state's budget woes have been passed onto the localities.

Requests for Information

This financial report is designed to provide a general overview of the County of Shenandoah, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Shenandoah Administration, 600 N. Main Street; Suite 102, Woodstock, Virginia 22664.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Assets
June 30, 2011

Exhibit 1

	Primary Government			Component Units	
	Governmental	Business-type		School Board	Library
	Activities	Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 19,674,220	\$ 1,188,638	\$ 20,862,858	\$ 5,653,562	\$ 251,496
Cash in custody of others	12,175	-	12,175	-	10,623
Receivables (net of allowance for uncollectibles):					
Taxes receivable	17,929,387	377,668	18,307,055	-	-
Accounts receivable	686,182	215,783	901,965	1,234,096	16,744
Due from other funds	173,988	139,576	313,564	-	-
Due from component unit	2,775,549	-	2,775,549	-	-
Due from other governmental units	1,738,028	-	1,738,028	1,270,559	-
Inventories	-	-	-	105,064	-
Prepaid items	42,362	34,715	77,077	18,676	4,717
Deposits	-	-	-	5,000	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	9,346,331	60,336	9,406,667	-	-
Bond issue costs (net of amortization)	291,281	36,361	327,642	-	-
Capital assets (net of accumulated depreciation):					
Land	1,606,239	126,248	1,732,487	5,945,275	-
Buildings	43,036,071	294,521	43,330,592	33,188,752	222,800
Wells, lines, reservoirs	-	3,104,086	3,104,086	-	-
Machinery and equipment	2,869,605	1,833,243	4,702,848	1,569,289	30,068
Construction in progress	2,022,678	659,272	2,681,950	-	-
Total assets	\$ 102,204,096	\$ 8,070,447	\$ 110,274,543	\$ 48,990,273	\$ 536,448
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,869,862	\$ 60,591	\$ 1,930,453	\$ 4,688,947	\$ 1,232
Accrued interest payable	891,784	16,827	908,611	-	-
Due to other funds	134,623	178,941	313,564	-	-
Due to primary government	-	-	-	2,775,549	-
Unearned revenue	16,065,911	287,381	16,353,292	-	-
Deposits payable	-	13,600	13,600	-	-
Long-term liabilities:					
Due within one year	3,934,688	332,433	4,267,121	381,135	-
Due in more than one year	66,511,351	2,110,771	68,622,122	1,336,135	-
Total liabilities	\$ 89,408,219	\$ 3,000,544	\$ 92,408,763	\$ 9,181,766	\$ 1,232
NET ASSETS					
Invested in capital assets, net of related debt	\$ 3,331,416	\$ 3,633,593	\$ 6,965,009	\$ 40,703,316	\$ 252,868
Restricted for:					
Debt service	692,618	-	692,618	-	-
Asset forfeiture	3,680,367	-	3,680,367	-	-
Unrestricted (deficit)	5,091,476	1,436,310	6,527,786	(894,809)	282,348
Total net assets	\$ 12,795,877	\$ 5,069,903	\$ 17,865,780	\$ 39,808,507	\$ 535,216

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,402,794	\$ 32,530	\$ 279,588	\$ -
Judicial administration	1,794,214	292,908	633,122	-
Public safety	11,247,826	78,043	3,257,622	3,570,365
Public works	4,836,959	1,070,662	18,020	426,269
Health and welfare	6,728,853	-	4,056,837	-
Education	24,476,243	465,158	-	-
Parks, recreation, and cultural	1,487,353	481,901	5,382	-
Community development	1,606,664	330,143	250,000	-
Interest on long-term debt	2,728,110	-	-	-
Total governmental activities	<u>\$ 57,309,016</u>	<u>\$ 2,751,345</u>	<u>\$ 8,500,571</u>	<u>\$ 3,996,634</u>
Business-type activities:				
Stoney Creek Sanitary District	\$ 1,508,571	\$ 954,205	\$ -	\$ 79,500
Toms Brook Maurertown Sanitary District	789,237	601,782	-	159,500
North Fork Wastewater	-	-	-	-
Total business-type activities	<u>2,297,808</u>	<u>1,555,987</u>	<u>-</u>	<u>239,000</u>
Total primary government	<u>\$ 59,606,824</u>	<u>\$ 4,307,332</u>	<u>\$ 8,500,571</u>	<u>\$ 4,235,634</u>
COMPONENT UNITS:				
School Board	\$ 57,758,726	\$ 2,718,499	\$ 32,296,378	\$ -
Library	854,128	34,909	788,592	-
Total component units	<u>\$ 58,612,854</u>	<u>\$ 2,753,408</u>	<u>\$ 33,084,970</u>	<u>\$ -</u>

General revenues:

General property taxes
Local sales tax
Consumer utility taxes
Motor vehicle licenses
Tax on recordation and wills
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Gain (loss) on sale of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Library	
\$ (2,090,676)	\$ -	\$ (2,090,676)	\$ -	\$ -	
(868,184)	-	(868,184)	-	-	
(4,341,796)	-	(4,341,796)	-	-	
(3,322,008)	-	(3,322,008)	-	-	
(2,672,016)	-	(2,672,016)	-	-	
(24,011,085)	-	(24,011,085)	-	-	
(1,000,070)	-	(1,000,070)	-	-	
(1,026,521)	-	(1,026,521)	-	-	
(2,728,110)	-	(2,728,110)	-	-	
<u>\$ (42,060,466)</u>	<u>\$ -</u>	<u>\$ (42,060,466)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (474,866)	\$ (474,866)	\$ -	\$ -	
-	(27,955)	(27,955)	-	-	
-	-	-	-	-	
-	(502,821)	(502,821)	-	-	
<u>\$ (42,060,466)</u>	<u>\$ (502,821)</u>	<u>\$ (42,563,287)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (22,743,849)	\$ -	
-	-	-	-	(30,627)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,743,849)</u>	<u>\$ (30,627)</u>	
\$ 31,699,815	\$ 561,634	\$ 32,261,449	\$ -	\$ -	
3,048,872	-	3,048,872	-	-	
1,994,437	-	1,994,437	-	-	
857,901	-	857,901	-	-	
298,353	-	298,353	-	-	
147,423	-	147,423	-	-	
133,941	19,004	152,945	5,684	1,303	
2,816,283	139,622	2,955,905	313,251	9,096	
3,791,210	-	3,791,210	24,079,662	9,941	
-	-	-	(20,000)	-	
(343,777)	343,777	-	-	-	
<u>\$ 44,444,458</u>	<u>\$ 1,064,037</u>	<u>\$ 45,508,495</u>	<u>\$ 24,378,597</u>	<u>\$ 20,340</u>	
\$ 2,383,992	\$ 561,216	\$ 2,945,208	\$ 1,634,748	\$ (10,287)	
10,411,885	4,508,687	14,920,572	38,173,759	545,503	
<u>\$ 12,795,877</u>	<u>\$ 5,069,903</u>	<u>\$ 17,865,780</u>	<u>\$ 39,808,507</u>	<u>\$ 535,216</u>	

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FUND FINANCIAL STATEMENTS

	Primary Government			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,219,981	\$ 7,777,950	\$ 676,289	\$ 19,674,220
Cash in custody of others	12,175	-	-	12,175
Receivables (net of allowance for uncollectibles):				
Taxes receivable	17,929,387	-	-	17,929,387
Accounts receivable	686,182	-	-	686,182
Due from other funds	173,988	-	-	173,988
Due from component unit	2,775,549	-	-	2,775,549
Due from other governmental units	1,718,571	19,457	-	1,738,028
Prepaid items	42,362	-	-	42,362
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	692,618	8,653,713	-	9,346,331
Total assets	<u>\$ 35,250,813</u>	<u>\$ 16,451,120</u>	<u>\$ 676,289</u>	<u>\$ 52,378,222</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 891,199	\$ 978,663	\$ -	\$ 1,869,862
Due to other funds	134,623	-	-	134,623
Deferred revenue	18,990,673	-	-	18,990,673
Total liabilities	<u>\$ 20,016,495</u>	<u>\$ 978,663</u>	<u>\$ -</u>	<u>\$ 20,995,158</u>
Fund balances:				
Nonspendable	\$ 42,362	\$ -	\$ -	\$ 42,362
Restricted	4,372,985	8,653,713	-	13,026,698
Assigned	1,132,855	6,818,744	676,289	8,627,888
Unassigned	9,686,116	-	-	9,686,116
Total fund balances	<u>\$ 15,234,318</u>	<u>\$ 15,472,457</u>	<u>\$ 676,289</u>	<u>\$ 31,383,064</u>
Total liabilities and fund balances	<u>\$ 35,250,813</u>	<u>\$ 16,451,120</u>	<u>\$ 676,289</u>	<u>\$ 52,378,222</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2011

Exhibit 4

Primary
Government

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	31,383,064
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		49,534,593
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		3,216,043
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(71,337,823)</u>
Net assets of governmental activities	\$	<u>12,795,877</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit 5

	Primary Government				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 31,744,361	\$ -	\$ -	\$ -	31,744,361
Other local taxes	6,346,986	-	-	-	6,346,986
Permits, privilege fees, and regulatory licenses	330,143	-	-	-	330,143
Fines and forfeitures	107,215	-	-	-	107,215
Revenue from the use of money and property	96,987	-	36,944	10	133,941
Charges for services	2,206,347	-	-	107,640	2,313,987
Miscellaneous	721,509	1,611,949	1,000	56	2,334,514
Recovered costs	482,269	-	-	-	482,269
Intergovernmental revenues:					
Commonwealth	10,368,397	-	19,457	-	10,387,854
Federal	5,900,561	-	-	-	5,900,561
Total revenues	\$ 58,304,775	\$ 1,611,949	\$ 57,401	\$ 107,706	\$ 60,081,831
EXPENDITURES					
Current:					
General government administration	\$ 2,228,906	\$ -	\$ -	\$ -	2,228,906
Judicial administration	1,579,642	-	-	-	1,579,642
Public safety	10,781,294	-	-	-	10,781,294
Public works	2,979,693	-	-	3,656	2,983,349
Health and welfare	6,707,951	-	-	-	6,707,951
Education	21,197,950	-	-	-	21,197,950
Parks, recreation, and cultural	1,360,174	-	-	109,140	1,469,314
Community development	930,856	-	-	-	930,856
Nondepartmental	15,159	-	-	-	15,159
Capital projects	788,803	-	9,975,817	-	10,764,620
Debt service:					
Principal retirement	1,561,739	2,828,438	-	-	4,390,177
Interest and other fiscal charges	189,383	2,642,369	101,209	-	2,932,961
Total expenditures	\$ 50,321,550	\$ 5,470,807	\$ 10,077,026	\$ 112,796	\$ 65,982,179
Excess (deficiency) of revenues over (under) expenditures	\$ 7,983,225	\$ (3,858,858)	\$ (10,019,625)	\$ (5,090)	\$ (5,900,348)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 3,858,858	\$ -	\$ 15,490	\$ 3,874,348
Transfers out	(3,874,348)	-	-	-	(3,874,348)
Issuance of general obligation bonds	-	-	7,435,000	-	7,435,000
Capital leases issued	377,850	-	-	-	377,850
Total other financing sources and uses	\$ (3,496,498)	\$ 3,858,858	\$ 7,435,000	\$ 15,490	\$ 7,812,850
Net change in fund balances	\$ 4,486,727	\$ -	\$ (2,584,625)	\$ 10,400	\$ 1,912,502
Fund balances - beginning	10,747,591	-	18,057,082	665,889	29,470,562
Fund balances - ending	\$ 15,234,318	\$ -	\$ 15,472,457	\$ 676,289	\$ 31,383,064

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

COUNTY OF SHENANDOAH, 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, 2011

Exhibit 6

**Primary
Government**

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

Net change in fund balances - total governmental funds	\$	1,912,502
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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.		5,511,756
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(44,546)
--	--	----------

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.		(4,539,088)
--	--	-------------

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.		(112,855)
--	--	-----------

On June 30, 2011, the general fund transferred capital assets and long-term debt to the newly created North Fork Wastewater enterprise fund. However, capital assets and long-term debt are not reported in governmental funds. As a result, this amount represents the net effect of the transfer of capital assets and long-term debt to the business-type activities.		(343,777)
--	--	-----------

Change in net assets of governmental activities	\$	<u>2,383,992</u>
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The notes to the financial statements are an integral part of this statement.

	Enterprise Funds			
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 634,733	\$ 553,905	\$ -	\$ 1,188,638
Taxes receivable, net of allowances for uncollectibles	348,690	28,978	-	377,668
Accounts receivable, net of allowances for uncollectibles	160,353	55,430	-	215,783
Due from other funds	125,676	13,900	-	139,576
Prepaid items	23,245	11,470	-	34,715
Total current assets	\$ 1,292,697	\$ 663,683	\$ -	\$ 1,956,380
Noncurrent assets:				
Designated cash-septage	\$ -	\$ 60,336	\$ -	\$ 60,336
Bond issue costs, net of amortization	-	36,361	-	36,361
Capital assets (net of accumulated depreciation):				
Land	37,251	84,047	4,950	126,248
Buildings	27,069	231,150	36,302	294,521
Wells, lines, reservoirs	1,706,370	1,397,716	-	3,104,086
Machinery and equipment	1,165,883	538,985	128,375	1,833,243
Construction in progress	224,492	-	434,780	659,272
Total noncurrent assets	\$ 3,161,065	\$ 2,348,595	\$ 604,407	\$ 6,114,067
Total assets	\$ 4,453,762	\$ 3,012,278	\$ 604,407	\$ 8,070,447
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 48,525	\$ 12,066	\$ -	\$ 60,591
Accrued interest payable	15,015	1,812	-	16,827
Due to other funds	-	127,939	51,002	178,941
Unearned revenue	252,427	34,954	-	287,381
Deposits payable	4,700	8,900	-	13,600
Long-term liabilities:				
Due within one year	284,121	48,312	-	332,433
Due in more than one year	1,135,438	765,705	209,628	2,110,771
Total liabilities	\$ 1,740,226	\$ 999,688	\$ 260,630	\$ 3,000,544
NET ASSETS				
Invested in capital assets, net of related debt	\$ 1,824,480	\$ 1,465,336	\$ 343,777	\$ 3,633,593
Unrestricted	889,056	547,254	-	1,436,310
Total net assets	\$ 2,713,536	\$ 2,012,590	\$ 343,777	\$ 5,069,903

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit 8

	Enterprise Funds			
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Total
OPERATING REVENUES				
Charges for services:				
Water sales	\$ 420,810	\$ 214,640	\$ -	\$ 635,450
Sewer sales	533,395	355,068	-	888,463
Septage income	-	32,074	-	32,074
Total operating revenues	<u>\$ 954,205</u>	<u>\$ 601,782</u>	<u>\$ -</u>	<u>\$ 1,555,987</u>
OPERATING EXPENSES				
Treatment and purification	\$ 483,679	\$ 231,698	\$ -	\$ 715,377
Maintenance	181,294	91,071	-	272,365
Administration	463,623	178,071	-	641,694
Other	41,845	89,006	-	130,851
Depreciation and amortization	272,515	162,056	-	434,571
Total operating expenses	<u>\$ 1,442,956</u>	<u>\$ 751,902</u>	<u>\$ -</u>	<u>\$ 2,194,858</u>
Operating income (loss)	<u>\$ (488,751)</u>	<u>\$ (150,120)</u>	<u>\$ -</u>	<u>\$ (638,871)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	\$ 509,524	\$ 52,110	\$ -	\$ 561,634
Investment earnings	16,122	2,882	-	19,004
Other	119,432	20,190	-	139,622
Interest expense	(65,615)	(37,335)	-	(102,950)
Total nonoperating revenues (expenses)	<u>\$ 579,463</u>	<u>\$ 37,847</u>	<u>\$ -</u>	<u>\$ 617,310</u>
Income before contributions and transfers	<u>\$ 90,712</u>	<u>\$ (112,273)</u>	<u>\$ -</u>	<u>\$ (21,561)</u>
Capital contributions	\$ 79,500	\$ 159,500	\$ -	\$ 239,000
Transfers in	-	-	343,777	343,777
Change in net assets	<u>\$ 170,212</u>	<u>\$ 47,227</u>	<u>\$ 343,777</u>	<u>\$ 561,216</u>
Total net assets - beginning	<u>\$ 2,543,324</u>	<u>\$ 1,965,363</u>	<u>\$ -</u>	<u>\$ 4,508,687</u>
Total net assets - ending	<u><u>\$ 2,713,536</u></u>	<u><u>\$ 2,012,590</u></u>	<u><u>\$ 343,777</u></u>	<u><u>\$ 5,069,903</u></u>

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

	Enterprise Funds		
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 967,722	\$ 619,053	\$ 1,586,775
Payments to suppliers	(301,399)	(318,349)	(619,748)
Payments to employees	(834,075)	(274,009)	(1,108,084)
Net cash provided (used) by operating activities	\$ (167,752)	\$ 26,695	\$ (141,057)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
General property taxes	\$ 549,600	\$ 56,906	\$ 606,506
Other income	119,432	20,190	139,622
Net cash provided (used) by noncapital financing activities	\$ 669,032	\$ 77,096	\$ 746,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ (347,996)	\$ (5,931)	\$ (353,927)
Proceeds from issuance of debt	56,389	-	56,389
Principal paid on capital debt	(273,088)	(59,513)	(332,601)
Repayment of debt due to County	-	(1,200)	(1,200)
Interest paid on capital debt	(67,453)	(37,460)	(104,913)
Connection fees	79,500	159,500	239,000
Net cash provided (used) by capital and related financing activities	\$ (552,648)	\$ 55,396	\$ (497,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 16,122	\$ 2,882	\$ 19,004
Net cash provided (used) by investing activities	\$ 16,122	\$ 2,882	\$ 19,004
Net increase (decrease) in cash and cash equivalents	\$ (35,246)	\$ 162,069	\$ 126,823
Cash and cash equivalents (including designated cash)- beginning	669,979	452,172	1,122,151
Cash and cash equivalents (including designated cash)- ending	\$ 634,733	\$ 614,241	\$ 1,248,974
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (488,751)	\$ (150,120)	\$ (638,871)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation and amortization expense	272,515	162,056	434,571
(Increase) decrease in accounts receivable	10,760	6,611	17,371
(Increase) decrease in prepaid expense	1,857	(1,924)	(67)
(Increase) decrease in due from other funds	(1,594)	1,594	-
Increase (decrease) in accounts payable and accrued liabilities	27,837	(333)	27,504
Increase (decrease) in compensated absences payable	8,724	(1,849)	6,875
Increase (decrease) in prepaid water and sewer charges	-	8,910	8,910
Increase (decrease) in security deposits	900	1,750	2,650
Total adjustments	\$ 320,999	\$ 176,815	\$ 497,814
Net cash provided (used) by operating activities	\$ (167,752)	\$ 26,695	\$ (141,057)

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

Exhibit 10

	Private- Purpose Trust	Agency Funds
ASSETS		
Cash	\$ 14,089	\$ 5,140
Cash in custody of others	-	43,191
Total assets	<u>\$ 14,089</u>	<u>\$ 48,331</u>
LIABILITIES		
Amounts held for social service clients	\$ -	\$ 5,140
Amounts held for inmates	-	43,191
Total liabilities	<u>\$ -</u>	<u>\$ 48,331</u>
NET ASSETS		
Restricted for scholarships	<u>\$ 14,089</u>	<u>\$ -</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

Exhibit 11

	<u>Private-Purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ <u>9</u>
Total additions	\$ <u>9</u>
 Change in net assets	 \$ 9
 Net assets - beginning	 14,080
Net assets - ending	\$ <u><u>14,089</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The County of Shenandoah, Virginia (government) is a municipal corporation governed by an elected six-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 Stoney Creek and Toms Brook-Maurertown Sanitary Districts account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. The Sanitary Districts are governed by the County Board of Supervisors, and are reported as blended component units.

Discretely presented component units. The Shenandoah County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Shenandoah County School Board does not prepare separate financial statements.

The Shenandoah County Library operates to provide services to the citizens of the County. The Board of Supervisors appoints the Library Trustees as well as provides significant funding to the Library. Complete financial statements for the Library can be obtained from their offices in Edinburg, Virginia.

Jointly Governed Organizations – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$229,187 for operations to the Northwestern Community Services Board and \$408,001 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$1,126,583 to the Shenandoah Valley Regional Program for operations.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Property taxes, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities for Virginia Public Assistance, E-911, Forfeited Drug Assets, Law Library, Transient Occupancy, Gypsy Moth, Spay/Neuter, Pump and Haul, Seven Bends Day Care, Jail Telephone, Purchase Development Rights, Project Lifesaver, Triad, Crime Prevention, DARE, Sludge Disposal and Landfill Recovery Funds.

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

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

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The County Debt Service Fund is a major fund of the County.

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

The government reports the following major proprietary funds:

The *Stoney Creek Sanitary District and Toms Brook-Maurertown Sanitary District funds* account for the activities of the Districts blended component units of the government. The Districts operate the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution systems of the County.

The North Fork Wastewater fund accounts for the activity of the leachate services provided at the sewage treatment plant. It was created June 30, 2011 to account for this activity and to segregate operations for the 2011 general obligation bond issue.

Additionally, the government reports the following fund types:

Special revenue funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Parks and Recreation and Landfill Contingency Funds are special revenue funds of the County.

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Industrial Park Water and Sewer Fund is a non-major capital projects fund of the County.

The *private-purpose trust fund* is used to account for resources legally held in trust to be used to award scholarships to selected recipients. Private-purpose funds consist of the Scholarship funds. All resources of the fund, including any earnings on invested resources, may be used to support the County's scholarship activities.

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare and jail inmate accounts are the County's agency funds.

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Districts, and government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

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

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.

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

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

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."

3. Property taxes

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

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

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

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 \$1,474,706 at June 30, 2011 and is comprised solely of property taxes. This allowance represents .7737% of the total levies for the previous six years.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$4,622 for Toms Brook-Maurertown Sanitary District and \$6,054 for Stoney Creek Sanitary District at June 30, 2011.

5. Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6. Restricted assets

At June 30, 2011, the County had the following restricted assets. Restricted assets in the Toms Brook-Maurertown Sanitary District consist of funds restricted for septage expenses in the amount of \$60,336. The restricted assets in the General Fund are for debt service in the amount of \$692,618. The Capital Projects fund had unspent bond proceeds in the amount of \$8,653,713.

7. Capital assets

Capital assets, which include property, plant, and equipment, 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs 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. There was no capitalized interest during the current fiscal year.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**D. Assets, liabilities, and net assets or equity (continued)****7. 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	50
Wells, lines and reservoirs	40-50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

8. Compensated absences

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

9. Long-term obligations

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

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

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

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

10. Fund equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 12.5% of the actual GAAP basis expenditures and other financing sources and uses. The detail of the County's primary government fund balances is detailed below:

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

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

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

10. Fund equity (continued)

	General Fund	Major Capital Projects Fund	Other Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 42,362	\$ -	\$ -	\$ 42,362
Restricted for:				
Debt service reserve	\$ 315,168	\$ -	\$ -	\$ 315,168
Debt service proceeds	377,450	-	-	377,450
Asset forfeiture proceeds-Virginia	9,023	-	-	9,023
Asset forfeiture proceeds-Federal	3,628,982	-	-	3,628,982
Prepaid items	42,362	-	-	42,362
School construction	-	5,418,260	-	5,418,260
Other capital projects	-	3,235,453	-	3,235,453
Total Restricted Fund Balance	\$ 4,372,985	\$ 8,653,713	\$ -	\$ 13,026,698
Assigned to:				
Parks and recreation	\$ -	\$ -	\$ 3,515	\$ 3,515
Landfill contingency	-	-	572,891	572,891
Capital projects	-	6,818,744	99,883	6,918,627
Transient occupancy	110,000	-	-	110,000
Seven Bends Student Center	147,819	-	-	147,819
Sludge disposal	336,625	-	-	336,625
Landfill recovery	217,049	-	-	217,049
Telephone commissions	127,445	-	-	127,445
Other purposes	193,917	-	-	193,917
Total Assigned Fund Balance	\$ 1,132,855	\$ 6,818,744	\$ 676,289	\$ 8,627,888
Unassigned Fund Balance	\$ 9,686,116	\$ -	\$ -	\$ 9,686,116
Total Fund Balances	\$ 15,234,318	\$ 15,472,457	\$ 676,289	\$ 31,383,064

11. Reclassifications

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

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**E. Investments**

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

F. Use of Estimates

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

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

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

	Primary Government	Component Unit School Board
Bonds payable	\$ (52,772,457) \$	-
Unamortized bond premium	(1,347,393)	-
Literary loans payable	(3,145,000)	-
Accrued interest payable	(891,784)	-
Capital leases payable	(1,060,237)	-
Notes Payable	(220,000)	-
Landfill closure and post-closure costs	(10,683,371)	-
Other post employment benefits	(265,457)	(955,000)
Compensated absences	(952,124)	(762,270)
<i>Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities</i>	<u>\$ (71,337,823) \$</u>	<u>(1,717,270)</u>

Notes to the Financial Statements
June 30, 2011 (Continued)

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)

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

	Primary Government	Component Unit School Board
Capital outlay	\$ 10,112,207	\$ 907,186
Depreciation expense	(1,922,524)	(1,691,633)
Primary government capital asset allocation	(2,677,927)	2,677,927
<i>Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 5,511,756</u>	<u>\$ 1,893,480</u>

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

	Primary Government
Debt issued or incurred:	
Proceeds of general obligation bonds	\$ (7,435,000)
Bond issuance costs	101,209
Amortization of premium on bond issue	102,160
Amortization of bond issue costs	(19,955)
Capital lease financing	(377,850)
Increase in landfill closure and post-closure costs	(1,299,829)
Principal repayments:	
General obligation bonds	2,986,661
Notes payable	220,000
Capital leases	1,183,516
<i>Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (4,539,088)</u>

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

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

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

	Primary Government	Component Unit School Board
Compensated absences	\$ (36,469)	\$ (15,115)
Accrued interest	21,437	-
Other post employment benefitis	(97,823)	(319,000)
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (112,855)</u>	<u>\$ (334,115)</u>

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting

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

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

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. According, all deposits are considered fully collateralized.

Investments

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

Custodial Credit Risk (Investments)

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

Credit Risk of Debt Securities

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

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
5. Local Government Investment Pool (LGIP) Fund is comprised of legal investments authorized for public funds and has an average maturity of 30 days.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):

Credit Risk of Debt Securities (Continued)

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 4,162,501	\$ -	\$ -	\$ -	\$ -
State Non-Arbitrage Program	8,653,713				
Total	<u>\$ 12,816,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool) 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.

NOTE 5—INTERFUND OBLIGATIONS:

	Receivable Primary Government/ Component Unit	Payable Primary Government/ Component Unit	Due from Other Funds	Due to Other Funds
Primary Government:				
General Fund	\$ 2,775,549	\$ -	\$ 173,988	\$ 134,623
Toms Brook-Maurertown Sanitary District	-	-	13,900	127,939
Stoney Creek Sanitary District	-	-	125,676	-
North Fork Wastewater	-	-	-	51,002
Sub-total	<u>\$ 2,775,549</u>	<u>\$ -</u>	<u>\$ 313,564</u>	<u>\$ 313,564</u>
Discretely Presented Component Units:				
School Fund	\$ -	\$ 2,775,549	\$ 192,257	\$ -
School Cafeteria Fund	-	-	-	192,257
Sub-total	<u>\$ -</u>	<u>\$ 2,775,549</u>	<u>\$ 192,257</u>	<u>\$ 192,257</u>
Total reporting entity	<u>\$ 2,775,549</u>	<u>\$ 2,775,549</u>	<u>\$ 505,821</u>	<u>\$ 505,821</u>

Balances due to/from component units resulted from the time lag between the dates that interfund goods and services were provided.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ (3,874,348)
County Debt Service Fund	3,858,858	-
Landfill Contingency Fund	15,490	-
Capital Projects Fund	-	-
North Fork Wastewater	343,777	-
Total	\$ <u>4,218,125</u>	\$ <u>(3,874,348)</u>

The above transfers are out of balance by the \$343,777 transfer to the North Fork Wastewater Fund which was only recorded as a transfer on Exhibit 2 in the governmental activities as it was a transfer of capital assets and long-term debt and does not affect the fund statements.

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.

NOTE 7—DUE FROM TOMS BROOK-MAURERTOWN SANITARY DISTRICT:

During fiscal year 1994, the General Fund built a septage handling facility at the Toms Brook-Maurertown Sanitary District location for \$235,240. This amount is being repaid to the General Fund from tipping fees that are collected by Toms Brook and from septic application fees collected by the General Fund on behalf of the District. The balance as of June 30, 2011 was \$122,986.

NOTE 8—DUE FROM OTHER GOVERNMENTAL UNITS:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 899,693
Local sales taxes	555,229	-
Comprehensive Services Act funds	289,642	-
Public assistance and welfare	108,270	-
Fringe benefits	273,895	-
Other funds	350,986	-
Federal Government:		
Public assistance and welfare	113,312	-
Other funds	27,237	-
Homeland security	19,457	-
School funds	-	326,067
Cafeteria funds	-	44,799
Total	\$ <u>1,738,028</u>	\$ <u>1,270,559</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 9—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,831,189	\$ -	\$ (224,950)	\$ 1,606,239
Construction in progress	6,359,917	2,017,458	(6,354,697)	2,022,678
Total capital assets not being depreciated	\$ 8,191,106	\$ 2,017,458	\$ (6,579,647)	\$ 3,628,917
Capital assets being depreciated:				
Buildings	\$ 40,459,506	\$ 14,123,741	\$ (2,787,112)	\$ 51,796,135
Machinery and equipment	11,425,330	151,555	(703,211)	10,873,674
Total capital assets being depreciated	\$ 51,884,836	\$ 14,275,296	\$ (3,490,323)	\$ 62,669,809
Less accumulated depreciation for:				
Buildings	\$ (8,309,306)	\$ (1,063,098)	\$ 612,340	\$ (8,760,064)
Machinery and equipment	(7,400,022)	(859,426)	255,379	(8,004,069)
Total accumulated depreciation	\$ (15,709,328)	\$ (1,922,524)	\$ 867,719	\$ (16,764,133)
Total capital assets being depreciated, net	\$ 36,175,508	\$ 12,352,772	\$ (2,622,604)	\$ 45,905,676
Governmental activities capital assets, net	\$ 44,366,614	\$ 14,370,230	\$ (9,202,251)	\$ 49,534,593
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 121,298	\$ 4,950	\$ -	\$ 126,248
Construction in progress	169,267	667,896	(177,891)	659,272
Total capital assets not being depreciated	\$ 290,565	\$ 672,846	\$ (177,891)	\$ 785,520
Capital assets being depreciated:				
Buildings	\$ 1,181,976	\$ 47,350	\$ -	\$ 1,229,326
Wells, lines and reservoirs	9,381,445	234,882	(16,823)	9,599,504
Machinery and equipment	5,873,346	259,821	(102,427)	6,030,740
Total capital assets being depreciated	\$ 16,436,767	\$ 542,053	\$ (119,250)	\$ 16,859,570
Less accumulated depreciation for:				
Buildings	\$ (894,847)	\$ (39,958)	\$ -	\$ (934,805)
Wells, lines and reservoirs	(6,328,368)	(183,873)	16,823	(6,495,418)
Machinery and equipment	(4,011,383)	(288,541)	102,427	(4,197,497)
Total accumulated depreciation	\$ (11,234,598)	\$ (512,372)	\$ 119,250	\$ (11,627,720)
Business-type activities , capital assets, net	\$ 5,492,734	\$ 702,527	\$ (177,891)	\$ 6,017,370

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 9—CAPITAL ASSETS (CONTINUED):

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

Governmental activities:	
General government	\$ 262,300
Judicial administration	204,938
Public safety	452,651
Public works	366,027
Health and welfare	12,769
Education	600,365
Culture and recreation	23,474
Total depreciation expense-governmental activities	\$ <u>1,922,524</u>
Business-type activities:	
Stoney Creek Sanitary District	\$ 272,515
Toms Brook-Maurertown Sanitary District	162,056
Total depreciation expense business-type activities	\$ <u>434,571</u>

The government has entered into lease agreements as lessee for financing general equipment and school buses for the school board. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 1,971,675	\$ 171,057
Less: Accumulated depreciation	(1,052,465)	(83,088)
Total	\$ <u>919,210</u>	\$ <u>87,969</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Year Ended June 30,	Governmental Activities	Business-type Activities
2012	\$ 476,455	\$ 50,073
2013	322,542	4,313
2014	158,412	-
2015	81,143	-
2016	82,147	-
Total minimum lease payments	\$ 1,120,699	\$ 54,386
Less: Amount representing interest	(60,462)	(7,801)
Present value of minimum lease payments	\$ <u>1,060,237</u>	\$ <u>46,585</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2011 (Continued)

NOTE 9—CAPITAL ASSETS (CONTINUED):

Discretely presented component units:

Activity for the School Board for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,634,105	\$ 311,170	\$ -	\$ 5,945,275
Total capital assets not being depreciated	\$ 5,634,105	\$ 311,170	\$ -	\$ 5,945,275
Capital assets being depreciated:				
Buildings	\$ 50,887,088	\$ 3,370,674	\$ -	\$ 54,257,762
Machinery and equipment	6,599,523	721,826	(169,701)	7,151,648
Total capital assets being depreciated	\$ 57,486,611	\$ 4,092,500	\$ (169,701)	\$ 61,409,410
Less accumulated depreciation for:				
Buildings	\$ (19,388,548)	\$ (1,680,462)	\$ -	\$ (21,069,010)
Machinery and equipment	(4,993,502)	(738,558)	149,701	(5,582,359)
Total accumulated depreciation	\$ (24,382,050)	\$ (2,419,020)	\$ 149,701	\$ (26,651,369)
Total capital assets being depreciated, net	\$ 33,104,561	\$ 1,673,480	\$ (20,000)	\$ 34,758,041
School Board capital assets, net	\$ 38,738,666	\$ 1,984,650	\$ (20,000)	\$ 40,703,316

Depreciation expense for the Component Unit School Board was \$2,291,998 and a net transfer of \$127,022 was transferred in accumulated depreciation from the primary government due to debt repayments for the year ended June 30, 2011.

Activity for the Shenandoah County Library for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Buildings and system	\$ 285,197	\$ -	\$ -	\$ 285,197
Machinery and equipment	247,299	-	(16,656)	230,643
Total capital assets being depreciated	\$ 532,496	\$ -	\$ (16,656)	\$ 515,840
Less accumulated depreciation for:				
Buildings and system	\$ (55,326)	\$ (7,130)	\$ -	\$ (62,456)
Machinery and equipment	(200,931)	(16,241)	16,656	(200,516)
Total accumulated depreciation	\$ (256,257)	\$ (23,371)	\$ 16,656	\$ (262,972)
Total capital assets being depreciated, net	\$ 276,239	\$ (23,371)	\$ -	\$ 252,868

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 10—OTHER ASSETS – ENTERPRISE FUNDS:

The other assets of the Sanitary Districts at June 30, 2011 consist of the following:

		Toms Brook - Maurertown
Bond issue and organizational costs - net of amortization	\$	<u>36,361</u>
Total	\$	<u><u>36,361</u></u>

NOTE 11—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$16,353,292 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$1,251,847 in the general fund and \$14,748 in the enterprise funds at June 30, 2011.
- B. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$241,256 was outstanding at June 30, 2011. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee's personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.
- C. Unbilled Property Taxes – Property taxes for the second half of 2010 that had not been billed as of June 30, 2011 amounted to \$14,572,808 in the general fund and \$263,057 in the enterprise funds.
- D. Prepaid Water and Sewer Fees – Prepaid water and sewer fees totaled \$9,576 at June 30, 2011 in the enterprise funds.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES:

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

Years Ending June 30,	Governmental Activities					
	Capital Leases		Lease Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 444,615	\$ 31,840	\$ 152,567	\$ 181,946	\$ 220,000	\$ 5,500
2013	306,195	16,347	159,813	174,700	-	-
2014	151,045	7,367	167,404	167,109	-	-
2015	77,611	3,532	175,356	159,157	-	-
2016	80,771	1,376	183,686	150,827	-	-
2017	-	-	192,410	142,103	-	-
2018	-	-	201,550	132,963	-	-
2019	-	-	211,124	123,389	-	-
2020	-	-	221,151	113,362	-	-
2021	-	-	231,656	102,857	-	-
2022	-	-	242,660	91,853	-	-
2023	-	-	254,186	80,327	-	-
2024	-	-	266,260	68,253	-	-
2025	-	-	278,907	55,605	-	-
2026	-	-	292,155	42,358	-	-
2027	-	-	302,361	28,480	-	-
2028	-	-	77,647	14,129	-	-
2029	-	-	81,334	10,442	-	-
2030	-	-	60,447	6,579	-	-
Total	\$ 1,060,237	\$ 60,462	\$ 3,752,674	\$ 1,846,439	\$ 220,000	\$ 5,500

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

Primary government – Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Years Ending June 30,	Governmental Activities			
	General Obligation Bonds		State Literary Loans	
	Principal	Interest	Principal	Interest
2012	\$ 2,223,784	\$ 2,367,073	\$ 314,500	\$ 94,350
2013	3,241,129	2,239,331	314,500	84,914
2014	2,939,190	2,120,492	314,500	75,480
2015	3,012,560	2,006,539	314,500	66,046
2016	3,121,250	1,885,159	314,500	56,610
2017	3,245,277	1,756,698	314,500	47,174
2018	3,379,655	1,619,033	314,500	37,740
2019	3,509,398	1,479,770	314,500	28,306
2020	3,649,519	1,332,367	314,500	18,870
2021	3,788,879	1,173,813	314,500	9,434
2022	3,932,565	1,007,333	-	-
2023	4,072,128	833,193	-	-
2024	2,162,468	703,893	-	-
2025	2,218,180	622,133	-	-
2026	2,032,314	538,512	-	-
2027	2,094,789	452,518	-	-
2028	262,490	9,947	-	-
2029	134,208	2,013	-	-
Total	\$ <u>49,019,783</u>	\$ <u>22,149,817</u>	\$ <u>3,145,000</u>	\$ <u>518,924</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

Primary government – Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Years Ending June 30,	Business-Type Activities Debt			
	Stoney Creek Sanitary District Bonds		Stoney Creek Capital Leases	
	Principal	Interest	Principal	Interest
2012	\$ 210,000	\$ 56,280	\$ 42,284	\$ 7,789
2013	210,000	47,250	4,301	12
2014	220,000	36,500	-	-
2015	240,000	25,000	-	-
2016	260,000	12,500	-	-
2017	150,000	3,000	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
Total	\$ <u>1,290,000</u>	\$ <u>180,530</u>	\$ <u>46,585</u>	\$ <u>7,801</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

Primary government – Annual requirements to amortize long-term debt and related interest are as follows: (continued)

Years Ending June 30,	Business-Type Activities Debt					
	Toms Brook-Maurertown Sanitary District Bonds		Toms Brook-Maurertown Notes Payable		North Fork Wastewater VRA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 37,395	\$ 35,574	\$ 1,379	\$ 31	\$ -	\$ -
2013	34,988	33,868	-	-	4,016	12,244
2014	36,664	32,192	-	-	8,210	6,001
2015	38,421	30,434	-	-	8,454	5,757
2016	40,411	28,592	-	-	8,705	5,506
2017	42,193	26,663	-	-	8,963	5,248
2018	44,218	24,638	-	-	9,230	4,982
2019	46,338	22,519	-	-	9,504	4,708
2020	48,559	20,297	-	-	9,786	4,425
2021	50,889	17,967	-	-	10,077	4,135
2022	53,330	15,525	-	-	10,376	3,836
2023	55,889	12,968	-	-	10,684	3,527
2024	49,270	10,369	-	-	11,001	3,210
2025	37,212	8,532	-	-	11,328	2,883
2026	39,026	6,822	-	-	11,664	2,547
2027	40,709	5,035	-	-	12,011	2,201
2028	42,580	3,164	-	-	12,367	1,844
2029	29,955	1,289	-	-	12,735	1,477
2030	7,691	614	-	-	13,113	1,099
2031	8,439	260	-	-	13,502	709
2032	1,006	5	-	-	13,903	308
Total	<u>\$ 785,183</u>	<u>\$ 337,327</u>	<u>\$ 1,379</u>	<u>\$ 31</u>	<u>\$ 209,628</u>	<u>\$ 76,647</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities transactions of the Primary Government for the year ended June 30, 2011:

	Balance July 1, 2010	Issuances/ Increases	Retirements	Balance June 30, 2011
<u>Governmental activities:</u>				
General obligation bonds	\$ 44,111,295	\$ 7,435,000	\$ 2,526,512	\$ 49,019,783
Bond Premium	1,449,553	-	102,160	1,347,393
Literary loan funds	3,459,500	-	314,500	3,145,000
Compensated Absences	915,656	411,887	375,419	952,124
Net OPEB Obligation	167,634	97,823	-	265,457
Capital Leases	1,865,903	377,850	1,183,516	1,060,237
Note Payable	440,000	-	220,000	220,000
Lease Revenue Bonds	3,898,322	-	145,648	3,752,674
Landfill Closure and Post Closure Care	9,383,542	1,299,829	-	10,683,371
Total Governmental Activities	\$ 65,691,405	\$ 9,622,389	\$ 4,867,755	\$ 70,446,039
<u>Business-type activities:</u>				
General Obligation/Revenue Bonds	\$ 2,339,188	\$ 209,628	\$ 264,005	\$ 2,284,811
Note Payable	6,888	-	5,509	1,379
Capital Leases	53,284	56,389	63,088	46,585
Net OPEB Obligation	15,366	12,314	-	27,680
Compensated Absences	75,873	39,832	32,956	82,749
Total Business-type Activities	\$ 2,490,599	\$ 318,163	\$ 365,558	\$ 2,443,204
Total Long-Term Liabilities	\$ 68,182,004	\$ 9,940,552	\$ 5,233,313	\$ 72,889,243

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT

Details of Long-term liabilities:

Governmental Activities:

Capital leases:

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
\$381,930 issued June 15, 2006, due in quarterly installments of \$16,199 beginning September 15, 2006, through September 15, 2011, for the purchase of six school buses	\$ 21,355	\$ 21,355
\$449,875 issued June 9, 2008, due in semi-annually installments of \$38,738 beginning December 8, 2008, through December 8, 2013, for the purchase of six school buses	189,651	92,991
\$389,280 issued June 20, 2007, due in quarterly installments of \$15,421 beginning November 15, 2003, through August 15, 2008, for the purchase of five school buses	106,333	84,634
\$195,600 issued June 9, 2008, due in semi-annual installments of \$19,369 beginning July 21, 2009, through July 21, 2014, for the purchase of three school buses	81,444	39,961
\$351,990 issued May 21, 2009, due in quarterly installments of \$19,331 beginning December 8, 2008, through December 8, 2013, for the purchase of six school buses	218,692	70,276
\$377,850 issued June 20, 2011, due in quarterly installments of \$20,286 beginning December 1, 2011, through December 1, 2015, for the purchase of six school buses	377,850	71,486
\$280,840 issued April 23, 2010, due in annual installments of \$73,919 beginning June 15, 2010, through June 15, 2012, for the purchase of a two modular buildings	<u>64,912</u>	<u>64,912</u>
Total capital leases	\$ <u>1,060,237</u>	\$ <u>445,615</u>
Notes Payable:		
\$692,649 issued August 19, 2009, due in three installments, commencing August 19, 2009, through September 15, 2011, bearing interest at 2.5% for the purchase of real property	\$ <u>220,000</u>	\$ <u>220,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

	Total Amount Due	Amount Due Within One Year
Lease Revenue Bonds:		
\$2,240,700 Series 97-01 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on May 27, 1999. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$142,512 July 1, 2001, through July 1, 2007, bearing interest at 4.75%	\$ 1,571,763	\$ 67,860
\$1,575,000 Series 97-02 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on May 27, 1999. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$100,225 July 1, 2001 through July 1, 2027, bearing interest at 4.75%	1,104,796	47,753
\$693,000 Series 97-04 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on May 12, 2000. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$4,077 July 1, 2002 through July 1, 2031, bearing interest at 4.75%	510,310	17,748
\$750,000 Series 97-03 Lease Revenue Bonds were issued through the Industrial Development Authority of Shenandoah County on February 22, 2001. The County will be repaying these bonds pursuant to a financing lease entered into with the Authority. Due in annual installments of \$47,700 March 22, 2002 through March 22, 2031, bearing interest at 4.75%	565,805	19,206
Total lease revenue bonds	\$ 3,752,674	\$ 152,567
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, maturing semi-annually on January 1, 2029, with interest payable at 3%.	\$ 3,688,197	\$ 163,005
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments commencing April 1, 2010, and maturing October 1, 2026, with interest payable at 5.125%	15,760,000	-

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
General Obligation School Bonds (continued):		
Capital leases (continued)		
\$2,944,404 Virginia Public School Authority Bonds 1991A, issued July 1, 1991, maturing annually through July 15, 2011, with interest payable semi-annually at rates of 4.85% to 6.60%	\$ 175,416	\$ 175,416
\$5,485,000 Virginia Public School Authority Bonds 1993A, issued April 29, 1993, maturing annually through December 15, 2012, with interest payable semi-annually at rates of 5.1% to 5.5%	415,000	225,000
\$5,615,000 Virginia Public School Authority Bonds 1993B, issued December 1, 1993, maturing annually through December 15, 2013, with interest payable semi-annually at rates of 4.475% to 5.0%	130,000	70,000
\$16,930,000 Virginia Public School Authority Bonds 1994A, issued December 15, 1993, maturing annually through December 15, 2011, with interest payable semi-annually at rates of 6.31% to 6.69%	280,000	280,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, maturing annually through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	18,105,000	1,115,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	3,031,170	195,363
\$7,435,000 Virginia Public School Authority Bonds 2010, issued July 8, 2010, maturing annually through June 1, 2027, with interest payable semi-annually at rates of 2.7%. Interest is reimbursed by a federal interest	<u>7,435,000</u>	<u>-</u>
Total general obligation bonds	\$ <u>49,019,783</u>	\$ <u>2,223,784</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Literary Fund Loans		
\$1,290,000 issued April 1, 2001 for the renovation of Ashby Lee Elementary School, due in annual installments of \$64,500 from April 1, 2002 through April 1, 2021, plus interest at 3%	\$ 645,000	\$ 64,500
\$1,931,000 issued April 1, 2001 for the renovation of Sandy Hook Elementary School, due in annual installments of \$96,550 from April 1, 2002 through April 1, 2021, plus interest at 3%	965,500	96,550
\$3,069,000 issued April 1, 2001 for the renovation of W. W. Robinson Elementary School, due in annual installments of \$153,450 from April 1, 2002 through April 1, 2021, plus interest at 3%	<u>1,534,500</u>	<u>153,450</u>
Total Literary Fund Loans	\$ <u>3,145,000</u>	\$ <u>314,500</u>
Unamortized Bond Premium	\$ <u>1,347,393</u>	\$ <u>102,160</u>
Compensated absences	\$ <u>952,124</u>	\$ <u>476,062</u>
Net OPEB obligation	\$ <u>265,457</u>	\$ <u>-</u>
Accrued landfill closure and post-closure monitoring costs	\$ <u>10,683,371</u>	\$ <u>-</u>
Total Long-term Debt	<u>\$ 70,446,039</u>	<u>\$ 3,934,688</u>
<u>Business-type Activities:</u>		
Revenue bond:		
\$2,660,000 Water and Sewer Revenue Bonds issued August 7, 2003, due in annual principal installments of \$35,000 to \$260,000 from October 1, 2003, through October 1, 2016, interest rates from 2.0% to 5.0% payable semi-annually	\$ 1,290,000	\$ 210,000
Capital leases:		
\$114,368 capital lease payable, issued September 7, 2007, payable in monthly installments of \$2,156.04, at 4.85% interest beginning October 1, 2007 and ending October 1, 2012	29,385	25,084
\$56,389 capital lease payable, issued October 4, 2010, payable in two annual installments of \$17,200 with \$20,000 payable on delivery, at 0% interest beginning October 4, 2010 and ending June 30, 2012	17,200	17,200
Compensated absences	63,673	31,837
Net OPEB obligation	<u>19,301</u>	<u>-</u>
Total Stoney Creek Sanitary District	<u>\$ 1,419,559</u>	<u>\$ 284,121</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Business-type Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
\$60,000 Water Revenue Bond Series of 1972, amended March 22, 1984, payable in monthly installments of \$310, including principal and interest at 5% per annum beginning April 1, 1984, and ending June 1, 2012	\$ 4,060	4,060
\$398,700 Sewer Revenue Bond Series of 1984, payable in monthly installments of \$1,926, including principal and interest a 5% per annum beginning Mary 1, 1984, and ending April 1, 2024	216,343	12,581
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029	454,827	17,328
\$68,000 General Obligation Bond Series of 1997, with interest only payable through December 22, 1998, and thereafter payable in monthly installments of \$331, including principal and interest at 4.5% per annum beginning January 1999, and ending January 2032	52,730	1,633
\$42,000 Water Revenue Bond Series of 1997, with interest only payable through December 22, 1998, and thereafter payable in monthly installments of \$205, including principal and interest at 4.55 per annum beginning in January 1999 and ending January 2032	32,456	1,020
\$32,000 Water Revenue Bond Series of 1997, with interest only payable on December 22, 1998, and thereafter payable in monthly installments of \$156, including principal and interest at 4.5% per annum beginning in January 1999 and ending January 2032	<u>24,767</u>	<u>773</u>
Total general obligation revenue bonds	\$ <u>785,183</u>	\$ <u>37,395</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 12—LONG-TERM LIABILITIES (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of Long-term liabilities: (continued)

Business-type activities: (continued)

	Total Amount Due	Amount Due Within One Year
Note Payable:		
\$23,169 note payable, issued December 19, 2006, payable in monthly installments of \$467, at 8% interest beginning January 2007 and ending November 2011	\$ 1,379	\$ 1,379
Compensated absences	\$ 19,076	\$ 9,538
Net OPEB obligation	\$ 8,379	-
Total Toms Brook-Maurertown Sanitary District	\$ 814,017	\$ 48,312
Lease Revenue Bond:		
\$1,304,415 VRA Bond 2011, payable semi-annually beginning on December 1, 2012 of \$7,106, including principal and interest at 2.93%, and ending in June 2032. At June 30, 2011, only \$209.628 had been	\$ 209,628	-
Total Business-type Activities	\$ 2,443,204	\$ 332,433

DISCREETLY PRESENTED COMPONENT UNIT-SCHOOL BOARD:

Changes in Long-term liabilities:

The following is a summary of long-term liability transactions of the Component Unit – School Board for the year ended June 30, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011	Amount Due Within One Year
Compensated absences	\$ 747,155	\$ 321,448	\$ 306,333	\$ 762,270	\$ 381,135
Net OPEB obligation	636,000	319,000	-	955,000	-
Total	\$ 1,383,155	\$ 640,448	\$ 306,333	\$ 1,717,270	\$ 381,135

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2011 (Continued)

NOTE 13—OTHER LIABILITIES – ENTERPRISE FUNDS:

The other liabilities of the Sanitary Districts at June 30, 2011, consist of the following:

	Stoney Creek	Toms-Brook Maurertown	Total
Security deposits	\$ 4,700	\$ 8,900	\$ 13,600
Total	\$ 4,700	\$ 8,900	\$ 13,600

NOTE 14—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The County does not match the employee's contributions. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Under the provisions of the Small business Job Protection Act of 1996, all amounts currently or thereafter held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan participants and beneficiaries in annuity contracts, or in trust or in one or more custodial accounts pursuant to one or more separate written instruments.

Investments are managed by the plan's trustee under one of twenty-seven investment options, or a combination thereof. The choice of the investment option is made solely by the participants.

NOTE 15—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

NOTE 15—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (continued)

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

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2011 were 9.10% and 8.90%, respectively, of annual covered payroll.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2011 (Continued)

NOTE 15—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

B. Funding Policy (continued)

The School Board's contributions for professional employees were \$1,177,089, \$1,958,090, and \$2,735,027, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 3.93%, 8.81% of annual covered payroll for July 2009 through March 2010 and zero (0.00%) for April through June 2010, and 8.81%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$1,001,771 was equal to the County's required and actual contributions.

For fiscal year 2011, the County School Board's annual pension cost for the board's non-professional employees was \$324,864 which was equal to the Board's required and actual contributions.

Three-Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2011	\$ 1,001,771	100%	\$ -
June 30, 2010	1,036,977	100%	-
June 30, 2009	1,026,270	100%	-
School Board Non-Professional:			
June 30, 2011	\$ 324,864	100%	\$ -
June 30, 2010	321,370	100%	-
June 30, 2009	308,722	100%	-

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

NOTE 15—DEFINED BENEFIT PENSION PLAN (CONTINUED):

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 76.87% funded. The actuarial accrued liability for benefits was \$35,171,270, and the actuarial value of assets was \$27,035,963, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,135,307. The covered payroll (annual payroll of active employees covered by the plan) was \$11,301,506, and ratio of the UAAL to the covered payroll was 71.98%.

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's non-professional plan was 77.82% funded. The actuarial accrued liability for benefits was \$11,053,881, and the actuarial value of assets was \$8,601,912, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,451,969. The covered payroll (annual payroll of active employees covered by the plan) was \$3,807,391, and ratio of the UAAL to the covered payroll was 64.40%.

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

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

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

County

A. Plan Description

The County's retiree health insurance program is a single employer defined benefit healthcare plan. A retired employee of the County, who is participating in the employer's medical and dental program, is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 30 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental insurance. The employee is responsible for 100% of the cost.

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**County (Continued)****B. Funding Policy**

The Shenandoah County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when the retiree reaches the age of 65 unless the retiree has selected a specific medical plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$139,137 for fiscal year 2011. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

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

Annual Required Contribution (ARC)	\$ 139,137
Interest on OPEB Obligation	8,000
Adjustment to ARC	(8,000)
Annual OPEB cost	\$ 139,137
Estimated Contributions Made During FY10	(29,000)
Increase in Net OPEB Obligation	\$ 110,137
New OPEB Obligation - beginning of year	183,000
Net OPEB Obligation - end of year	<u>\$ 293,137</u>

The County's net OPEB obligation was reported as \$265,457 and \$27,680 in the governmental and business-type activities, respectively.

For 2011, the County made an OPEB contribution of \$29,000 during fiscal year 2011. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

Primary Government:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 139,137	21%	\$ 293,137
June 30, 2010	128,000	32%	183,000
June 30, 2009	120,000	20%	96,000

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**County (Continued)****D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

	Primary Government
Actuarial accrued liability (AAL)	\$ 967,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	967,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	10,409,000
UAAL as a percentage of covered payroll	9.30%

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

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

E. Actuarial Methods and Assumptions

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

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County (Continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Date is net of any retiree contributions.

Actuarial Assumptions

	<u>Unfunded</u>
Discount rate	4.25%
Payroll growth	2.50%

Component Unit School Board:

Health Insurance Plan

A. Plan Description

The Component Unit School Board's retiree health Insurance Plan is a single employer defined benefit plan. A retired employee of the Component Unit School Board, who is participating in the employer's medical and dental program, is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 5 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental Insurance. The employee is responsible for 100% of the cost.

B. Funding Policy

The Component Unit School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The Component Unit School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when the retiree reaches the age of 65 unless the retirees has selected a specific medical plan.

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is \$615,000 for fiscal year 2011. The Component Unit School Board has elected not to pre-fund OPEB liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

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

Annual Required Contribution (ARC)	\$ 615,000
Interest on OPEB Obligation	27,000
Adjustment to ARC	(27,000)
Annual OPEB cost	\$ 615,000
Estimated Contributions Made During FY10	(296,000)
Increase in Net OPEB Obligation	\$ 319,000
New OPEB Obligation - beginning of year	636,000
Net OPEB Obligation - end of year	\$ <u>955,000</u>

Annual OPEB Cost.

The Component Unit School Board made an OPEB contribution of \$296,000 during fiscal year 2011. The Component Unit School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

Component Unit School Board:			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 615,000	47%	\$ 955,000
June 30, 2010	610,000	53%	636,000
June 30, 2009	580,000	40%	349,000

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**Component Unit School Board: (Continued)****D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2010 is as follows:

	<u>Component Unit School Board</u>
Actuarial accrued liability (AAL)	\$ 5,410,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	5,410,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	26,594,000
UAAL as a percentage of covered payroll	19.70%

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

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

E. Actuarial Methods and Assumptions

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

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

Component Unit School Board: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

The Entry Age Normal cost method is used to determine the Plan’s funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan’s provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan’s total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Date is net of any retiree contributions.

Actuarial Assumptions

	Component Unit School Board Unfunded
Discount rate	4.25%
Payroll growth	2.50%

VRS Health Insurance Credit Program

A. Plan Description

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

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is the greater of \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

Component Unit School Board: (Continued)

VRS Health Insurance Credit Program (Continued)

A. Plan Description (continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 15.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$179,708, \$231,148, and \$335,281, respectively and equaled the required contributions for each year.

NOTE 17—CONTINGENT LIABILITIES:

Federal programs in which the county and its component units participate were audited in accordance with the provisions of the U. S. Office of Management and Budget (OMB) A-133 Compliance Supplement. 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, if any, would be immaterial.

While \$507,557 of the General Obligation Bond Series of 1995 and 1997 have been recorded in the Toms Brook-Maurertown Sanitary District, from which repayment is anticipated, the General Fund has a contingent liability for the repayment of this amount should the Sanitary District be unable to do so.

NOTE 18—RISK MANAGEMENT:

The County is a member the Virginia Municipal Group Self Insurance Association for worker's compensation insurances. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The county pays Virginia Municipal Group contributions and assessments based upon classifications and rates. These amounts are deposited into a designated cash reserve fund of the association out of which expenses, claims and awards are to be paid. In the event of a catastrophic loss which creates an equity deficit and for which all available excess insurance is depleted, the Association may assess all members in proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2011 (Continued)****NOTE 18—RISK MANAGEMENT: (CONTINUED)**

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

NOTE 19—LANDFILL CLOSURE AND POSTCLOSURE CARE COST:

State and federal laws and regulations require the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and postclosure care costs has a balance of \$10,683,371 as of June 30, 2011, which is based on the estimated number of years remaining, which is zero for the old landfill and four years for the new landfill cells and the capacity used to date which is estimated to be 92.18% for the new landfill. The estimated total current cost of the landfill closure and postclosure care of \$11,589,685 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2011. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

NOTE 20—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Stoney Creek Sanitary District	Toms Brook Sanitary District	North Fork Wastewater Fund	Total Enterprise Funds
Operating revenue	\$ 954,205	\$ 601,782	\$ -	\$ 1,555,987
Depreciation and amortization	272,515	162,056	-	434,571
Operating income (loss)	(488,751)	(150,120)	-	(638,871)
Current connection fees	79,500	159,500	-	239,000
Property, plant and equipment additions, net of retirements	(347,996)	(5,931)	-	(353,927)
Net working capital	972,030	478,012	(51,002)	1,399,040
Total assets	4,453,762	3,012,278	604,407	8,070,447
Long-term liabilities	1,419,559	814,017	209,628	2,443,204
Net assets	2,713,536	2,012,590	343,777	5,069,903

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2011 (Continued)

NOTE 21—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following material contracts outstanding at June 30, 2011:

	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Reamining at Year End</u>
School Energy Performance Contract \$	7,070,187	\$ 1,933,452	\$ 5,136,735
Courthouse Construction	8,205,876	7,778,180	427,696
Leachate Pump Station	<u>1,011,825</u>	<u>256,080</u>	<u>755,745</u>
Total	<u>\$ 16,287,888</u>	<u>\$ 9,967,712</u>	<u>\$ 6,320,176</u>

NOTE 22—SUBSEQUENT EVENT:

The County is in the process of refinancing four rural development loans which is anticipated to be finalized in November 2011 and will result in substantial cost savings to the County.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 30,802,000	\$ 30,802,000	\$ 31,744,361	\$ 942,361
Other local taxes	5,454,500	5,454,500	6,346,986	892,486
Permits, privilege fees, and regulatory licenses	352,000	352,050	330,143	(21,907)
Fines and forfeitures	120,000	120,000	107,215	(12,785)
Revenue from the use of money and property	325,000	343,036	96,987	(246,049)
Charges for services	2,066,937	2,210,386	2,206,347	(4,039)
Miscellaneous	885,000	2,728,150	721,509	(2,006,641)
Recovered costs	250,000	410,424	482,269	71,845
Intergovernmental revenues:				
Commonwealth	10,061,681	10,187,567	10,368,397	180,830
Federal	1,361,790	1,870,469	5,900,561	4,030,092
Total revenues	<u>\$ 51,678,908</u>	<u>\$ 54,478,582</u>	<u>\$ 58,304,775</u>	<u>\$ 3,826,193</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,416,357	\$ 2,448,266	\$ 2,228,906	\$ 219,360
Judicial administration	1,573,520	1,598,112	1,579,642	18,470
Public safety	10,694,416	11,413,750	10,781,294	632,456
Public works	3,442,068	3,744,872	2,979,693	765,179
Health and welfare	6,402,747	6,402,747	6,707,951	(305,204)
Education	21,468,661	21,911,660	21,197,950	713,710
Parks, recreation, and cultural	1,432,149	1,543,170	1,360,174	182,996
Community development	765,346	1,053,545	930,856	122,689
Nondepartmental	316,650	201,453	15,159	186,294
Capital projects	605,086	1,100,052	788,803	311,249
Debt service:				
Principal retirement	-	-	1,561,739	(1,561,739)
Interest and other fiscal charges	-	-	189,383	(189,383)
Total expenditures	<u>\$ 49,117,000</u>	<u>\$ 51,417,627</u>	<u>\$ 50,321,550</u>	<u>\$ 1,096,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,561,908</u>	<u>\$ 3,060,955</u>	<u>\$ 7,983,225</u>	<u>\$ 4,922,270</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (4,584,463)	\$ (4,078,081)	\$ (3,874,348)	\$ 203,733
Capital leases	-	-	377,850	377,850
Total other financing sources and uses	<u>\$ (4,584,463)</u>	<u>\$ (4,078,081)</u>	<u>\$ (3,496,498)</u>	<u>\$ 581,583</u>
Net change in fund balances	\$ (2,022,555)	\$ (1,017,126)	\$ 4,486,727	\$ 5,503,853
Fund balances - beginning	2,022,555	1,017,126	10,747,591	9,730,465
Fund balances - ending	\$ -	\$ -	\$ 15,234,318	\$ 15,234,318

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10 \$	27,035,963 \$	35,171,270 \$	8,135,307	76.87% \$	11,301,506	71.98%
06/30/09	25,949,614	30,764,183	4,814,569	84.35%	11,203,944	42.97%
06/30/08	24,462,153	28,736,933	4,274,780	85.12%	10,991,821	38.89%
06/30/07	21,535,964	25,662,855	4,126,891	83.92%	9,712,763	42.49%
06/30/06	18,699,107	22,237,571	3,538,464	84.09%	8,825,826	40.09%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10 \$	8,601,912 \$	11,053,881 \$	2,451,969	77.82% \$	3,807,391	64.40%
06/30/09	8,454,294	9,947,201	1,492,907	84.99%	3,776,032	39.54%
06/30/08	8,158,880	9,014,921	856,041	90.50%	3,649,993	23.45%
06/30/07	7,249,573	8,181,620	932,047	88.61%	3,461,497	26.93%
06/30/06	6,302,425	7,316,357	1,013,932	86.14%	3,275,562	30.95%

Other Post-Employment Benefit Program
 Schedule of Funding Progress
 As of June 30, 2011

PRIMARY GOVERNMENT:**County Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ -	\$ 967,000	\$ 967,000	0.00%	\$ 10,409,000	9.3%
06/30/08	-	852,000	852,000	0.00%	8,759,000	9.7%

DISCRETELY PRESENTED COMPONENT UNIT:**School Board Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ -	\$ 5,410,000	\$ 5,410,000	0.00%	\$ 26,594,000	19.7%
06/30/08	-	5,234,000	5,234,000	0.00%	27,004,000	20.0%

Note:

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

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual--

County Debt Service Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,611,949	\$ 1,611,949
Total revenues	\$ -	\$ -	\$ 1,611,949	\$ 1,611,949
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,693,031	\$ 2,693,031	\$ 2,828,438	\$ (135,407)
Interest and other fiscal charges	1,162,400	1,162,400	2,642,369	(1,479,969)
Total expenditures	\$ 3,855,431	\$ 3,855,431	\$ 5,470,807	\$ (1,615,376)
Excess (deficiency) of revenues over (under) expenditures	\$ (3,855,431)	\$ (3,855,431)	\$ (3,858,858)	\$ (3,427)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,855,431	\$ 3,855,431	\$ 3,858,858	\$ 3,427
Total other financing sources and uses	\$ 3,855,431	\$ 3,855,431	\$ 3,858,858	\$ 3,427
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

County Capital Projects Fund

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 36,944	\$ 36,944
Miscellaneous	-	-	1,000	1,000
Intergovernmental revenues:				
Commonwealth	-	-	19,457	19,457
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,401</u>	<u>\$ 57,401</u>
EXPENDITURES				
Capital projects	\$ 483,982	\$ 16,744,881	\$ 9,975,817	\$ 6,769,064
Debt service:				
Bond issuance costs	-	-	101,209	(101,209)
Total expenditures	<u>\$ 483,982</u>	<u>\$ 16,744,881</u>	<u>\$ 10,077,026</u>	<u>\$ 6,667,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (483,982)</u>	<u>\$ (16,744,881)</u>	<u>\$ (10,019,625)</u>	<u>\$ 6,725,256</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of general obligation bonds	\$ -	\$ 7,435,000	\$ 7,435,000	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 7,435,000</u>	<u>\$ 7,435,000</u>	<u>\$ -</u>
Net change in fund balances	\$ (483,982)	\$ (9,309,881)	\$ (2,584,625)	\$ 6,725,256
Fund balances - beginning	483,982	9,309,881	18,057,082	8,747,201
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,472,457</u>	<u>\$ 15,472,457</u>

COMBINING FUND STATEMENTS

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 576,406	\$ 99,883	\$ 676,289
 Total assets	 \$ 576,406	 \$ 99,883	 \$ 676,289
LIABILITIES AND FUND BALANCES			
Fund balances:			
Assigned:			
Parks and recreation	\$ 3,515	\$ -	\$ 3,515
Landfill contingency	572,891	-	572,891
Capital projects	-	99,883	99,883
Total fund balances	\$ 576,406	\$ 99,883	\$ 676,289
 Total liabilities and fund balances	 \$ 576,406	 \$ 99,883	 \$ 676,289

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 10	\$ 10
Charges for services	107,640	-	107,640
Miscellaneous	56	-	56
Total revenues	<u>\$ 107,696</u>	<u>\$ 10</u>	<u>\$ 107,706</u>
EXPENDITURES			
Current:			
Public works	\$ 3,656	\$ -	\$ 3,656
Parks, recreation, and cultural	109,140	-	109,140
Total expenditures	<u>\$ 112,796</u>	<u>\$ -</u>	<u>\$ 112,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,100)</u>	<u>\$ 10</u>	<u>\$ (5,090)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 15,490	\$ -	\$ 15,490
Total other financing sources and uses	<u>\$ 15,490</u>	<u>\$ -</u>	<u>\$ 15,490</u>
Net change in fund balances	\$ 10,390	\$ 10	\$ 10,400
Fund balances - beginning	566,016	99,873	665,889
Fund balances - ending	<u>\$ 576,406</u>	<u>\$ 99,883</u>	<u>\$ 676,289</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

Exhibit 19

	Parks and Recreation Fund	Landfill Contingency Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,515	\$ 572,891	\$ 576,406
Total assets	<u>\$ 3,515</u>	<u>\$ 572,891</u>	<u>\$ 576,406</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Assigned:			
Parks and recreation	\$ 3,515	\$ -	\$ 3,515
Landfill contingency	-	572,891	572,891
Total fund balances	<u>\$ 3,515</u>	<u>\$ 572,891</u>	<u>\$ 576,406</u>
Total liabilities and fund balances	<u>\$ 3,515</u>	<u>\$ 572,891</u>	<u>\$ 576,406</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2011

	Parks and Recreation Fund	Landfill Contingency Fund	Total
REVENUES			
Charges for services	\$ 107,640	\$ -	\$ 107,640
Miscellaneous	-	56	56
Total revenues	<u>\$ 107,640</u>	<u>\$ 56</u>	<u>\$ 107,696</u>
EXPENDITURES			
Current:			
Public works	\$ -	\$ 3,656	\$ 3,656
Parks, recreation, and cultural	109,140	-	109,140
Total expenditures	<u>\$ 109,140</u>	<u>\$ 3,656</u>	<u>\$ 112,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,500)</u>	<u>\$ (3,600)</u>	<u>\$ (5,100)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 15,490	\$ 15,490
Net change in fund balances	\$ (1,500)	\$ 11,890	\$ 10,390
Fund balances - beginning	5,015	561,001	566,016
Fund balances - ending	<u>\$ 3,515</u>	<u>\$ 572,891</u>	<u>\$ 576,406</u>

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,140	\$ -	\$ 5,140
Cash in custody of others	-	43,191	43,191
Total assets	<u>\$ 5,140</u>	<u>\$ 43,191</u>	<u>\$ 48,331</u>
LIABILITIES			
Amounts held for social services clients	\$ 5,140	\$ -	\$ 5,140
Amounts held for inmates	-	43,191	43,191
Total liabilities	<u>\$ 5,140</u>	<u>\$ 43,191</u>	<u>\$ 48,331</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

Exhibit 22

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
ASSETS				
Cash and cash equivalents	\$ 13,781	\$ 45,233	\$ 53,874	\$ 5,140
Total assets	<u>\$ 13,781</u>	<u>\$ 45,233</u>	<u>\$ 53,874</u>	<u>\$ 5,140</u>
LIABILITIES				
Amounts held for social services clients	\$ 13,781	\$ 45,233	\$ 53,874	\$ 5,140
Total liabilities	<u>\$ 13,781</u>	<u>\$ 45,233</u>	<u>\$ 53,874</u>	<u>\$ 5,140</u>
Jail Inmate Accounts				
ASSETS				
Cash in custody of others	\$ 51,094	\$ 342,793	\$ 350,696	\$ 43,191
Total assets	<u>\$ 51,094</u>	<u>\$ 342,793</u>	<u>\$ 350,696</u>	<u>\$ 43,191</u>
LIABILITIES				
Amounts held for inmates	\$ 51,094	\$ 342,793	\$ 350,696	\$ 43,191
Total liabilities	<u>\$ 51,094</u>	<u>\$ 342,793</u>	<u>\$ 350,696</u>	<u>\$ 43,191</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 13,781	\$ 45,233	\$ 53,874	\$ 5,140
Cash in custody of others	<u>51,094</u>	<u>342,793</u>	<u>350,696</u>	<u>43,191</u>
Total assets	<u>\$ 64,875</u>	<u>\$ 388,026</u>	<u>\$ 404,570</u>	<u>\$ 48,331</u>
LIABILITIES				
Amounts held for social services clients	\$ 13,781	\$ 45,233	\$ 53,874	\$ 5,140
Amounts held for inmates	<u>51,094</u>	<u>342,793</u>	<u>350,696</u>	<u>43,191</u>
Total liabilities	<u>\$ 64,875</u>	<u>\$ 388,026</u>	<u>\$ 404,570</u>	<u>\$ 48,331</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

School Operating Fund – The School Operating Fund 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.

Cafeteria Fund – The Cafeteria Fund is a special revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and State and Federal reimbursements.

COUNTY OF SHENANDOAH, VIRGINIA
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

Exhibit 23

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,653,976	\$ 999,586	\$ 5,653,562
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,234,096	-	1,234,096
Due from other funds	192,257	-	192,257
Due from other governmental units	1,225,760	44,799	1,270,559
Inventories	-	105,064	105,064
Prepaid expense	18,676	-	18,676
Deposits	5,000	-	5,000
Total assets	<u>\$ 7,329,765</u>	<u>\$ 1,149,449</u>	<u>\$ 8,479,214</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 195,580	\$ 366	\$ 195,946
Accrued payroll	4,358,636	134,365	4,493,001
Due to other funds	-	192,257	192,257
Due to primary government	2,775,549	-	2,775,549
Total liabilities	<u>\$ 7,329,765</u>	<u>\$ 326,988</u>	<u>\$ 7,656,753</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 105,064	\$ 105,064
Prepaid expense	18,676	-	18,676
Assigned:			
Cafeteria	-	717,397	717,397
Unassigned			
Total fund balances	<u>\$ -</u>	<u>\$ 822,461</u>	<u>\$ 822,461</u>
Total liabilities and fund balances	<u>\$ 7,329,765</u>	<u>\$ 1,149,449</u>	<u>\$ 8,479,214</u>

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

Total fund balances per above \$ 822,461

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 40,703,316

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (1,717,270)

Net assets of governmental activities \$ 39,808,507

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 5,684	\$ 5,684
Charges for services	1,849,321	869,178	2,718,499
Miscellaneous	279,039	34,212	313,251
Recovered costs	100,172	-	100,172
Intergovernmental revenues:			
Local government	20,710,200	-	20,710,200
Commonwealth	26,498,428	38,301	26,536,729
Federal	4,536,706	1,222,943	5,759,649
Total revenues	<u>\$ 53,973,866</u>	<u>\$ 2,170,318</u>	<u>\$ 56,144,184</u>
EXPENDITURES			
Current:			
Education	\$ 53,973,866	\$ 2,166,105	\$ 56,139,971
Total expenditures	<u>\$ 53,973,866</u>	<u>\$ 2,166,105</u>	<u>\$ 56,139,971</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 4,213	\$ 4,213
Net change in fund balances	\$ -	\$ 4,213	\$ 4,213
Fund balances - beginning	-	818,248	818,248
Fund balances - ending	<u>\$ -</u>	<u>\$ 822,461</u>	<u>\$ 822,461</u>

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

Net change in fund balances - total governmental funds \$ 4,213

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 1,893,480

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. 71,170

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. (334,115)

Change in net assets of governmental activities \$ 1,634,748

COUNTY OF SHENANDOAH, VIRGINIA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 9,800	\$ 9,800	\$ -	\$ (9,800)
Charges for services	1,900,984	1,900,984	1,849,321	(51,663)
Miscellaneous	364,533	364,533	279,039	(85,494)
Recovered costs	-	-	100,172	100,172
Intergovernmental revenues:				
Local government	20,966,197	21,409,196	20,710,200	(698,996)
Commonwealth	26,018,318	26,860,827	26,498,428	(362,399)
Federal	3,827,293	5,421,257	4,536,706	(884,551)
Total revenues	\$ 53,087,125	\$ 55,966,597	\$ 53,973,866	\$ (1,992,731)
EXPENDITURES				
Current:				
Education	\$ 53,087,125	\$ 55,966,597	\$ 53,973,866	\$ 1,992,731
Total expenditures	\$ 53,087,125	\$ 55,966,597	\$ 53,973,866	\$ 1,992,731
Excess (deficiency) of revenues over (under) expenditures				
	\$ -	\$ -	\$ -	\$ -
Net change in fund balances				
	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 5,684	\$ 5,684
1,342,987	1,342,987	869,178	(473,809)
-	-	34,212	34,212
-	-	-	-
-	-	-	-
30,067	30,067	38,301	8,234
1,088,280	1,088,280	1,222,943	134,663
<u>\$ 2,461,334</u>	<u>\$ 2,461,334</u>	<u>\$ 2,170,318</u>	<u>\$ (291,016)</u>
<u>\$ 2,461,334</u>	<u>\$ 2,461,334</u>	<u>\$ 2,166,105</u>	<u>\$ 295,229</u>
<u>\$ 2,461,334</u>	<u>\$ 2,461,334</u>	<u>\$ 2,166,105</u>	<u>\$ 295,229</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,213</u>	<u>\$ 4,213</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,213</u>	<u>\$ 4,213</u>
<u>-</u>	<u>-</u>	<u>818,248</u>	<u>818,248</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,461</u>	<u>\$ 822,461</u>

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SUPPORTING SCHEDULES

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
Page 1 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 19,900,000	\$ 19,900,000	\$ 20,591,354	\$ 691,354
Real and personal public service corporation taxes	600,000	600,000	979,431	379,431
Personal property taxes	7,200,000	7,200,000	7,057,158	(142,842)
Mobile home taxes	27,000	27,000	22,231	(4,769)
Machinery and tools taxes	2,250,000	2,250,000	2,266,013	16,013
Merchants capital	300,000	300,000	260,013	(39,987)
Penalties	275,000	275,000	306,996	31,996
Interest	250,000	250,000	261,165	11,165
Total general property taxes	\$ 30,802,000	\$ 30,802,000	\$ 31,744,361	\$ 942,361
Other local taxes:				
Local sales and use taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,048,872	\$ 48,872
Consumers' utility taxes	1,200,000	1,200,000	1,994,437	794,437
Utility license taxes	19,500	19,500	28,785	9,285
Motor vehicle licenses	800,000	800,000	857,901	57,901
Taxes on recordation and wills	325,000	325,000	298,353	(26,647)
Transient occupancy tax	110,000	110,000	118,638	8,638
Total other local taxes	\$ 5,454,500	\$ 5,454,500	\$ 6,346,986	\$ 892,486
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 25,500	\$ 25,500	\$ 24,335	\$ (1,165)
Land use application fees	40,000	40,000	10,100	(29,900)
Transfer fees	2,000	2,000	1,984	(16)
Permits and other licenses	284,500	284,550	293,724	9,174
Total permits, privilege fees, and regulatory licenses	\$ 352,000	\$ 352,050	\$ 330,143	\$ (21,907)
Fines and forfeitures:				
Court fines and forfeitures	\$ 120,000	\$ 120,000	\$ 107,215	\$ (12,785)
Revenue from use of money and property:				
Revenue from use of money	\$ 270,000	\$ 286,204	\$ 63,220	\$ (222,984)
Revenue from use of property	55,000	56,832	33,767	(23,065)
Total revenue from use of money and property	\$ 325,000	\$ 343,036	\$ 96,987	\$ (246,049)
Charges for services:				
Excess fees of clerk	\$ 50,000	\$ 50,000	\$ 14,070	\$ (35,930)
Charges for courthouse security	120,000	120,000	114,250	(5,750)
Law library fees	-	-	26,389	26,389
Jail telephone commissions	-	-	25,553	25,553
Charges for Commonwealth's Attorney	1,500	1,500	2,032	532
Board of prisoners	25,137	41,881	35,925	(5,956)
Charges for animal protection	-	-	9,055	9,055
Charges for sanitation and waste removal	1,100,000	1,100,000	1,070,662	(29,338)
Charges for parks and recreation	250,800	377,505	374,261	(3,244)
Charges for spay and neuter	22,000	22,000	7,510	(14,490)
Charges for day care	465,000	465,000	465,158	158
Charges for courthouse maintenance	30,000	30,000	28,952	(1,048)
Charges for services - other	2,500	2,500	32,530	30,030
Total charges for services	\$ 2,066,937	\$ 2,210,386	\$ 2,206,347	\$ (4,039)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Miscellaneous revenue:				
Miscellaneous	\$ 261,000	\$ 1,936,866	\$ 241,010	\$ (1,695,856)
Refunds and recoveries	624,000	791,284	480,499	(310,785)
Total miscellaneous revenue	\$ 885,000	\$ 2,728,150	\$ 721,509	\$ (2,006,641)
Recovered costs:				
Other recovered costs	\$ 250,000	\$ 410,424	\$ 482,269	\$ 71,845
Total recovered costs	\$ 250,000	\$ 410,424	\$ 482,269	\$ 71,845
Total revenue from local sources	\$ 40,255,437	\$ 42,420,546	\$ 42,035,817	\$ (384,729)
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ 8,057	\$ (41,943)
Mobile home titling tax	14,000	14,000	13,944	(56)
Motor vehicle rental tax	15,000	15,000	15,816	816
Reduction in state aid to local governments	-	-	(276,423)	(276,423)
State recordation tax	200,000	200,000	197,521	(2,479)
Personal property tax relief funds	3,647,829	3,647,829	3,647,829	-
Total noncategorical aid	\$ 3,926,829	\$ 3,926,829	\$ 3,606,744	\$ (320,085)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 319,019	\$ 319,019	329,837	\$ 10,818
Sheriff	2,494,891	2,509,659	2,500,771	(8,888)
Commissioner of revenue	115,458	115,458	116,741	1,283
Treasurer	116,840	116,840	119,719	2,879
Registrar/electoral board	44,089	44,089	43,128	(961)
Clerk of the Circuit Court	273,852	279,987	303,285	23,298
Total shared expenses	\$ 3,364,149	\$ 3,385,052	\$ 3,413,481	\$ 28,429
Other categorical aid:				
Litter control grant	\$ -	\$ 17,310	\$ 17,310	\$ -
Welfare administration and assistance	952,427	952,427	1,030,288	77,861
Forfeited drug assets	-	-	6,063	6,063
DMV grant	-	20,166	-	(20,166)
Comprehensive services act	1,592,090	1,592,090	1,665,910	73,820
VJCCCA grant	32,836	32,836	31,009	(1,827)
Victim-witness grant	24,841	24,841	27,001	2,160
Wireless E-911 grant	30,000	30,000	84,822	54,822
Fire programs fund	60,000	60,000	69,461	9,461
Economic opportunity grant	-	-	250,000	250,000
Commission for the arts	-	-	5,382	5,382
Criminal alien assistance program	-	10,562	-	(10,562)
Extradition of prisoners	-	381	381	-
Rent health department	-	-	7,200	7,200
Other categorical aid	78,509	135,073	153,345	18,272
Total other categorical aid	\$ 2,770,703	\$ 2,875,686	\$ 3,348,172	\$ 472,486
Total categorical aid	\$ 6,134,852	\$ 6,260,738	\$ 6,761,653	\$ 500,915
Total revenue from the Commonwealth	\$ 10,061,681	\$ 10,187,567	\$ 10,368,397	\$ 180,830

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 3 of 6

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:				
Payments in lieu of taxes	\$ 79,800	\$ 79,800	\$ 161,009	\$ 81,209
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 23,786	\$ 23,786
U.S. Forest Service Patrol	-	2,543	8,173	5,630
Bullet proof vest grant	-	2,137	2,137	-
Welfare administration and assistance	1,211,990	1,211,990	1,308,955	96,965
ARRA Stimulus Funds-welfare assistance	-	-	44,484	44,484
Forfeited drug assets	-	-	3,570,365	3,570,365
Immigration custom enforcement	-	-	135	135
FEMA EOC	-	-	156,214	156,214
Project lifesaver	-	4,467	1,160	(3,307)
ATF overtime sheriff	-	139,060	139,060	-
Triad grant	-	-	3,000	3,000
Highway planning and construction	-	243,686	426,269	182,583
ARRA stimulus funds-violence against women	-	-	38,468	38,468
Other categorical aid	70,000	186,786	17,346	(169,440)
Total categorical aid	\$ 1,281,990	\$ 1,790,669	\$ 5,739,552	\$ 3,948,883
Total revenue from the federal government	\$ 1,361,790	\$ 1,870,469	\$ 5,900,561	\$ 4,030,092
Total General Fund	\$ 51,678,908	\$ 54,478,582	\$ 58,304,775	\$ 3,826,193
Special Revenue Funds:				
Parks and recreation fund:				
Revenue from local sources:				
Charges for services:				
Charges for parks and recreation	\$ -	\$ -	\$ 107,640	\$ 107,640
Total charges for services	\$ -	\$ -	\$ 107,640	\$ 107,640
Total Parks and Recreation Fund	\$ -	\$ -	\$ 107,640	\$ 107,640
Landfill contingency fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 56	\$ 56
Total revenue from local sources	\$ -	\$ -	\$ 56	\$ 56
Total Landfill Contingency Fund	\$ -	\$ -	\$ 56	\$ 56
Debt Service Funds:				
County Debt Service Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Interest subsidy	\$ -	\$ -	\$ 1,611,949	\$ 1,611,949
Total miscellaneous revenue	\$ -	\$ -	\$ 1,611,949	\$ 1,611,949
Total Debt Service Fund	\$ -	\$ -	\$ 1,611,949	\$ 1,611,949
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 36,944	\$ 36,944
Total revenue from use of money and property	\$ -	\$ -	\$ 36,944	\$ 36,944
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 1,000	\$ 1,000
Total miscellaneous revenue	\$ -	\$ -	\$ 1,000	\$ 1,000
Total revenue from local sources	\$ -	\$ -	\$ 37,944	\$ 37,944

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 4 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds (Continued):				
Revenue from the federal government:				
Categorical aid:				
State homeland security grant	\$ -	\$ -	\$ 19,457	\$ 19,457
Total categorical aid	\$ -	\$ -	\$ 19,457	\$ 19,457
Total revenue from the federal government	\$ -	\$ -	\$ 19,457	\$ 19,457
Total Capital Projects Fund	\$ -	\$ -	\$ 57,401	\$ 57,401
Industrial Park Water & Sewer Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 10	\$ 10
Total revenue from local sources	\$ -	\$ -	\$ 10	\$ 10
Total Industrial Park Water & Sewer Fund	\$ -	\$ -	\$ 10	\$ 10
Total Primary Government	\$ 51,678,908	\$ 54,478,582	\$ 60,081,831	\$ 5,603,249
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 property	\$ 9,800	\$ 9,800	\$ -	\$ (9,800)
Total revenue from use of money and property	\$ 9,800	\$ 9,800	\$ -	\$ (9,800)
Charges for services:				
Tuition and other payments	\$ 1,686,788	\$ 1,686,788	\$ 1,648,702	\$ (38,086)
Other charges for services	214,196	214,196	200,619	(13,577)
Total charges for services	\$ 1,900,984	\$ 1,900,984	\$ 1,849,321	\$ (51,663)
Miscellaneous revenue:				
Other miscellaneous	\$ 364,533	\$ 364,533	\$ 279,039	\$ (85,494)
Total miscellaneous revenue	\$ 364,533	\$ 364,533	\$ 279,039	\$ (85,494)
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 100,172	\$ 100,172
Total revenue from local sources	\$ 2,275,317	\$ 2,275,317	\$ 2,228,532	\$ (46,785)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 20,966,197	\$ 21,409,196	\$ 20,710,200	\$ (698,996)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 5 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 5,060,806	\$ 5,060,806	\$ 5,267,688	\$ 206,882
Basic aid	15,463,226	15,463,226	14,712,306	(750,920)
Remedial summer school	84,776	84,776	22,972	(61,804)
Foster home children	26,094	26,094	6,623	(19,471)
Adult education	2,071	2,071	-	(2,071)
GED	15,717	15,717	15,717	-
Gifted and talented	162,023	162,023	162,349	326
Remedial education	313,245	313,245	313,875	630
Special education	1,198,971	1,198,971	1,201,385	2,414
Textbook payments	189,171	189,171	189,552	381
Vocational education	635,098	635,098	621,140	(13,958)
Fringe benefits	1,422,203	1,422,203	1,425,066	2,863
Early reading intervention	76,198	76,198	59,870	(16,328)
Mentor teacher program	7,810	7,810	6,050	(1,760)
Homebound	5,761	5,761	7,419	1,658
Special education regional program	-	842,509	818,152	(24,357)
At risk program	229,947	229,947	230,393	446
Primary class size payments	345,632	345,632	346,070	438
School technology funds	310,000	310,000	284,000	(26,000)
Special education- foster children	-	-	28,069	28,069
Algebra readiness	44,625	44,625	44,625	-
English as a second language	161,799	161,799	165,344	3,545
Enrollment loss	-	-	10,220	10,220
Academic year governors school	263,145	263,145	536,568	273,423
National board certification bonus	-	-	15,000	15,000
Other categorical aid	-	-	7,975	7,975
Total categorical aid	\$ 26,018,318	\$ 26,860,827	\$ 26,498,428	\$ (362,399)
Total revenue from the Commonwealth	\$ 26,018,318	\$ 26,860,827	\$ 26,498,428	\$ (362,399)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 791,753	\$ 791,753	\$ 777,401	\$ (14,352)
Title I ARRA school improvement grant	493,902	493,902	493,902	-
ARRA educational technology	-	-	8,447	8,447
Forest reserve	22,584	22,584	19,856	(2,728)
Title II Part A	-	295,886	193,956	(101,930)
Title VI-B	1,160,583	1,160,583	1,179,790	19,207
Title VI-B ARRA	384,504	384,504	384,504	-
Vocational education	85,992	85,992	103,011	17,019
Title III Part A	42,654	42,654	31,771	(10,883)
Preschool	40,378	40,378	43,654	3,276
Drug free schools	-	-	5,384	5,384
ARRA Jobs fund	-	774,260	645,389	(128,871)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 6 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
Revenue from the federal government: (continued)				
Categorical aid: (continued)				
State fiscal stabilization funds ARRA	\$ 794,670	\$ 1,277,204	\$ 649,641	\$ (627,563)
Technology	10,273	10,273	-	(10,273)
Other	-	41,284	-	(41,284)
Total categorical aid	\$ 3,827,293	\$ 5,421,257	\$ 4,536,706	\$ (884,551)
Total revenue from the federal government	\$ 3,827,293	\$ 5,421,257	\$ 4,536,706	\$ (884,551)
Total school operating fund	\$ 53,087,125	\$ 55,966,597	\$ 53,973,866	\$ (1,992,731)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,684	\$ 5,684
Charges for services:				
School food services	\$ 1,342,987	\$ 1,342,987	\$ 869,178	\$ (473,809)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 34,212	\$ 34,212
Total revenue from local sources	\$ 1,342,987	\$ 1,342,987	\$ 909,074	\$ (433,913)
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 30,067	\$ 30,067	\$ 38,301	\$ 8,234
Total revenue from the Commonwealth	\$ 30,067	\$ 30,067	\$ 38,301	\$ 8,234
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 1,088,280	\$ 1,088,280	\$ 1,107,404	\$ 19,124
USDA commodities	-	-	115,539	115,539
Total categorical aid	\$ 1,088,280	\$ 1,088,280	\$ 1,222,943	\$ 134,663
Total revenue from the federal government	\$ 1,088,280	\$ 1,088,280	\$ 1,222,943	\$ 134,663
Total School Cafeteria Fund	\$ 2,461,334	\$ 2,461,334	\$ 2,170,318	\$ (291,016)
Total Discretely Presented Component Unit - School Board	\$ 55,548,459	\$ 58,427,931	\$ 56,144,184	\$ (2,283,747)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 280,064	\$ 278,858	\$ 218,239	\$ 60,619
General and financial information:				
County administrator	\$ 447,688	\$ 448,587	\$ 420,226	\$ 28,361
Budget	104,459	104,459	103,506	953
Legal services	50,000	50,000	41,653	8,347
Commissioner of revenue	497,644	503,194	492,226	10,968
Reassessment	-	-	5,585	(5,585)
Treasurer	529,425	546,585	521,166	25,419
Central accounting	60,000	60,000	60,163	(163)
Data processing	131,746	133,579	119,984	13,595
Geographic information system	94,288	94,288	89,229	5,059
Total general and financial information	\$ 1,915,250	\$ 1,940,692	\$ 1,853,738	\$ 86,954
Board of elections:				
Electoral board and officials	\$ 95,222	\$ 102,895	\$ 53,315	\$ 49,580
Registrar	125,821	125,821	103,614	22,207
Total board of elections	\$ 221,043	\$ 228,716	\$ 156,929	\$ 71,787
Total general government administration	\$ 2,416,357	\$ 2,448,266	\$ 2,228,906	\$ 219,360
Judicial administration:				
Courts:				
Circuit court	\$ 55,682	\$ 55,682	\$ 54,572	\$ 1,110
General district court	10,300	10,300	8,673	1,627
Special magistrates	3,050	3,050	1,900	1,150
Clerk of the circuit court	476,208	482,343	486,110	(3,767)
Sheriff	481,098	497,727	488,187	9,540
Juvenile domestic	22,900	22,900	18,656	4,244
Law library	21,500	21,500	20,361	1,139
Victim witness	27,842	27,842	26,621	1,221
Total courts	\$ 1,098,580	\$ 1,121,344	\$ 1,105,080	\$ 16,264
Commonwealth's attorney:				
Commonwealth's attorney	\$ 474,940	\$ 476,768	\$ 474,562	\$ 2,206
Total judicial administration	\$ 1,573,520	\$ 1,598,112	\$ 1,579,642	\$ 18,470
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,211,762	\$ 3,707,947	\$ 3,304,304	\$ 403,643
E-911 enforcement and traffic control	54,150	54,150	48,503	5,647
Total law enforcement and traffic control	\$ 3,265,912	\$ 3,762,097	\$ 3,352,807	\$ 409,290
Fire and rescue services:				
Volunteer fire department	\$ 741,690	\$ 772,748	\$ 867,165	\$ (94,417)
Ambulance and rescue services	231,174	314,711	366,716	(52,005)
Forest fire extinction	9,838	9,838	9,695	143
Fire and rescue services	2,304,829	2,341,139	2,285,787	55,352
Total fire and rescue services	\$ 3,287,531	\$ 3,438,436	\$ 3,529,363	\$ (90,927)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Correction and detention:				
Jail	\$ 1,647,450	\$ 1,687,916	\$ 1,633,340	\$ 54,576
Juvenile probation and detention	471,975	471,975	468,866	3,109
Total correction and detention	\$ 2,119,425	\$ 2,159,891	\$ 2,102,206	\$ 57,685
Inspections:				
Building	\$ 492,215	\$ 493,783	\$ 442,909	\$ 50,874
Other protection:				
Animal control	\$ 102,744	\$ 109,000	\$ 102,154	\$ 6,846
Animal shelter	230,007	253,961	232,649	21,312
Medical examiner	600	600	900	(300)
Emergency services	1,195,982	1,195,982	1,018,306	177,676
Total other protection	\$ 1,529,333	\$ 1,559,543	\$ 1,354,009	\$ 205,534
Total public safety	\$ 10,694,416	\$ 11,413,750	\$ 10,781,294	\$ 632,456
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 858,134	\$ 883,059	\$ 776,499	\$ 106,560
Refuse disposal	1,603,876	1,849,880	1,221,449	628,431
Total sanitation and waste removal	\$ 2,462,010	\$ 2,732,939	\$ 1,997,948	\$ 734,991
Maintenance of general buildings and grounds:				
General properties	\$ 980,058	\$ 1,011,933	\$ 981,745	\$ 30,188
Total public works	\$ 3,442,068	\$ 3,744,872	\$ 2,979,693	\$ 765,179
Health and welfare:				
Health:				
Supplement of local health department	\$ 288,760	\$ 288,760	\$ 288,760	\$ -
Mental health and mental retardation:				
Administration	\$ 229,187	\$ 229,187	\$ 229,187	\$ -
Total mental health and mental retardation	\$ 229,187	\$ 229,187	\$ 229,187	\$ -
Welfare:				
Welfare administration	\$ 3,022,000	\$ 3,022,000	\$ 3,395,962	\$ (373,962)
ARRA stimulus welfare assistance	-	-	-	-
Comprehensive services act	2,664,350	2,664,350	2,484,767	179,583
State and local hospitalization	20,250	20,250	-	20,250
Area Agency on Aging	83,000	83,000	83,000	-
Tax relief for the elderly	-	-	132,678	(132,678)
Operation county/farm home	55,200	55,200	53,597	1,603
Other local health and welfare organizations	40,000	40,000	40,000	-
Total welfare	\$ 5,884,800	\$ 5,884,800	\$ 6,190,004	\$ (305,204)
Total health and welfare	\$ 6,402,747	\$ 6,402,747	\$ 6,707,951	\$ (305,204)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 37,464	\$ 37,464	\$ 37,464	\$ -
Purchase of school assets	-	-	-	-
Contribution to County School Board	20,966,197	21,409,196	20,710,200	698,996
Seven Bends student center	465,000	465,000	450,286	14,714
Total education	\$ 21,468,661	\$ 21,911,660	\$ 21,197,950	\$ 713,710
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 767,666	\$ 878,687	\$ 759,006	\$ 119,681
Cultural enrichment:				
Operation of television translators	\$ 24,000	\$ 24,000	\$ 21,106	\$ 2,894
Contributions to community programs	6,250	6,250	6,250	-
Total cultural enrichment	\$ 30,250	\$ 30,250	\$ 27,356	\$ 2,894
Library:				
Contribution to County Library	\$ 634,233	\$ 634,233	\$ 573,812	\$ 60,421
Total parks, recreation, and cultural	\$ 1,432,149	\$ 1,543,170	\$ 1,360,174	\$ 182,996
Community development:				
Planning and community development:				
Community development	\$ 325,639	\$ 349,125	\$ 292,670	\$ 56,455
Economic development	130,258	130,258	103,882	26,376
Tourism	157,849	161,379	149,229	12,150
Litter Control	-	17,310	17,702	(392)
Total planning and community development	\$ 613,746	\$ 658,072	\$ 563,483	\$ 94,589
Environmental management:				
Soil and water conservation district	\$ 15,000	\$ 224,682	\$ 225,296	\$ (614)
Gypsy moth	3,800	3,800	-	3,800
Total environmental management	\$ 18,800	\$ 228,482	\$ 225,296	\$ 3,186
Cooperative extension program:				
Extension office	\$ 132,800	\$ 166,991	\$ 142,077	\$ 24,914
Total community development	\$ 765,346	\$ 1,053,545	\$ 930,856	\$ 122,689
Nondepartmental:				
Judgments and Settlements	\$ 500	\$ 1,260	\$ 225	\$ 1,035
Revenue Refunds	13,600	13,650	6,169	7,481
Miscellaneous	302,550	186,543	8,765	177,778
Total nondepartmental	\$ 316,650	\$ 201,453	\$ 15,159	\$ 186,294
Capital projects:				
Other capital projects	\$ 605,086	\$ 1,100,052	\$ 788,803	\$ 311,249
Total capital projects	\$ 605,086	\$ 1,100,052	\$ 788,803	\$ 311,249
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,561,739	\$ (1,561,739)
Interest and other fiscal charges	-	-	189,383	(189,383)
Total debt service	\$ -	\$ -	\$ 1,751,122	\$ (1,751,122)
Total General Fund	\$ 49,117,000	\$ 51,417,627	\$ 50,321,550	\$ 1,096,077
Special Revenue Fund:				
Parks and Recreation Fund				
Parks, recreation, and cultural:				
Parks and recreation:				
Other parks and recreation	\$ -	\$ -	\$ 109,140	\$ (109,140)
Total Parks and Recreation Fund	\$ -	\$ -	\$ 109,140	\$ (109,140)
Landfill Contingency Fund				
Public works:				
Sanitation and waste removal:				
Other sanitation and waste removal	\$ -	\$ -	\$ 3,656	\$ (3,656)
Total sanitation and waste removal	-	-	3,656	(3,656)
Total public works	-	-	3,656	(3,656)
Total Landfill Contingency Fund	\$ -	\$ -	\$ 3,656	\$ (3,656)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
County Debt Service Fund				
Debt service:				
Principal retirement	\$ 2,693,031	\$ 2,693,031	\$ 2,828,438	\$ (135,407)
Interest and other fiscal charges	1,162,400	1,162,400	2,642,369	(1,479,969)
Total County Debt Service Fund	<u>\$ 3,855,431</u>	<u>\$ 3,855,431</u>	<u>\$ 5,470,807</u>	<u>\$ (1,615,376)</u>
Capital Projects Funds:				
County Capital Projects Fund				
Capital projects expenditures:				
Construction of courthouse building	\$ -	\$ 6,457,687	\$ 6,374,888	\$ 82,799
Construction of health services building	-	1,990,253	1,566,023	424,230
Law enforcement records management upgrade	-	246,121	11,900	234,221
School performance contract project	-	7,302,996	1,933,452	5,369,544
Other	483,982	747,824	89,554	658,270
Total County Capital Projects Fund	<u>\$ 483,982</u>	<u>\$ 16,744,881</u>	<u>\$ 9,975,817</u>	<u>\$ 6,769,064</u>
Debt service:				
Bond issuance costs	\$ -	\$ -	\$ 101,209	\$ (101,209)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,209</u>	<u>\$ (101,209)</u>
Total Capital Projects Fund	<u>\$ 483,982</u>	<u>\$ 16,744,881</u>	<u>\$ 10,077,026</u>	<u>\$ 6,667,855</u>
Total Primary Government	<u>\$ 53,456,413</u>	<u>\$ 72,017,939</u>	<u>\$ 65,982,179</u>	<u>\$ 6,136,969</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instructional	\$ 40,938,889	\$ 42,827,902	\$ 41,504,185	\$ 1,323,717
Operating costs:				
Attendance and health services	1,927,795	2,098,526	2,166,888	(68,362)
Pupil transportation	3,544,027	3,857,895	3,554,386	303,509
Operation and maintenance of school plant	5,711,892	6,217,752	5,788,579	429,173
Electronic technology	964,522	964,522	959,828	4,694
Total operating costs	<u>\$ 12,148,236</u>	<u>\$ 13,138,695</u>	<u>\$ 12,469,681</u>	<u>\$ 669,014</u>
Total School Fund	<u>\$ 53,087,125</u>	<u>\$ 55,966,597</u>	<u>\$ 53,973,866</u>	<u>\$ 1,992,731</u>
Cafeteria Fund:				
Education:				
School food services:				
School cafeteria	\$ 2,461,334	\$ 2,461,334	\$ 2,166,105	\$ 295,229
Total school cafeteria fund	<u>\$ 2,461,334</u>	<u>\$ 2,461,334</u>	<u>\$ 2,166,105</u>	<u>\$ 295,229</u>
Total Discretely Presented Component Unit School Board	<u>\$ 55,548,459</u>	<u>\$ 58,427,931</u>	<u>\$ 56,139,971</u>	<u>\$ 2,287,960</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-6
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the county's ability to generate its property and sales taxes.	7-10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	11-13
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	14-15
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	16-18
Sources:	

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2002; tables presenting government-wide information include information beginning in that year.

COUNTY OF SHENANDOAH, VIRGINIA

Net Assets by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,186,672	\$ 3,688,408	\$ 4,609,604	\$ 3,255,224
Restricted	438,819	1,028,049	1,102,692	297,723
Unrestricted	13,293,541	11,764,606	12,588,808	15,249,305
Total governmental activities net assets	<u>\$ 15,919,032</u>	<u>\$ 16,481,063</u>	<u>\$ 18,301,104</u>	<u>\$ 18,802,252</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 1,913,864	\$ 2,100,240	\$ 1,879,649	\$ 1,750,860
Restricted				-
Unrestricted	2,156,113	1,301,787	1,489,086	1,686,078
Total business-type activities net assets	<u>\$ 4,069,977</u>	<u>\$ 3,402,027</u>	<u>\$ 3,368,735</u>	<u>\$ 3,436,938</u>
Primary government				
Invested in capital assets, net of related debt	\$ 4,100,536	\$ 5,788,648	\$ 6,489,253	\$ 5,006,084
Restricted	438,819	1,028,049	1,102,692	297,723
Unrestricted	15,449,654	13,066,393	14,077,894	16,935,383
Total primary government net assets	<u>\$ 19,989,009</u>	<u>\$ 19,883,090</u>	<u>\$ 21,669,839</u>	<u>\$ 22,239,190</u>

Table 1

2006	2007	2008	2009	2010	2011
\$ 3,371,945	\$ 1,529,687	\$ 821,843	\$ 3,525,823	\$ 4,902,912	\$ 3,331,416
-	-	-	315,168	315,168	4,372,985
14,777,373	18,280,691	17,099,923	8,482,928	5,193,805	5,091,476
<u>\$ 18,149,318</u>	<u>\$ 19,810,378</u>	<u>\$ 17,921,766</u>	<u>\$ 12,323,919</u>	<u>\$ 10,411,885</u>	<u>\$ 12,795,877</u>
\$ 1,789,103	\$ 1,926,523	\$ 2,382,773	\$ 2,686,610	\$ 3,093,376	\$ 3,633,593
-	-	-	59,736	-	-
2,600,107	2,500,097	2,308,568	1,818,107	1,415,311	1,436,310
<u>\$ 4,389,210</u>	<u>\$ 4,426,620</u>	<u>\$ 4,691,341</u>	<u>\$ 4,564,453</u>	<u>\$ 4,508,687</u>	<u>\$ 5,069,903</u>
\$ 5,161,048	\$ 3,456,210	\$ 3,204,616	\$ 6,212,433	\$ 7,996,288	\$ 6,965,009
-	-	-	374,904	315,168	4,372,985
17,377,480	20,780,788	19,408,491	10,301,035	6,609,116	6,527,786
<u>\$ 22,538,528</u>	<u>\$ 24,236,998</u>	<u>\$ 22,613,107</u>	<u>\$ 16,888,372</u>	<u>\$ 14,920,572</u>	<u>\$ 17,865,780</u>

COUNTY OF SHENANDOAH, VIRGINIA

Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	\$ 1,666,497	\$ 1,770,226	\$ 1,741,576	\$ 2,917,362
Judicial administration	739,201	786,276	799,294	1,058,088
Public safety	5,668,543	6,045,794	5,861,236	7,403,358
Public works	3,175,845	2,970,615	2,843,559	3,942,182
Health and welfare	4,661,697	4,242,981	4,208,464	4,785,076
Education	18,205,408	17,922,501	21,507,343	21,462,122
Parks, recreation and cultural	815,596	1,322,323	1,148,548	1,188,198
Community development	695,869	817,807	1,351,464	739,321
Interest on long-term debt	1,665,385	2,769,712	2,402,577	2,454,129
Total governmental activities expenses	\$ 37,294,041	\$ 38,648,235	\$ 41,864,061	\$ 45,949,836
Business-type activities:				
Water	\$ 1,859,446	\$ 1,953,426	\$ 1,889,563	\$ 1,893,887
Total business-type activities expenses	\$ 1,859,446	\$ 1,953,426	\$ 1,889,563	\$ 1,893,887
Total primary government expenses	\$ 39,153,487	\$ 40,601,661	\$ 43,753,624	\$ 47,843,723
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 53,994	\$ 1,402	\$ -	\$ 61,594
Judicial administration	136,725	172,362	228,295	268,852
Public safety	330,994	181,395	165,957	120,217
Public works	831,017	630,831	735,973	1,097,117
Education	-	272,987	-	350,951
Parks, recreation and cultural	348,031	265,179	580,416	283,514
Community development	-	-	557,517	617,033
Operating grants and contributions	6,293,304	6,023,034	6,147,614	7,132,330
Capital grants and contributions	-	958,805	-	245,994
Total governmental activities program revenues	\$ 7,994,065	\$ 8,505,995	\$ 8,415,772	\$ 10,177,602
Business-type activities:				
Charges for services:				
Water	\$ 1,037,555	\$ 925,535	\$ 1,026,441	\$ 1,134,249
Capital grants and contributions	-	176,457	306,000	221,250
Total business-type activities program revenues	\$ 1,037,555	\$ 1,101,992	\$ 1,332,441	\$ 1,355,499
Total primary government program revenues	\$ 9,031,620	\$ 9,607,987	\$ 9,748,213	\$ 11,533,101
Net (expense) / revenue				
Governmental activities	\$ (29,299,976)	\$ (30,142,240)	\$ (33,448,289)	\$ (35,772,234)
Business-type activities	(821,891)	(851,434)	(557,122)	(538,388)
Total primary government net expense	\$ (30,121,867)	\$ (30,993,674)	\$ (34,005,411)	\$ (36,310,622)

Table 2

2006	2007	2008	2009	2010	2011
\$ 2,321,080	\$ 2,421,199	\$ 2,359,284	\$ 2,817,148	\$ 2,694,098	\$ 2,402,794
1,375,534	1,384,331	1,797,846	1,686,886	1,563,538	1,794,214
8,546,482	9,493,390	10,872,246	11,121,538	11,327,324	11,247,826
4,040,447	4,893,094	6,661,832	5,686,960	3,669,994	4,836,959
6,188,101	6,588,118	6,589,034	6,331,863	6,147,406	6,728,853
21,717,115	21,503,186	22,671,491	27,122,413	24,147,779	24,476,243
1,424,007	1,440,098	1,992,628	1,465,416	1,820,175	1,487,353
772,629	1,251,165	883,431	1,151,216	965,207	1,606,664
2,401,070	2,176,372	2,017,426	2,003,040	2,152,971	2,728,110
<u>\$ 48,786,465</u>	<u>\$ 51,150,953</u>	<u>\$ 55,845,218</u>	<u>\$ 59,386,480</u>	<u>\$ 54,488,492</u>	<u>\$ 57,309,016</u>
<u>\$ 1,939,384</u>	<u>\$ 2,201,825</u>	<u>\$ 2,439,706</u>	<u>\$ 2,600,989</u>	<u>\$ 2,354,749</u>	<u>\$ 2,297,808</u>
<u>\$ 1,939,384</u>	<u>\$ 2,201,825</u>	<u>\$ 2,439,706</u>	<u>\$ 2,600,989</u>	<u>\$ 2,354,749</u>	<u>\$ 2,297,808</u>
<u>\$ 50,725,849</u>	<u>\$ 53,352,778</u>	<u>\$ 58,284,924</u>	<u>\$ 61,987,469</u>	<u>\$ 56,843,241</u>	<u>\$ 59,606,824</u>
\$ 16,334	\$ 6,174	\$ 524	\$ 48,746	\$ 23,382	\$ 32,530
364,093	340,234	308,142	315,354	269,943	292,908
113,108	93,359	123,461	122,117	122,681	78,043
1,254,582	1,207,667	1,195,032	1,075,280	1,005,193	1,070,662
-	486,364	494,698	522,635	469,308	465,158
752,049	290,833	320,960	357,904	534,855	481,901
620,580	509,206	477,440	353,584	340,486	330,143
8,548,607	8,604,101	8,803,623	9,364,373	8,116,656	8,500,571
-	-	-	-	-	3,996,634
<u>\$ 11,669,353</u>	<u>\$ 11,537,938</u>	<u>\$ 11,723,880</u>	<u>\$ 12,159,993</u>	<u>\$ 10,882,504</u>	<u>\$ 15,248,550</u>
\$ 1,152,365	\$ 1,339,808	\$ 1,414,774	\$ 1,468,721	\$ 1,446,521	\$ 1,555,987
1,081,559	207,745	563,500	307,694	175,383	239,000
<u>\$ 2,233,924</u>	<u>\$ 1,547,553</u>	<u>\$ 1,978,274</u>	<u>\$ 1,776,415</u>	<u>\$ 1,621,904</u>	<u>\$ 1,794,987</u>
<u>\$ 13,903,277</u>	<u>\$ 13,085,491</u>	<u>\$ 13,702,154</u>	<u>\$ 13,936,408</u>	<u>\$ 12,504,408</u>	<u>\$ 17,043,537</u>
\$ (37,117,112)	\$ (39,613,015)	\$ (44,121,338)	\$ (47,226,487)	\$ (43,605,988)	\$ (42,060,466)
294,540	(654,272)	(461,432)	(824,574)	(732,845)	(502,821)
<u>\$ (36,822,572)</u>	<u>\$ (40,267,287)</u>	<u>\$ (44,582,770)</u>	<u>\$ (48,051,061)</u>	<u>\$ (44,338,833)</u>	<u>\$ (42,563,287)</u>

COUNTY OF SHENANDOAH, VIRGINIA

Changes in Net Assets
Last Ten Fiscal Years (continued)
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 19,117,549	\$ 21,609,837	\$ 25,274,257	\$ 25,056,214
Local sales and use taxes	-	-	2,659,256	2,932,417
Taxes on recordation and wills	-	-	-	688,517
Motor vehicle licenses taxes	-	-	632,909	654,599
Consumer utility taxes	-	-	1,309,116	1,393,268
Business licenses taxes	396,080	425,428	-	-
Other local taxes	4,822,930	4,968,983	396,294	625,906
Unrestricted grants and contributions	3,478,658	3,771,070	4,082,118	346,074
Unrestricted revenues from use of money and property	1,034,772	765,176	-	605,028
Miscellaneous	445,322	821,197	420,487	3,911,179
Transfers	-	-	493,893	-
Total governmental activities	\$ 29,295,311	\$ 32,361,691	\$ 35,268,330	\$ 36,213,202
Business-type activities:				
Property taxes	\$ 435,616	\$ 439,896	\$ 455,465	\$ 471,482
Unrestricted grants and contributions	-	-	-	-
Unrestricted revenues from use of money and property	42,639	46,538	14,844	29,156
Miscellaneous	141,973	67,246	68,685	105,953
Transfers	-	-	-	-
Total business-type activities	\$ 620,228	\$ 553,680	\$ 538,994	\$ 606,591
Total primary government	\$ 29,915,539	\$ 32,915,371	\$ 35,807,324	\$ 36,819,793
Change in Net Assets				
Governmental activities	\$ (4,665)	\$ 2,219,451	\$ 1,820,041	\$ 440,968
Business-type activities	(201,663)	(297,754)	(18,128)	68,203
Total primary government	\$ (206,328)	\$ 1,921,697	\$ 1,801,913	\$ 509,171

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

Table 2

	2006	2007	2008	2009	2010	2011
\$	24,042,683	\$ 29,257,624	\$ 29,220,882	\$ 30,598,287	\$ 31,119,938	\$ 31,699,815
	3,231,113	3,113,379	3,238,398	3,313,542	2,909,578	3,048,872
	989,849	801,128	477,500	322,715	325,862	298,353
	669,047	891,116	552,815	795,000	815,279	857,901
	1,385,736	1,718,438	2,100,986	1,960,982	1,995,591	1,994,437
	-	-	-	-	-	-
	736,144	80,565	81,334	132,608	107,777	147,423
	4,206,588	4,307,511	4,626,255	3,876,482	3,842,578	3,791,210
	639,621	916,709	776,679	326,895	121,661	133,941
	563,397	187,605	324,047	302,129	455,690	2,816,283
	-	-	-	-	-	(343,777)
\$	<u>36,464,178</u>	<u>\$ 41,274,075</u>	<u>\$ 41,398,896</u>	<u>\$ 41,628,640</u>	<u>\$ 41,693,954</u>	<u>\$ 44,444,458</u>
\$	478,659	\$ 470,393	\$ 505,237	\$ 522,155	\$ 541,459	\$ 561,634
	29,118	5,143	8,852	-	-	-
	72,922	84,725	106,304	39,957	21,019	19,004
	77,033	131,421	105,760	116,020	114,601	139,622
	-	-	-	-	-	343,777
\$	<u>657,732</u>	<u>\$ 691,682</u>	<u>\$ 726,153</u>	<u>\$ 678,132</u>	<u>\$ 677,079</u>	<u>\$ 1,064,037</u>
\$	<u>37,121,910</u>	<u>\$ 41,965,757</u>	<u>\$ 42,125,049</u>	<u>\$ 42,306,772</u>	<u>\$ 42,371,033</u>	<u>\$ 45,508,495</u>
\$	(652,934)	\$ 1,661,060	\$ (2,722,442)	\$ (5,597,847)	\$ (1,912,034)	\$ 2,383,992
	952,272	37,410	264,721	(146,442)	(55,766)	561,216
\$	<u>299,338</u>	<u>\$ 1,698,470</u>	<u>\$ (2,457,721)</u>	<u>\$ (5,744,289)</u>	<u>\$ (1,967,800)</u>	<u>\$ 2,945,208</u>

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Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Total
2011 \$	31,699,815 \$	3,048,872 \$	1,994,437 \$	857,901 \$	298,353 \$	37,899,378
2010	31,119,938	2,909,578	1,995,591	815,279	325,862	37,166,248
2009	30,598,287	3,313,542	1,960,982	795,000	322,715	36,990,526
2008	29,220,882	3,238,398	2,100,986	552,815	477,500	35,590,581
2007	29,257,624	3,113,379	1,718,438	891,116	316,013	35,296,570
2006	24,042,683	3,231,113	1,385,736	669,047	989,849	30,318,428
2005	25,056,214	2,932,417	1,393,268	654,599	688,517	30,725,015
2004	25,274,257	2,659,256	1,309,116	632,909	302,809	30,178,347
2003	21,609,837	2,353,942	1,186,854	612,192	251,324	26,014,149
2002	19,117,549	2,313,186	1,137,332	608,252	190,748	23,367,067

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34.

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COUNTY OF SHENANDOAH, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2002	2003	2004	2005
General fund				
Reserved	\$ 260,062	\$ 285,157	\$ 297,723	\$ 297,723
Unreserved	8,720,294	8,939,919	11,318,949	10,546,157
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ <u>8,980,356</u>	\$ <u>9,225,076</u>	\$ <u>11,616,672</u>	\$ <u>10,843,880</u>
All other governmental funds				
Reserved				
Unreserved, reported in:				
Special revenue funds	\$ 418,672	\$ 361,052	\$ 362,716	\$ 364,499
Capital projects funds	32,836,334	13,876,333	6,317,009	8,139,801
Restricted, reported in:				
Capital projects funds	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Total all other governmental funds	\$ <u>33,255,006</u>	\$ <u>14,237,385</u>	\$ <u>6,679,725</u>	\$ <u>8,504,300</u>

Note: The County implemented GASB Statement 54 beginning with fiscal year 2011-see Note 1 in the Notes to Basic Financial Statements section of the report.

Table 4

2006	2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ -	-
13,596,381	16,656,188	16,823,568	11,621,797	10,747,591	-
-	-	-	-	-	42,362
-	-	-	-	-	4,372,985
-	-	-	-	-	1,132,855
-	-	-	-	-	9,686,116
<u>\$ 13,596,381</u>	<u>\$ 16,656,188</u>	<u>\$ 16,823,568</u>	<u>\$ 11,621,797</u>	<u>\$ 10,747,591</u>	<u>\$ 15,234,318</u>
\$ 415,682	\$ 464,264	\$ 513,479	\$ 641,844	\$ 566,016	-
8,475,802	7,972,658	8,452,910	8,895,067	18,156,955	-
-	-	-	-	-	8,653,713
-	-	-	-	-	6,918,627
-	-	-	-	-	576,406
<u>\$ 8,891,484</u>	<u>\$ 8,436,922</u>	<u>\$ 8,966,389</u>	<u>\$ 9,536,911</u>	<u>\$ 18,722,971</u>	<u>\$ 16,148,746</u>

COUNTY OF SHENANDOAH, VIRGINIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005
Revenues				
General property taxes	\$ 19,448,949	\$ 21,632,067	\$ 22,854,991	\$ 24,302,925
Other local taxes	4,822,930	4,968,983	5,491,468	6,294,707
Permits, privilege fees and regulatory licenses	396,080	425,428	570,027	630,162
Fines and forfeitures	27,955	15,748	16,133	24,471
Revenue from use of money and property	1,032,347	764,492	171,392	345,895
Charges for services	1,409,235	1,508,408	1,681,998	2,144,610
Miscellaneous	445,322	439,657	420,487	605,028
Recovered costs	263,571	381,540	421,674	65,635
Intergovernmental:	292,109	910,664		245,994
Commonwealth	8,114,456	8,136,659	8,237,692	9,108,772
Federal	1,365,397	1,705,586	1,820,460	1,934,737
Total revenues	\$ 37,618,351	\$ 40,889,232	\$ 41,686,322	\$ 45,702,936
Expenditures				
General government administration	\$ 1,465,061	\$ 1,480,225	\$ 1,656,620	\$ 2,261,209
Judicial administration	715,975	770,440	827,829	973,663
Public safety	5,252,335	5,705,453	5,944,785	7,333,883
Public works	2,988,144	3,232,730	2,137,903	2,631,585
Health and welfare	4,564,051	4,201,767	4,281,709	4,780,944
Education	15,734,857	15,706,220	16,589,838	18,656,116
Parks, recreation and cultural	774,870	1,226,583	1,128,982	1,164,205
Community development	678,246	675,846	678,719	695,742
Nondepartmental	-	-	35,448	-
Capital projects	1,430,437	26,055,620	7,969,350	1,791,873
Debt service				
Principal	2,847,397	2,734,454	3,511,264	8,313,719
Interest and other fiscal charges	1,520,019	2,237,767	2,539,366	2,406,655
Total expenditures	\$ 37,971,392	\$ 64,027,105	\$ 47,301,813	\$ 51,009,594
Excess of revenues over (under) expenditures	\$ (353,041)	\$ (23,137,873)	\$ (5,615,491)	\$ (5,306,658)
Other financing sources (uses)				
Transfers in	\$ 3,832,776	\$ 4,367,901	\$ 5,377,362	\$ 7,613,071
Transfers out	(4,901,236)	(5,110,401)	(5,476,428)	(6,814,173)
Refunding bonds issued	-	-	548,493	4,130,808
Bonds issued	25,976,018	5,107,472	-	-
Premium on bonds issued	-	-	-	300,424
Capital leases	93,888	-	-	1,128,311
Notes Payable	-	-	-	-
Total other financing sources (uses)	\$ 25,001,446	\$ 4,364,972	\$ 449,427	\$ 6,358,441
Net change in fund balances	\$ 24,648,405	\$ (18,772,901)	\$ (5,166,064)	\$ 1,051,783
Debt service as a percentage of noncapital expenditures	11.50%	7.77%	12.79%	21.02%

Table 5

2006	2007	2008	2009	2010	2011
\$ 26,044,683	\$ 29,159,806	\$ 29,555,714	\$ 30,532,857	\$ 30,805,595	\$ 31,744,361
7,011,889	6,920,639	6,451,033	6,524,847	6,154,087	6,346,986
633,654	509,206	550,482	353,584	340,486	330,143
29,025	40,655	45,425	91,857	114,651	107,215
639,621	916,709	776,679	326,895	121,661	133,941
2,458,067	2,383,976	2,423,291	2,350,179	2,310,711	2,313,987
506,425	640,321	345,555	302,129	455,690	2,334,514
123,625	741,736	497,325	276,908	312,420	482,269
-	-	-	-	-	-
10,210,743	10,155,332	10,647,989	10,031,639	10,126,436	10,387,854
2,544,452	2,440,267	2,185,623	3,209,216	1,832,798	5,900,561
\$ 50,202,184	\$ 53,908,647	\$ 53,479,116	\$ 54,000,111	\$ 52,574,535	\$ 60,081,831
\$ 2,218,412	\$ 2,418,823	\$ 2,401,055	\$ 2,853,762	\$ 2,637,070	\$ 2,228,906
1,335,854	1,379,827	1,709,822	1,677,491	1,553,936	1,579,642
8,535,147	9,564,087	11,211,113	10,726,741	10,965,435	10,781,294
2,871,704	4,110,671	3,598,286	2,920,804	2,686,143	2,983,349
6,178,127	6,868,977	6,560,503	6,320,719	6,127,943	6,707,951
18,015,034	17,660,412	19,535,900	23,088,598	21,303,551	21,197,950
1,288,881	1,374,490	1,553,319	1,717,606	1,780,076	1,469,314
755,914	718,688	878,681	860,309	965,488	930,856
16,045	30,000	59,500	35,596	196,308	15,159
294,520	2,177,928	4,016,683	4,021,266	7,338,539	10,764,620
3,648,503	3,752,580	3,958,168	4,024,084	4,430,936	4,390,177
2,483,157	2,279,406	2,105,512	2,093,305	1,875,209	2,932,961
\$ 47,641,298	\$ 52,335,889	\$ 57,588,542	\$ 60,340,281	\$ 61,860,634	\$ 65,982,179
\$ 2,560,886	\$ 1,572,758	\$ (4,109,426)	\$ (6,340,170)	\$ (9,286,099)	\$ (5,900,348)
\$ 5,861,463	\$ 5,410,369	\$ 6,266,659	\$ 6,688,843	\$ 6,078,976	\$ 3,874,348
(5,861,463)	(5,410,369)	(6,266,659)	(6,688,843)	(6,078,976)	(3,874,348)
-	-	-	-	-	-
-	313,653	2,329,416	1,356,931	15,760,000	7,435,000
-	-	-	-	723,003	-
578,799	718,834	1,643,027	351,990	452,301	377,850
-	-	-	-	662,649	-
\$ 578,799	\$ 1,032,487	\$ 3,972,443	\$ 1,708,921	\$ 17,597,953	\$ 7,812,850
\$ 3,139,685	\$ 2,605,245	\$ (136,983)	\$ (4,631,249)	\$ 8,311,854	\$ 1,912,502
12.87%	11.53%	10.53%	10.14%	10.19%	11.10%

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General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Total
2011 \$	31,744,361	\$ 3,048,872	\$ 1,994,437	\$ 857,901	\$ 298,353	\$ 37,943,924
2010	30,805,595	2,909,578	1,248,883	815,279	325,862	36,105,197
2009	30,532,857	3,313,542	1,243,628	795,000	322,715	36,207,742
2008	29,555,714	3,238,398	1,368,894	552,815	477,500	35,193,321
2007	29,159,806	3,113,379	1,718,438	891,116	801,128	35,683,867
2006	26,044,683	3,231,113	1,385,736	669,047	989,849	32,320,428
2005	24,302,925	2,932,417	1,393,268	654,599	688,517	29,971,726
2004	22,854,991	2,659,256	1,309,116	632,909	302,809	27,759,081
2003	21,632,067	2,353,942	1,186,854	612,192	251,324	26,036,379
2002	19,378,949	2,313,186	1,137,332	608,252	190,748	23,628,467

COUNTY OF SHENANDOAH, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service (2)
2011 \$	4,403,310,900	\$ 357,328,471	\$ 4,360,059	\$ 78,202,016	\$ 44,439,756	\$ 200,723,875
2010	4,371,701,000	346,758,402	4,443,414	64,372,075	46,001,179	149,466,288
2009	3,921,886,100	372,121,056	5,469,665	60,505,707	48,726,763	122,679,339
2008	3,841,542,450	378,309,055	5,539,784	66,351,535	43,652,302	125,063,172
2007	3,715,824,650	356,334,022	5,523,101	73,317,081	38,950,950	110,806,557
2006	3,046,358,050	327,177,172	4,688,573	70,152,682	36,933,965	111,175,331
2005	2,394,494,850	289,239,613	3,803,521	72,596,435	35,081,578	135,353,194
2004	2,303,149,450	266,755,115	3,646,104	64,808,132	33,030,298	141,312,786
2003	2,236,281,050	257,846,693	3,490,305	54,636,621	32,246,533	133,911,993
2002	2,046,487,950	238,279,710	3,456,510	50,197,268	31,538,996	128,342,001

Source: Commissioner of Revenue

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

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

(3) Source: Virginia Department of Taxation.

Table 7

	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)
\$	5,088,365,077	\$ 5,278,387,009	96.40%
	4,982,742,358	5,363,554,745	92.90%
	4,531,388,630	5,594,306,951	81.00%
	4,460,458,298	6,335,878,264	70.40%
	4,300,756,361	5,948,487,360	72.30%
	3,596,485,773	4,689,029,691	76.70%
	2,930,569,191	3,220,405,704	91.00%
	2,812,701,885	3,569,418,636	78.80%
	2,718,413,195	3,179,430,637	85.50%
	2,498,302,435	2,646,506,817	94.40%

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2011	\$ 0.47	\$ 3.15	\$ 0.47	\$ 3.15	\$ 0.60
2010	0.47	3.15	0.47	3.15	0.60
2009	0.51	3.15	0.51	3.15	0.60
2008	0.51	2.86	0.51	2.86	0.60
2007	0.51	2.86	0.51	2.86	0.60
2006	0.51	2.86	0.51	2.86	0.60
2005	0.68	2.86	0.68	2.86	0.60
2004	0.68	2.86	0.68	2.86	0.60
2003	0.68	2.86	0.68	2.86	0.60
2002	0.64	2.86	0.64	2.86	0.60

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2011		Fiscal Year 2002	
		2011 Assessed Valuation	% of Total Assessed Valuation	2002 Assessed Valuation	% of Total Assessed Valuation
North Shenandoah Investors LLC	Mfg.	20,596,500	0.40%	-	0.00%
Art Mortgage Borrower Propco	Distribution	13,368,800	0.26%	-	0.00%
294 Front Royal LLC	Mfg.	10,718,600	0.21%	6,929,900	0.28%
Howell Metal Co	Mfg.	10,628,100	0.21%	5,254,400	0.21%
Lowes Home Centers Inc.	Retail	9,499,400	0.19%	-	0.00%
Wal-Mart Real Estate Business	Retail	9,269,000	0.18%	5,653,000	0.23%
Lora Cyberstar Data Servcies	Communicaitons	9,013,000	0.18%	-	0.00%
Bowman Apple Products	Mfg.	8,230,100	0.16%	7,616,800	0.30%
Masco Builder Cabinet Group	Mfg.	7,889,100	0.16%	-	0.00%
Spectrum I Woodstock LLC	Retail	6,804,900	0.13%	-	0.00%
Valley Fertilizer and Chemical Co	Retail	6,299,900	0.12%	-	0.00%
LH & H LLC	Hotel	6,014,300	0.12%	-	0.00%
Shree Ganesh Hospitality LLC	Hotel	5,516,500	0.11%	-	0.00%
		<u>123,848,200</u>		<u>25,454,100</u>	1.02%

Source: Commissioner of Revenue

Note: Only similar taxpayers among the comparable years are shown.

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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,2,3) Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011 \$	32,838,732 \$	29,867,700	90.95%	\$ -	29,867,700	90.95%
2010	31,762,302	28,815,151	90.72%	1,333,711	30,148,862	94.92%
2009	31,221,250	28,851,374	92.41%	1,324,520	30,175,894	96.65%
2008	29,698,692	28,304,547	95.31%	1,362,550	29,667,097	99.89%
2007	28,582,118	27,256,379	95.36%	1,335,410	28,591,789	100.03%
2006	26,146,589	24,565,050	93.95%	1,517,626	26,082,676	99.76%
2005	27,837,037	26,176,277	94.03%	942,508	27,118,785	97.42%
2004	26,365,764	25,093,089	95.17%	739,473	25,832,562	97.98%
2003	24,823,615	23,408,504	94.30%	1,058,700	24,467,204	98.56%
2002	22,432,158	20,967,625	93.47%	1,175,789	22,143,414	98.71%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Does not include PPTRA reimbursements from the Commonwealth of Virginia.

COUNTY OF SHENANDOAH, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Notes Payable
2011	\$ 50,367,176	\$ 3,145,000	\$ 3,972,674	\$ 1,060,237	\$ 2,284,811	\$ 1,379
2010	45,560,848	3,459,500	4,338,322	1,865,903	2,339,188	6,888
2009	31,999,361	3,774,000	4,044,912	2,341,443	2,591,701	11,721
2008	33,403,293	4,088,500	4,179,796	2,860,442	2,838,236	16,330
2007	33,817,733	4,420,500	4,315,597	2,020,718	3,066,198	20,450
2006	36,201,544	4,752,500	4,436,571	713,218	3,284,016	6,396
2005	38,882,819	5,084,500	4,607,040	1,963,352	3,502,335	9,763
2004	36,958,754	5,416,500	9,517,293	1,456,243	3,707,759	13,130
2003	39,445,196	5,748,500	9,622,744	1,518,922	4,153,473	-
2002	41,205,357	6,080,500	4,923,223	1,462,276	4,007,688	-

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics - Table 14

Table 11

Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 46,585	\$ 60,877,862	4.58%	\$ 1,484
53,284	57,623,933	4.34%	1,406
71,135	44,834,273	3.38%	1,094
97,343	47,483,940	3.67%	1,150
-	47,661,196	3.91%	1,190
-	49,394,245	4.06%	1,233
-	54,049,809	4.77%	1,387
-	57,069,679	5.42%	1,505
-	60,488,835	6.24%	1,632
-	57,679,044	6.18%	1,586

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2011	\$ 55,796,987	\$ -	\$ 55,796,987	1.10%	\$ 1,360
2010	53,358,670	-	53,358,670	1.07%	1,302
2009	39,818,273	-	39,818,273	0.88%	970
2008	41,671,589	-	41,671,589	0.93%	1,009
2007	40,330,029	-	40,330,029	0.94%	994
2006	44,238,060	-	44,238,060	1.23%	1,104
2005	47,469,654	-	47,469,654	1.62%	1,219
2004	46,083,013	-	46,083,013	1.64%	1,215
2003	49,347,169	-	49,347,169	1.82%	1,331
2002	51,293,545	-	51,293,545	2.05%	1,410

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water and Sewer Revenue Bonds											
Fiscal Year	Water/Sewer		Less:		Net		Coverage				
	Charges and Other	Operating Expenses	Available Revenue	Debt Service							
				Principal	Interest						
2011	\$	2,276,247	\$	1,863,237	\$	413,010	\$	333,801	\$	102,950	94.56%
2010		2,121,710		1,925,427		196,283		284,415		116,742	48.93%
2009		2,147,619		2,149,861		(2,242)		273,088		126,785	-0.56%
2008		2,132,075		2,040,483		91,592		267,462		147,282	22.08%
2007		2,026,347		1,824,398		201,949		245,747		152,228	50.74%
2006		1,780,979		1,568,728		212,251		245,000		154,936	53.07%
2005		1,740,840		1,511,547		229,293		217,192		161,578	60.54%
2004		1,565,435		1,461,209		104,226		475,288		212,992	15.14%
2003		1,479,215		1,427,956		51,259		170,890		226,207	12.91%
2002		1,657,783		1,285,862		371,921		163,748		217,603	97.53%

Note: Water/Sewer charges and other include property taxes and investment earnings but not capital contributions.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	41,993	\$ 1,309,757,000	\$ 31,917	42.2	6,184	6.60%
2010	41,036	1,328,335,320	32,370	40.9	6,184	8.80%
2009	40,984	1,326,652,080	32,370	40.9	6,244	5.50%
2008	40,589	1,294,383,210	31,890	40.9	6,155	3.20%
2007	40,060	1,217,984,240	30,404	40.9	6,107	2.70%
2006	38,956	1,133,230,040	29,090	40.9	6,056	2.80%
2005	37,931	1,052,623,181	27,751	40.9	5,864	3.10%
2004	37,064	969,001,216	26,144	40.9	5,778	3.80%
2003	36,377	934,052,229	25,677	40.9	5,681	3.00%
2002	35,767	898,037,836	25,108	40.9	5,571	2.40%

Source: Weldon Cooper Center, <http://www.bea.gov/regional/reis/drill.cfm>
U.S. Census Bureau

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2011			Fiscal Year 2002		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Shenandoah County School Board	1000+	1	7.63%	1000+	1	6.94%
George's Chicken	500 to 999	2	5.72%	500 to 999	2	5.21%
R.R. Donnelley and Sons Company	500 to 999	3	5.72%	500 to 999	4	5.21%
IAC Strasburg LLC	250 to 499	4	2.86%	500 to 999	3	5.21%
County of Shenandoah	250 to 499	5	2.86%	100 to 249	10	1.22%
Valley Health System	250 to 499	6	2.86%	250 to 499	6	2.60%
Howell Metal Company	250 to 499	7	2.86%	250 to 499	7	2.60%
Bowman Apple Products	250 to 499	8	2.86%	100 to 249	11	1.22%
Shentel Management Company	250 to 499	9	2.86%	100 to 249	15	1.22%
Wal Mart	250 to 499	10	2.86%	250 to 499	8	2.60%

Source: Individual county departments

<http://velma.virtuallmi.com/analyzer/session/session.asp?cat=IND>

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	23	23	24	27	27	27	27	27	25	22
Judicial administration	17	17	17	19	22	22	22	20	21	21
Public safety										
Sheriffs department	57	60	57	64	65	67	72	67	70	70
Fire & rescue	3	5	5	5	21	25	33	33	32	33
Building inspections	8	8	9	9	9	10	10	8	7	7
Animal control	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance	1	0	3	4	4	5	5	5	7	7
Landfill	20	18	18	17	21	20	21	20	20	20
Engineering	0	0	0	0	0	0	0	0	0	0
Health and welfare										
Department of social services	34	34	33	33	36	33	36	34	35	35
Culture and recreation										
Parks and recreation	7	7	5	4	5	5	4	6	5	4
Museum	0	0	0	0	0	0	0	0	0	0
Library	8	7	6	7	7	7	7	7	5	6
Community development										
Planning	5	5	4	4	4	4	5	5	5	4
Totals	185	186	183	195	223	227	244	234	234	231

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/Arrests	1936	1649	1711	1951	2237	2003	2115	3222	2800	2200
Civil papers	10333	9553	11107	10422	10924	9654	9918	10479	9269	9163
Fire and rescue:										
Number of calls answered *	5488	5546	5538	5779	4794	6253	6520	9967	9998	10303
Building inspections:										
Permits issued	470	457	589	585	506	196	113	120	127	88
Animal control:										
Number of calls answered	-	773	1792	1741	1836	1834	1933	2102	1636	1544
Public works										
General maintenance:										
Trucks/vehicles	1	1	2	3	3	3	3	4	6	6
Landfill:										
Refuse collected (tons/day)	125.6	121.9	157.1	161.1	158.0	178.0	148	135	130	133
Recycling (tons/day)	10.1	9.2	7.8	11.6	13.9	13.5	7.0	6.1	7.5	9.0
Health and welfare										
Department of Social Services:										
Caseload	-	2535	3187	3666	3876	3950	4016	5141	5780	5998
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	-	-	1416	1641	1310	1350	1300	1571	2059	1557
Youth sports participants	-	-	-	925	2660	2400	1827	1606	1430	1577
Community development										
Planning:										
Zoning permits issued	529	675	748	689	721	663	608	434	303	312
Component Unit - School Board										
Education:										
School age population	5681	5827	5954	6153	6107	6155	6224	6184	6106	6094
Number of teachers	452	454	464	456	483	499	512	529	501	496
Local expenditures per pupil	3052	2927	2941	3733	3913	3430	3486	3509	3433	3440

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	3	3	4	4	4	2	2
Public safety										
Sheriffs department:										
Patrol units	42	42	45	45	45	47	49	50	47	47
Other vehicles										
Building inspections:										
Vehicles	5	5	6	6	6	6	6	5	5	5
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	1	1	4	4	4	4	4	6	6	6
Landfill:										
Vehicles	18	19	19	19	21	21	21	21	14	14
Equipment	15	15	16	16	16	16	16	16	16	16
Sites	14	14	14	15	15	15	14	15	15	15
Health and welfare										
Department of Social Services:										
Vehicles	-	-	10	10	10	10	10	10	10	10
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	6	6	6	6	6	3	3
Parks acreage	215	345	345	345	345	345	345	345	345	345
Swimming pools	-	-	-	-	-	-	-	-	-	-
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	2	2	2	2	3	3	3	3	2	2
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	97	97	100	101	104	104	104	104	87	87

Source: Individual county departments

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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 HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF SHENANDOAH, VIRGINIA

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia as of and for the year ended June 30, 2011, which collectively comprise the County of Shenandoah, Virginia's basic financial statements and have issued our report thereon dated November 21, 2011. 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 Shenandoah, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Shenandoah, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Shenandoah, Virginia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements of the County of Shenandoah, Virginia will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters:

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

We noted certain matters that we reported to management of the County of Shenandoah, Virginia in a separate letter dated November 21, 2011.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 21, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

BOARD OF SUPERVISORS COUNTY OF SHENANDOAH, VIRGINIA

Compliance

We have audited County of Shenandoah, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the County of Shenandoah, Virginia's major federal programs for the year ended June 30, 2011. County of Shenandoah, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Shenandoah, Virginia's management. Our responsibility is to express an opinion on the County of Shenandoah, Virginia's compliance based on our audit.

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

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

Internal Control Over Compliance

Management of County of Shenandoah, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Shenandoah, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Shenandoah, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 21, 2011

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expenditures
PRIMARY GOVERNMENT:			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State Adm Matching Grants - Food Stamps	10.561		\$ 294,568
State Adm Matching Grants - Food Stamps - ARRA	10.561		22,946
Total pass through payments			\$ 317,514
Total Department of Agriculture			\$ 317,514
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families	93.558		\$ 209,521
Refugee & Entrant Assistance - State Adm.	93.566		532
Promoting Safe and Stable Families	93.556		12,032
Low-Income Home Energy Assistance	93.568		13,047
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575		103,147
ARRA - Child Care and Development Block Grant	93.713		11,061
Child Care and Development Fund-Mandatory and Matching Funds	93.596		39,670
Foster Care - Title IV-E	93.658		252,996
ARRA-Foster Care - Title IV-E	93.658		9,613
Chafee Education and Training Vouchers	93.599		1,133
Child Welfare Services	93.645		1,003
Chafee Foster Care Independence Program	93.674		5,531
Social Services Block Grant	93.667		159,815
State Children's Health Insurance Program	93.767		9,196
Adoption Assistance	93.659		24,985
ARRA-Adoption Assistance	93.659		864
Medical Assistance Program (Title XIX)	93.778		181,779
Total Department of Health and Human Services			\$ 1,035,925
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant	97.067		\$ 132,705
Local Emergency Management Performance	97.042		23,509
Total U.S. Department of Homeland Security			\$ 156,214

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expend- itures
U.S. Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Immigration custom enforcement	16.000		\$ 10,697
V-stop grant	16.000		6,074
ARRA - Violence Against Women Formula Grants	16.588	09WFAX0037	38,468
Edward Byrne Memorial Formula Grant	16.579		1,160
U.S. Forest Service Patrol	16.000		147,233
Bullet Proof Vest Grant	16.607		2,137
Triad grant	16.000		3,000
Total U.S. Department of Justice			\$ 208,769
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ royalty grants	66.000		\$ 710
			\$ 710
Department of the Interior:			
Direct Payments:			
Bureau of Land Management -			
Payment in Lieu of Taxes	15.226		\$ 161,009
Total Department of the Interior			\$ 161,009
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway			
Safety Program	20.600		\$ 23,786
Highway Planning and Construction	20.205		426,269
Total Department of Transportation			\$ 450,055
Total Federal Expenditures Primary Government			\$ 2,330,196
COMPONENT UNIT SCHOOL BOARD:			
Department of Agriculture:			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553		\$ 204,758
National School Lunch Program	10.555		902,646
Department of Agriculture:			
Child Nutrition Cluster:			
Commodities-School Lunch	10.555		115,539
Secure Payment for States and Counties			
Containing Federal Lands	10.665		19,856
Total Department of Agriculture			\$ 1,242,799

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Pass-through Identifying Number	Expend- itures
Department of Education:			
Title I Cluster:			
Title I Grants to Local Education Agencies	84.010	S010A09046/S010A10046	\$ 777,401
ARRA-Title I Grants to Local Education Agencies	84.389	S389A090046	493,902
Improving Teacher Quality	84.367		193,956
Special Education Cluster:			
Special Education - State Grants	84.027	H027A10017	1,179,790
Special Education - Preschool Grant	84.173	H173A090112/H173A100112	43,654
ARRA-Special Education Grants to States	84.391	H391A090107	361,905
ARRA-Special Education - Preschool Grants	84.392	H392A09112	22,599
Career and Technical Education - Basic Grants to States	84.048		103,011
Safe and Drug Free Schools and Communities	84.186		5,384
English Language Acquisition	84.365		31,771
ARRA-Education Technology State Grants	84.386		8,447
ARRA-Jobs Fund	84.410	S410A10047	645,389
ARRA-State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	S394A090047	649,641
Total Department of Education			\$ 4,516,850
Total Federal Expenditures Component Unit School Board			\$ 5,759,649

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Shenandoah, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Shenandoah, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Shenandoah.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2011, the County had food commodities totaling \$105,064 in inventory.

NOTE D-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	\$ 5,900,561
Reconciling items:	
Forfeited drug asset proceeds not expended during fiscal year	(3,570,365)
Total primary government	\$ 2,330,196
Discretely presented component unit - School Board	\$ 5,759,649
Total discretely presented component unit - School Board	\$ 5,759,649
Total federal expenditures per basic financial statements	\$ 8,089,845
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 8,089,845

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
84.410	Education Jobs Fund
10.561	State Admin Matching Grants - Food Stamps
84.394	ARRA-State Fiscal Stabilization Fund
Title I Cluster	
84.010	Title I Grant to Local Education Agencies
84.389	ARRA-Title I Grant to Local Education Agencies
Special Education Cluster	
84.027	Title VI-B Handicapped State Grants
84.173	Title VI-B Handicapped Preschool Incentive Grant
84.391	ARRA-Title VI-B Handicapped State Grants
84.392	ARRA-Title VI-B Handicapped Preschool Incentive Grant

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

COUNTY OF SHENANDOAH, VIRGINIA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2011

There are no prior year audit findings which have not been resolved.