

Comprehensive Annual Financial Report



Fiscal Year Ended
June 30, 2011

COUNTY OF BOTETOURT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

Prepared By:
Department of Financial Services

COUNTY OF BOTETOURT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-6
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Elected and Appointed Officials	9

FINANCIAL SECTION

Independent Auditors' Report	10-11
Management's Discussion and Analysis	12-24

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	25
Statement of Activities	2	26
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ...	6	30
Statement of Net Assets - Proprietary Funds	7	31
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	8	32
Statement of Cash Flows - Proprietary Funds	9	33
Statement of Fiduciary Net Assets - Fiduciary Funds.....	10	34
Notes to Financial Statements		35-68

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund.....	11	69-71
Schedule of Funding Progress Defined Benefit Plan	12	72

COUNTY OF BOTETOURT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION SECTION

	<u>Exhibit</u>	<u>Page</u>
Supplementary Financial Statements:		
Combining Statement of Fiduciary Net Assets - Agency Funds.....	13	73
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	14	74
Discretely Presented Component Unit - School Board:		
Balance Sheet.....	15	75
Statement of Revenues, Expenditures, and Changes in Fund Balances		
Governmental Funds	16	76
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual.....	17	77
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	78-83
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	84-88

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	89
Changes in Net Assets.....	2	90-91
Governmental Activities Tax Revenue By Source	3	92
Fund Balances of Governmental Funds	4	93
Changes in Fund Balances of Governmental Funds	5	94
General Governmental Tax Revenues by Source	6	95
Assessed Value and Estimated Actual Value of Taxable Property	7	96
Property Tax Rates - Direct and Overlapping Governments.....	8	97
Principal Property Taxpayers.....	9	98
Property Tax Levies and Collections	10	99
Ratios of Outstanding Debt by Type.....	11	100
Ratios of Net General Bonded Debt to Assessed Value and Net		
Bonded Debt per Capital.....	12	101
Direct and Overlapping Governmental Activities Debt	13	102
Legal Debt Margin Information	14	103
Pledged - Revenue Coverage	15	104
Demographic and Economic Statistics	16	105
Principal Employers	17	106

COUNTY OF BOTETOURT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	<u>Table</u>	<u>Page</u>
Full-Time Equivalent County Government Employees by Functions	18	107
Operating Indicators by Function	19	108
Capital Asset Statistics by Function	20	109

COMPLIANCE SECTION

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	110-111
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	112-113
Schedule of Expenditures of Federal Awards	114-116
Schedule of Findings, Responses and Questioned Costs.....	117-118

INTRODUCTORY SECTION



Botetourt County, Virginia *Board of Supervisors*

1 West Main Street, No. 1
Fincastle, Virginia 24090
Phone (540) 473-8223
Fax (540) 473-8225

Board of Supervisors

Billy W. Martin, Sr.
Chairman

Don A. Assaid
Vice Chairman

Terry L. Austin

Larry B. Ceola

Stephen P. Clinton

November 21, 2011

To the Honorable Board of Supervisors and Citizens of the County of Botetourt, Virginia:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011. Botetourt County was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer's Association (GFOA) for its Comprehensive Annual Financial Report for the previous six fiscal years.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, PLLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of Botetourt County

The County of Botetourt was founded in 1770 and named for Lord Botetourt, Governor of Virginia. After the Revolutionary War, the County's jurisdiction extended to the Mississippi River, encompassing what is now West Virginia, Kentucky, Ohio, Indiana, and part of Illinois. Today, Botetourt County is located along Interstate 81, within easy access to Interstate 64, in the west central portion of Virginia in the Roanoke Valley, between the Blue Ridge and Allegheny Mountains. It is 233 miles southwest of the nation's capital, Washington D.C., 176 miles west of the state capital, Richmond, and is close to the City of Roanoke. Botetourt County consists of 548 square miles and is part of the Roanoke Metropolitan Statistical Area (MSA). The County of Botetourt is a political subdivision of the Commonwealth of Virginia that is administered by a five member Board of Supervisors and has a County Administrator to oversee its general administration.

The County provides a full range of services, including police protection, social services, planning and inspections, public works and utilities, libraries, and general government administration. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and related infrastructure located within the County. Local volunteer fire and rescue companies provide fire and rescue protection for the citizens, complimented by paid County supplemental fire and rescue employees. The County provides support to the volunteers through cash contributions for operations and capital expenditures.

Local Economics and Demographics

Based upon the U. S. Census Bureau's 2010 census, Botetourt County's 2010 population was 33,148, representing a 9% increase since the 2000 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 39% of the jobs in the County, manufacturing 20%, trade 16%, government 16%, construction 8%, and all others 1%. The civilian labor force totals approximately 17,995, with 23% working for the County's top twenty employers. Unemployment remains below the State average.

With respect to demographics relating to economic factors, Botetourt County seemingly appeals to higher income residents, as evidenced by a median household income figure of \$59,441, which is above the state average and ranks first in a comparison of six other surrounding localities. This ranking also holds true for the home ownership rate, which stands at 87%, which is well above the state's average of 69%. Yet again, the median housing value in the County (\$189,900) places first as compared locally, and is below the state average of \$247,100. These figures are as of the 2010 U.S. Census.

Botetourt County compares favorably to most Virginia localities economically in the area of fiscal stress, as reported by the Virginia Commission on Local Government. This agency has developed a composite fiscal stress index, which takes into consideration each locality's revenue capacity per capita, the revenue effort, and the magnitude of median adjusted gross income for individuals and married couples. The County's composite index falls into the classification "Below Average Stress" and within a short reach of "Low Stress" for the most recent period reported (2007/2008). The County's ranking was 98 out of 134 localities, placing Botetourt in the lower 27% range. This is an indication that on a comparable basis, Botetourt County and its residents continue to experience a relatively low level of fiscal strain, which adds to quality of life in the County for its citizens, and indicates responsible management of the County's financial activities.

FY11 building permit activity for residential and commercial construction was behind FY10 in terms of number of permits (-11%) and dollar value (-14%). While Botetourt County continues to experience a lesser level of building activity compared to recent prior years, there still exists small layers of economic growth in its residential, commercial, and manufacturing segments. The County's most recent Comprehensive Plan update began in early 2009 and was completed in March 2011. This Plan provides the framework for managing growth, along with proper zoning and subdivision ordinances. Residential construction starts include expansions in existing subdivisions as well as development plans for new subdivisions. The total dollar value of residential starts in the County for FY11 was approximately \$11 million vs. \$15 million in FY10. Also, the

average value of commercial / industrial permits was \$150,000 vs. \$158,000 in FY10. While the total number of permits decreased 11% in FY11, the average dollar value of permits represented only a small (2%) decrease compared to the previous year. There continues to be building activity in Botetourt County, as this area is viewed as an opportunity for construction and builders.

Daleville Town Center, a planned residential and commercial development, completed construction of its second major commercial building: medical offices for Lewis-Gale Hospital, a division of Hospital Corporation of America. Plans are in process for construction of multi-family apartments homes, which join the EarthCraft certified single family residences already being constructed.

Orchard Marketplace, a commercial development adjoining Daleville Town Center, continued building activity with the completion of a CVS drug store on an out parcel and soon-to-be completed medical (Carilion Physicians clinic) and dental offices.

2011 has been a significantly positive year on the economic development forefront, as there have been announcements for two new foreign companies selecting Botetourt County as their choice to open their first U.S operations. These include Canatal Steel (steel beam fabricators) and FC Tech optical fiber manufacturer) that will invest a combined \$6 million in investment and create 125 new jobs. In addition, four expansions of current Botetourt County businesses were announced, the largest being Dynax America Corporation (auto industry parts supplier) with an investment of \$15,600,000 and creation of 95 jobs. Of the other three expansions, one firm (Arkay Packaging) completed a third expansion since coming to the County. In total, the six business announcements represent investment of \$35 million with the creation of 378 jobs. In this region, 54% of the 2011 announced jobs and 78% of invested dollars are in Botetourt County. These results appear to be indicative that there is increased interest in commercial construction activity compared to recent prior years, and Botetourt County is well positioned to take advantage of those opportunities.

Public School System

The Botetourt County School System is composed of seven elementary schools serving students in grades kindergarten through fifth grade; two middle schools serving grades six through eight; two high schools serving grades nine through twelve; and a vocational technical school. All schools are accredited by the Virginia State Board of Education and the Southern Association of Colleges and Schools. Admission over the last three years has averaged 4,928 with a relatively small increase of 4% in admissions for the most recent 5 years as compared to the previous 5 years. The results of the most recent "Adequate Yearly Progress" results show 8 of 11 schools passing the annually rising benchmarks. Statewide, there was only a 38% pass rate, as all school divisions have a 2014 target year to achieve a 100% pass rate. The County's School Board places a high value on continuing education and use of management practices to increase the skill level and teaching proficiency of its professional teaching base.

Higher Education

Two community colleges offer a wide spectrum of education for numerous degrees, as well as adult education programs. In addition, the community colleges operate an in-County education and training center, which supports workforce training for businesses and residents. As a result of economic pressures, the community colleges are presenting viable alternatives to four-year institutions and have experienced continued increases in attendance. There are also numerous four-year colleges in the near vicinity of Botetourt County including Virginia Tech.

Major Initiatives and Goals

The mission statement of the County of Botetourt Board of Supervisors is as follows:

"To generate and allocate revenues and establish policies and regulations in order to pursue public safety and educational goals, protect our environment and quality of life, enhance the local economy, comply with state and federal program mandates, and provide other lawful services desired and supported by county residents."

While Botetourt County has been in an extended period of economic growth, due consideration is given to maintain and carry forward the historic elements and ideals valued by the County and its citizens. A related section of the values statement of the Board of Supervisors offers the following:

"Respect for the past and future, by acknowledging that much of what makes Botetourt unique today is rooted in past decisions that preserved a special natural environment and quality of life, and that future generations deserve as much from us."

The aforementioned statements provide an insight into the guidance by which the County performs its business; with a posture that lends credence to beliefs regarding the County's strategic goals and the related ramifications of actions taken in achieving those goals.

Current and Future Initiatives

In 2009, The County initiated a detailed study of economic development efforts and results over the past several years in order to provide foundation work for a consultant (Moran, Stahl & Boyer) who was hired in 2010. This consultant met with a steering committee composed of business and community leaders and State and regional economic representatives as a means of gathering information and feedback which would be considered in the production of their economic development study. This comprehensive study was published in May, 2010, and presented to the County's Board of Supervisors. Included in this study was a significant amount of recommendations to consider which would take advantage of Botetourt County's profile in order to attract new companies and development. The Board adopted this study, and County administration is currently working on initiatives for Greenfield, the County's largest owned business park. A pad ready site has been recently completed, which will allow an interested firm to begin construction quickly and productively. There has been a fair amount of economic activity for future business development, as Botetourt County applies its economic development plan in order to attract new business and increase its tax base.

In addition to this new initiative, the County continues to work with regional alliances and economic development agencies to seek the attractive quality organizations that will provide the incremental tax base that will assist the County in meeting the needs of its citizens.

At this point in time, the County has no large dollar General Fund projects in FY12, as the total capital projects budget is \$493,000. From an operational standpoint, the County has experienced an increase in servicing citizen and business service requirements, by the creation of Development Services, which includes Building Inspection, Planning and Zoning, and Engineering departments. This consolidation has enhanced enhance services provided by offering a one-stop shop environment in providing for the particular needs of users.

The County continues to make strides in the Tourism area in branding Botetourt County as a destination for recreation and cultural events. Waterways, hiking and biking trails, wineries, and several downtown locations are being promoted through various media outlets. Efforts in tourism have yielded several awards as County staff partners with various entities in increasing the visibility and attraction to Botetourt County. The County has recently added to its Tourism staff.

The offering of recreational programs and resources continue to rise, and a long-term lease has been executed for development of additional baseball and soccer ball fields, with the potential to expand the property. The Botetourt Sports Complex continues to thrive as a major destination for regional and national softball tournaments, with a full schedule of events. The Complex experienced its busiest season in 2011, with over 27,000 visitors, and is currently engaged in efforts and plans to attract NCAA softball tournaments in the future. The Complex is also used for school and local sports activities, and has completed its third year of operations.

With respect to enterprise activity, the County has acted on the most recent utilities master plan, as two projects are in the works. First there is a \$527,000 Cloverdale Water Extension project, which will increase water infrastructure, and a \$2.7 million Tinker Creek Interceptor project, which will expand the County's sewer capacity and serve to accommodate future residential and business growth. Financing is in place for the projects. Additionally, consultants have recently completed an update of the County's utilities master plan, which includes the identification of water and sewer projects over a twenty to thirty year term. Currently, the County is working on the first phase of the sewer interceptor upgrade project and the water project. Financing has been approved for these two projects; both are in their design and engineering phase.

Finally, despite recent and current economic challenges experienced on national, state, and local levels, Botetourt County has had positive credit rating reviews during FY11. To that end, the County has obtained AA ratings with all three rating agencies, Fitch Ratings, Moody's, and Standard & Poor's. Currently, there is no Virginia locality in this position which has a population base comparative to Botetourt County. It is felt that these ratings reflect proper management and financial practices which will assist the County to move forward and meet future fiscal challenges.


Acknowledgements

The preparation of this annual financial report could not have been accomplished without the dedicated effort of both the County and School administration and their respective staffs. In addition, sincere thanks to the Board of Supervisors for their leadership and support.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Gerald A. Burgess", with a stylized, flowing script.

Gerald A. Burgess
County Administrator

A handwritten signature in dark ink, appearing to read "Anthony G. Zerrilla", with a stylized, flowing script.

Anthony G. Zerrilla
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Botetourt
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

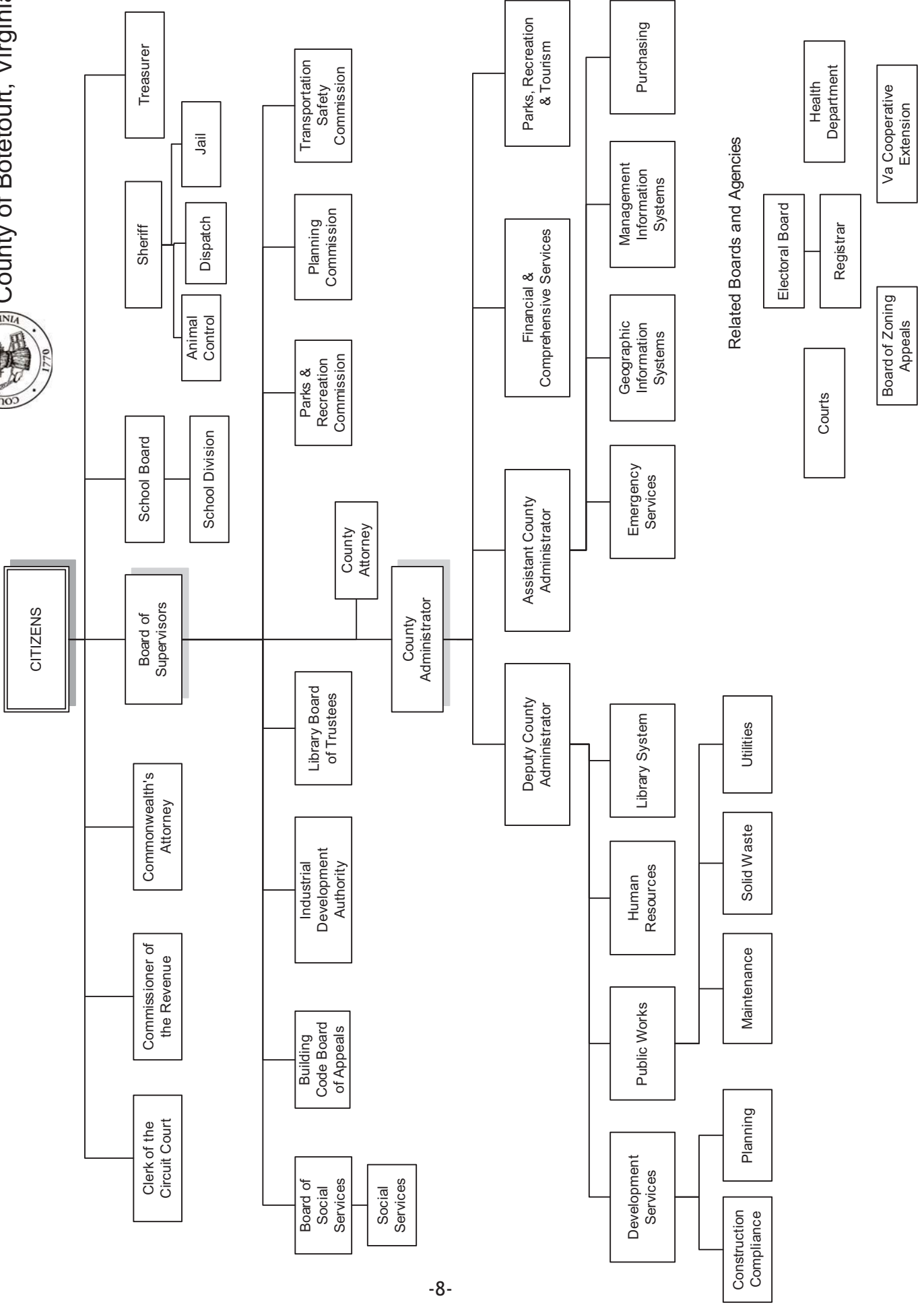
President

Jeffrey R. Enen

Executive Director



County of Botetourt, Virginia



COUNTY OF BOTETOURT, VIRGINIA

BOARD OF SUPERVISORS

Don A. Assaid, Vice Chair	Billy W. Martin, Sr., Chair	Terry L. Austin
Larry B. Ceola		Stephen P. Clinton

COUNTY SCHOOL BOARD

Scott Swortzel, Jr., Vice Chair	Jack Leffel, Chair	Michael Beahm
Kathy Graham Sullivan		Ruth E. Wallace

SOCIAL SERVICES BOARD

Sandra Johnson-Harris, Vice Chair	Eugene Trammel, Chair	Carl Krippendorf
Billy W. Martin, Sr.		Donna Henderson

OTHER OFFICIALS

Judge of the Circuit Court	Malfourd Trumbo
Clerk of the Circuit Court	Tommy L. Moore
Judge of the General District Court	Louis K. Campbell, Jr.
Judge of the Juvenile & Domestic Relations Court	Paul A. Tucker
Commonwealth's Attorney	Joel R. Branscom
Commissioner of the Revenue	John L. Etzler, V
Treasurer	C. Benton Bolton
Sheriff	Ronald N. Sprinkle
Superintendent of Schools	Anthony S. Brads
Director of Social Services	Mary Lou Mullis
County Administrator	Gerald A. Burgess
County Attorney	Elizabeth Dillion

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the County of Botetourt, 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 Botetourt, 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 aggregate discretely presented component units, and each major fund of the County of Botetourt, 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 Botetourt, Virginia adopted the provision 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 14, 2011, on our consideration of the County of Botetourt, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Government 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 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 Botetourt, Virginia's financial statements as a whole. The introductory section, other supplementary information, 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, the budgetary comparison schedule 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 procedures 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, Turner, Cox Associates

Christiansburg, Virginia
November 14, 2011

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Botetourt, Virginia for the fiscal year ended June 30, 2011. This narrative is included to provide insights as to financial results of operation for the above-mentioned fiscal year, and, in certain cases, provide comparative comments as they relate to the prior fiscal year. In addition, comments are included which address the economic factors considered in developing Botetourt County's budget for the fiscal year ending June 30, 2012.

Financial Highlights

Government-wide Financial Statements

The assets of the County of Botetourt, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$41,105,471 (net assets). Of this amount, \$10,975,733 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$28,803,172; a significant amount (91%) of these net assets are invested in capital assets. (See Exhibit 1).

The Government's net assets for governmental activities increased by \$2,849,591, which was primarily due to a \$ 3.6 million increase in general revenues. This was primarily due to a \$1.9 million increase in general property taxes as a result of the positive impact of the most recent (2010) real estate reassessment. Also, net revenues of approximately \$1 million were received as a result of settlement of revenue and cost sharing agreements with Roanoke County. The School Board's net assets decreased by \$707,706, primarily due to a decrease in program revenues (See Exhibit 2).

Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was \$16,216,851 or 32 percent of total general fund expenditures (See Exhibit 3). This amount includes taxes and accounts receivable reflected in the fiscal year 2011 budget as well as funds allocated to the School Board and County Capital Improvement Projects for fiscal year 2011.

As of the close of the current fiscal year, the County's governmental fund reported an ending fund balance of \$16,216,851, which is an increase of \$1,896,318 over fiscal year ended June 30, 2010. A \$400,000 increase in fund balance was budgeted, but the aforementioned \$ 1 million revenue sharing settlement provided an assist, along with a \$433,000 positive variance in general governmental fund revenues from normal operations. While there was savings versus final budget in virtually all major expense areas, there was a significant positive variance (\$1.3 million) for public safety expenditures. To note, proceeds of general obligation bonds were offset by the payoff of the original debt. Of the total fund balance amount, \$15,900,561 is unassigned and available for spending at the government's discretion (See Exhibit 3). This represents a \$ 1.8 million (13%) increase in unassigned / unreserved fund balance vs. FY10.

Overview of the Financial Statements

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

Management's Discussion and Analysis

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various government functions, which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end to themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows the Water and Sewer Enterprise Fund as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, two component units: 1) the Botetourt County School Board and 2) the Botetourt County Industrial Development Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. Further, a primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component unit. The latter is the case for Botetourt County for the School Board.

Management's Discussion and Analysis

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided on the exhibits following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Proprietary funds

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

The Water and Sewer fund is an enterprise fund of the County of Botetourt. This fund's activity involves the operation of a sewage treatment collection system and a water treatment and distribution system. These financial statements are shown as an enterprise fund in the County's fund financial statements.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities. A separate Statement of Fiduciary Net Assets (Exhibit 10) is provided in the report.

Notes to the financial statements

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

Management's Discussion and Analysis

Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the County of Botetourt, assets exceeded liabilities by \$41,105,471 at the end of the fiscal year. The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

County of Botetourt's Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 17,834,706	\$ 15,786,456	\$ 3,366,521	\$ 2,610,282	\$ 21,201,227	\$ 18,396,738
Capital assets	72,149,706	73,942,205	17,097,705	17,473,197	89,247,411	91,415,402
Total assets	<u>\$ 89,984,412</u>	<u>\$ 89,728,661</u>	<u>\$ 20,464,226</u>	<u>\$ 20,083,479</u>	<u>\$ 110,448,638</u>	<u>\$ 109,812,140</u>
Long-term liabilities	\$ 47,509,930	\$ 50,144,601	\$ 7,691,562	\$ 7,579,665	\$ 55,201,492	\$ 57,724,266
Other liabilities	1,369,011	1,328,180	241,213	195,474	1,610,224	1,523,654
Total liabilities	<u>\$ 48,878,941</u>	<u>\$ 51,472,781</u>	<u>\$ 7,932,775</u>	<u>\$ 7,775,139</u>	<u>\$ 56,811,716</u>	<u>\$ 59,247,920</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 29,931,209	\$ 28,954,610	\$ 10,019,461	\$ 9,954,091	\$ 39,950,670	\$ 38,908,701
Restricted	198,529	184,574	-	-	198,529	184,574
Unrestricted	10,975,733	9,116,696	2,511,990	2,354,249	13,487,723	11,470,945
Total net assets	<u>\$ 41,105,471</u>	<u>\$ 38,255,880</u>	<u>\$ 12,531,451</u>	<u>\$ 12,308,340</u>	<u>\$ 53,636,922</u>	<u>\$ 50,564,220</u>

For the County's governmental activities, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 72 percent of total net assets. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. For governmental activities, these assets represent less than 1% of total net assets. The remaining balance of unrestricted net assets, which is \$10,975,733 or 27% of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the government's net assets increased by \$2,849,591. The primary reason for the increase was due to a \$3.6 million increase in non-program general revenues. With the exception of a debt refinancing, there was no new financing debt issued in FY11, as evidenced by a reduction in long-term liabilities. Approximately \$ 2 million in general obligation debt (net of issuances) was retired, as well as a \$695,000 reduction of literary fund loans. The County's estimated landfill closure/post-closure liability increased by approximately \$100,000. Capital assets net of related debt increased approximately \$977,000, and these assets have more than doubled by nearly two and one-half times since FY06.

Management's Discussion and Analysis

Changes in Net Assets:

The following tables present the revenues and expenses of the Governmental and Business-type Activities. Following the table is a brief discussion on key elements of the changes in net assets.

County of Botetourt's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 918,953	\$ 951,415	\$ 2,826,574	\$ 2,971,193	\$ 3,745,527	\$ 3,922,608
Operating grants & contributions	6,943,118	6,843,667	-	-	6,943,118	6,843,667
Capital grants and contributions	-	-	-	25,000	-	25,000
General revenues:						
General property taxes	30,227,710	28,295,560	-	-	30,227,710	28,295,560
Other local taxes	6,074,083	5,799,366	-	-	6,074,083	5,799,366
Use of money and property	602,854	660,250	19,062	9,822	621,916	670,072
Other	1,948,711	366,878	-	-	1,948,711	366,878
Grants and contributions not restricted to specific programs	4,509,921	4,652,598	-	-	4,509,921	4,652,598
Total revenues	\$ 51,225,350	\$ 47,569,734	\$ 2,845,636	\$ 3,006,015	\$ 54,070,986	\$ 50,575,749

County of Botetourt's Changes in Net Assets (continued)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Expenses:						
General government	\$ 3,017,197	\$ 3,330,864	\$ -	\$ -	\$ 3,017,197	\$ 3,330,864
Judicial administration	1,251,798	1,289,818	-	-	1,251,798	1,289,818
Public safety	11,119,800	12,060,957	-	-	11,119,800	12,060,957
Public works	1,902,510	1,026,920	-	-	1,902,510	1,026,920
Health and welfare	3,572,226	3,717,605	-	-	3,572,226	3,717,605
Education	21,907,252	20,407,000	-	-	21,907,252	20,407,000
Parks, recreation and cultural	3,266,210	3,120,867	-	-	3,266,210	3,120,867
Community development	581,692	672,942	-	-	581,692	672,942
Interest on long-term debt	1,763,356	1,978,620	-	-	1,763,356	1,978,620
Water and sewer	-	-	2,616,243	2,822,893	2,616,243	2,822,893
Total expense	\$ 48,382,041	\$ 47,605,593	\$ 2,616,243	\$ 2,822,893	\$ 50,998,284	\$ 50,428,486
Excess (deficiency) of revenues over (under) expenses	\$ 2,843,309	\$ (35,859)	\$ 229,393	\$ 183,122	\$ 3,072,702	\$ 147,263
Transfers in (out)	\$ 6,282	\$ -	\$ (6,282)	\$ -	\$ -	\$ -
Increase (decrease) in net assets	\$ 2,849,591	\$ (35,859)	\$ 223,111	\$ 183,122	\$ 3,072,702	\$ 147,263
Net assets, July 1, 2010	38,255,880	38,291,739	12,308,340	12,125,218	50,564,220	50,416,957
Net assets, June 30, 2011	\$ 41,105,471	\$ 38,255,880	\$ 12,531,451	\$ 12,308,340	\$ 53,636,922	\$ 50,564,220

Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the County's net assets by \$2,849,591. Key elements of this increase are as follows:

- Revenues: General property taxes increased \$ 1.9 million (7%), as the County experienced the impact of the 2010 real estate tax reassessment, which is on a four-year cycle. Other Local Taxes increased \$275,000 (5%), which includes a \$155,000 (8%) increase in local sales and use taxes.
- Revenues: Unrestricted revenues from the use of money and property decreased \$57,000 (9%) due to the low rates of return on investments and funds available for investing. Revenues from the use of property approximated the same level as these FY10 revenues.
- Revenues: Other revenues increased approximately \$1.6 million due to an increase in revenue sharing payments directly related to the settlement of prior agreements held with Roanoke County.
- Revenues: Charges for Services and Grants and Contributions totaling \$12,372,000 were a combined \$76,000 (less than 1%) less than received in FY10.

Overall, revenues for governmental activities increased \$3.7 million (8%) for reasons previously identified.

- Expenses: General Government Administration expenses decreased by \$314,000 (9%), due to a) nonrecurring Assessor and Board of Equalization expenditures, and b) reductions in several departments of personnel and associated departmental costs.
- Expenses: Public Safety expenditures decreased \$941,000 (8%) vs. FY10, as there was a reduction in capital spending for fire & rescue agencies.
- Expenses: Public Works expenditures increased by \$876,000 (85%) compared to last year. This is due to the accrual for landfill closure costs, which was reduced \$768,000 in FY10 and increased \$103,000 in FY11.
- Expenses: Education costs increased \$1.5 million as a result of an increase in contributions to the County School Board. Even with this increase, FY11 contributions to the County School Board were \$1.3 million less than FY09. Parks, Recreation, and Cultural expenses increased by approximately \$ 145,000 (5%), as a result of an increase in capital project activity.
- Expenses: Community Development reflects a \$91,000 (14%) decrease due to the nonrecurring of capital projects activity experienced in FY10. Interest on long-term debt decreased \$215,000 (11%) due in large part to a \$129,000 decrease in accrued interest costs.

Overall, expenditures for governmental activities increased only \$776,000 (2%) vs. an 8% increase in revenues.

Management's Discussion and Analysis

Business-type Activities

Business-type activities increased the County's net assets by \$ 223,111. This activity is comprised of Water and Sewer revenues and expenses. Key elements of FY11 water and sewer activity are as follows:

- Total revenues decreased \$160,000 (5%) due in large part to a \$100,000 decrease in connection fee activity and a 5% decrease in sewer charges. Water and sewer rates were increased 7% effective January 1, 2012.
- While total revenues decreased 5%, total operating expenses decreased 7% (\$207,000). This was primarily due to a \$185,000 decrease in contractual service costs, which reverted to their FY09 level.
- Business-type net assets for FY11 increased \$223,111 as compared to an increase in FY10 net assets of \$183,122.

Financial Analysis of the Government's Funds

As earlier mentioned, the County uses 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 financial resources. Such information is useful in assessing the County's financing requirements.

In comparing unassigned / unreserved fund balances as a percentage of governmental fund expenditures, it can be noted that FY11's figure of 31% reflects an increase vs. FY10's figure of 28%. This increase is the product of a \$1.8 million increase in unassigned / unreserved fund balance, primarily driven by a \$3.7 million increase in revenues. The smaller increase in expenditures was minimized by cost reduction efforts in several areas of governmental operations.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of \$16,216,851, an increase of \$1,896,318 versus the prior year. FY11 revenues increased \$ 3.7 million (8%), while FY11 expenditures were \$402,730 (1%) less than FY10 expenditures. (Exhibit 5). When compared to FY10, the FY11 unassigned portion (\$15,900,861) of the ending fund balance represents a \$1.8 million increase, and provides significant flexibility with respect to future discretionary spending.

As previously stated, the County's governmental fund balance increased by \$1,896,318. Fiscal Year 2011 Operational highlights include the following:

- Revenues: (A) The 2010 real estate reassessment provided a 7% increase in Real Property Tax revenues. (B) Personal Property Tax revenues increased 4% vs. 2010. (C) Machinery & Tools Tax revenues increased 4% over 2010, a positive trait considering this follows a 4% decrease from 2009 to 2010. (D) Hotel and Meals Taxes combined increased \$75,000 (6%), which is also a positive sign vs. the impact of the recession in 2010. (E) Miscellaneous income of \$1.8 million received as part of a revenue sharing agreement settlement. (F) With the exclusion of the impact of items (A) and (E), revenue from local

Management's Discussion and Analysis

sources increased \$370,000 (1%), despite revenue shortages vs. 2010 for investment and interest earnings (\$57,000, 9%) and recovered costs (\$83,000, 6%). G) State and Federal revenues combined were virtually on a par with revenues from 2010. These subject revenues are shown in Schedule 1.

- Expenditures: For the Primary Government, major categorical expenditures decreased in seven of the eight operational areas (with the exception of Education). Cost reduction measures were included in the FY11 Budget as a means of responding to the national and local economic downturn. Total Primary Government expenditures decreased \$ 402,730 (1%). Contributions to the County School Board increased \$1.4 million (7%), which met the budgeted expenditure target of \$20.4 million.
- Capital Improvement Projects – With the exception of the costs associated regarding the transfer of joint ownership of a library to Botetourt County (part of the dissolved revenue sharing agreement with Roanoke County) at a cost of \$762,000, there was very little capital projects activity for FY11. Excluding these items, there was a total of \$255,000 spent on capital projects, with the significant majority of those expenditures tied to economic development activities. Expenditure categorization and activity is reflected in Schedule 2.

Proprietary funds

The County'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 County's Water and Sewer Enterprise Fund at the end of the year were \$2,511,990, which is a marked increase (7%) versus FY10's figure of \$2,354,249. Other factors concerning the finances of this fund were discussed in the County's business-type activities section of this letter.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final budgeted expenditures for the General Fund totaled \$1,953,268. This difference was primarily due to supplemental appropriations. Major components of this difference are as follows:

- Appropriations in the amount of \$381,211 for Sheriff's Department grants and reimbursed costs.
- Appropriations totaling \$279,770 for capital projects activity not included in the carryover for prior year projects.
- Appropriation of budgeted carryover funds from the fiscal year ended June 30, 2010 for programs and capital projects in the amount of \$232,448.
- Appropriations totaling \$226,374 for Emergency Services grants and cost reimbursements.
- Appropriation of \$200,000 as a pass-thru of Governor's Opportunity Funds relating to a local business (Dynax Corporation of America) expansion.
- Appropriations totaling \$114,302 for receipt of State fire and rescue program funds.

Management's Discussion and Analysis

- Appropriations totaling \$112,673 representing Tourism and Parks and Recreation grants and reimbursed costs.
- Appropriation of \$79,434 for refund related activity.
- Appropriations totaling \$67,194 for unemployment insurance expenditures.
- Appropriations of \$65,649 to account for accruals relating to Contributions to County School Board.
- Appropriations totaling \$32,383 representing other State and Federal grants and cost reimbursements.
- Appropriation of \$31,266 for bond issuance costs for debt refinancing.
- Appropriations of \$30,408 representing proper coverage of accrued expenditure departmental activity.

The above-mentioned appropriations for amended budget expenditures total \$1,853,112 or 95% of the difference between the original budget appropriation and the amended budget.

With respect to FY11 amended budget vs. actual results, general fund revenues for the primary government were approximately 4.5% over budget for the year. Results for revenues from local sources accounted for nearly all of the total \$2.3 million positive variance, due primarily to results for general property taxes and miscellaneous revenues, which more than provided for coverage of budget shortfalls in other local revenue areas. State and Federal revenues combined were approximately \$120,000 (1%) over budget, due primarily to revenues received from the State homeland security grant program.

Amended budget vs. actual results for general fund government expenditures for FY11 reflected a 3% (\$1.6 million) positive variance due to significant savings in several categories. Most notably, spending was reduced for general government and public safety categories. The public safety category alone accounted for \$1.3 million in expenditure savings vs. final budget due primarily to a reduction in equipment support to fire and rescue agencies and the impact of vacancy savings. However, most departments and agencies contributed to cost reduction efforts as a means of contending with anticipated revenue shortfalls in several areas.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2011 is \$72,149,706 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total represents a 2% decrease, as the net value of buildings decreased approximately \$2.1 million while machinery and equipment values decreased \$69,000, as there was a continuation in the relatively low level of capital asset activity.

Major capital asset events for governmental activities during FY11 included the following:

- Assumption of title of the Blue Ridge Library as part of the revenue and cost sharing settlement agreement with Roanoke County (FY11 Gross cost of \$761,674).
- Investment in industrial site development (Gross cost of \$223,982).
- Other minor projects (Gross cost of \$ 30,590).

County of Botetourt, Virginia Capital Assets for Governmental Activities (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 12,204,545	\$ 12,025,355	\$ 43,010	\$ 43,010	\$ 12,247,555	\$ 12,068,365
Buildings	56,772,283	58,898,825	-	-	56,772,283	58,898,825
Machinery and equipment	2,362,111	2,431,239	-	-	2,362,111	2,431,239
Infrastructure	-	-	16,821,587	17,430,187	16,821,587	17,430,187
Construction in progress	810,767	586,786	233,108	-	1,043,875	586,786
Total	<u>\$ 72,149,706</u>	<u>\$ 73,942,205</u>	<u>\$ 17,097,705</u>	<u>\$ 17,473,197</u>	<u>\$ 89,247,411</u>	<u>\$ 91,415,402</u>

The results for Business-type activities (Enterprise Fund) include continued investment in the County's water and sewer infrastructure in order to sufficiently meet the current and future demands of customers. Additional information on the County's capital assets can be found in the notes to the financial statements.

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Management's Discussion and Analysis

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

County of Botetourt's Outstanding Debt							
	Governmental activities		Business-type activities		Total		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
General obligation bonds	\$ 36,145,337	\$ 38,219,274	\$ -	\$ -	\$ 36,145,337	\$ 38,219,274	
Literary Loans	6,073,160	6,768,321	-	-	6,073,160	6,768,321	
Revenue Bonds	-	-	7,611,780	7,519,106	7,611,780	7,519,106	
Landfill closure / post-closure	4,659,139	4,556,430	-	-	4,659,139	4,556,430	
Compensated absences	632,294	600,576	79,782	60,559	712,076	661,135	
Total	<u>\$ 47,509,930</u>	<u>\$ 50,144,601</u>	<u>\$ 7,691,562</u>	<u>\$ 7,579,665</u>	<u>\$ 55,201,492</u>	<u>\$ 57,724,266</u>	

Botetourt County's FY11 outstanding debt for governmental activities decreased \$2,634,671 due to debt service retirements exceeding issuances and principal payments for general obligation and literary fund debt. With respect to landfill obligations, cost estimates provided by an independent consulting firm resulted in a 2% increase in the liability. For business-type activities, outstanding debt increased by \$111,897 (1%) due to the net impact of a \$510,000 new debt service obligation exceeding the amount of debt service retirements.

The County's debt policy establishes debt affordability limits. Results vs. these limits were as follows:

- Net bonded debt-per-capita, limit \$2,000, actual \$1,247.
- Net bonded debt to assessed value, limit 4%, actual (0.97%).
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 6.03%.

Additional information on the County's capital asset activity (Note 12) and long-term debt (Notes 8 and 9) can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The FY12 budget process continued the recent theme of identifying capital related projects and prioritizing the need for each significant project. This was done in light of the potential of limited growth in the local revenue base and the continuing trend of cost shifting and reductions in reimbursed costs from the State. As had been the case in prior years, the budget process included an effort to identify potential areas for cost reductions and holding the line in areas where a cost reduction was not feasible. There was also the need to address certain service activities and capital projects which had received reduced or no funding in recent years due to the recession. Management responded with suggestions and measures which provided for the desired results, as County and School expenditure reviews yielded proper identification of several operational needs, while adopting a budget that was still nearly \$3 million less than the FY10 adopted budget of two years ago. Factors and financial points of note regarding the FY12 Budget are as follows:

Management's Discussion and Analysis

- The unemployment rate for the County is currently 5.8 percent, which is a decrease from the rate of 6.1 percent a year ago. This compares favorably to the state's current unemployment rate of 6.4 percent and the current national rate of 8.8 percent. In terms of a positive trend, Botetourt County's FY11 average monthly unemployment rate was 5.8 percent.
- Funding from the Commonwealth of Virginia for the School Board is budgeted to increase by approximately \$541,000 (2%). With respect to support from the County, the FY12 budget reflects a small increase (\$105,000, or .5%) in operational funding. Total revenues for the School Board are budgeted to increase 2 million (7%), with a corresponding \$ 2 million increase in expenditures.
- General fund revenues in total for FY12 vs. FY11 Budget are expected to increase by approximately \$527,000 (1%). This increase is due in part to an anticipated increase in local revenues, as the County seeks to continue to rebound from recent economic downturns experienced in the most recent prior years. This includes budgeted gains in hotel, meals and local sales taxes. Net results for local revenues are projected to increase \$291,000, or 1%. Machinery & Tools Taxes reflect a \$200,000 (5%) reduction in the budget target, but will require only a 3% increase in revenues recognized in FY11. Current real estate taxes are expected to grow 1% in the first year following the FY11 impact of the most recent real estate tax reassessment, which is on a four-year cycle. While not budgeted for a significant impact, the Botetourt Sports Complex regional and national tournament schedule in combination with the County's tourism program are expected to provide a boost with regard to local activity taxes.
- Building permit revenues are expected to remain close to the current reduced level experienced for FY10 and FY11. State revenues for the local government are expected to decrease \$88,000 (1%), as Categorical Aid continues to decrease due to its utilization as a State budget balancing measure. Federal revenues are budgeted for a \$324,000 (33%) increase due to the County's receipt of a federal SAFER (Staffing for Adequate Fire & Rescue Emergency Response) grant, which will assist in the payment of wages and benefits for new hiring of Emergency Services personnel. This is a two year grant. As in previous years, the County will be monitoring interim FY12 revenue levels in the event that additional cost reduction measures are required in order to provide balancing offsets. With the assistance of recommendations from all levels of employees, County administration has formulated a list of additional cost reductions to implement, if necessary.
- FY12 General Fund budgeted expenditures include a \$290,000 giveback to the State as a reduction in aid. A similar amount was also refunded to the State in FY11, and this giveback of previously reimbursed expenditures and aid has become a State practice since FY09. General Fund operational expenditures (excluding education funding mentioned above) are budgeted to increase by approximately \$ 1.1 million (4.6%). Capital spending is budgeted to increase by \$317,000, or 2.8 times the \$176,000 budgeted in FY11, as priority needs have been identified in Parks and Recreation and Community Development areas. Including debt service, total County expenditures are budgeted to increase by approximately \$1.3 million (5%). These expenditures include additional positions primarily in the public safety area in the Emergency Services, Sheriff, and Dispatch departments.
- During the budget process, measures were taken to seek opportunities for cost reduction and minimization at the departmental level. As a result, nearly one-third of the County's departments

Management's Discussion and Analysis

reflected decreased budgets, while another one-third were budgeted for a 0% to 2% increase in expenditures. These cost reductions and maintenance of existing levels of departmental budgets provided the opportunity to fund those areas (primarily Emergency Services and Volunteer Fire & Rescue) requiring funding increases. There is a 2% wage increase included in the FY12 Budget. The most recent wage increment was provided in FY09.

- The general fund balance for Botetourt County relating to the FY12 budget anticipates an decrease of approximately \$300,000, which is in contrast to a \$400,000 increase budgeted for FY11. In essence, incremental FY11 revenues served to fund this projected decrease in FY12 fund balance. Also, a budgeted contingency of \$100,000 has been established in the event that currently unknown or extraordinary expenditures arise in FY12.
- For business-type activities, FY12 water and sewer revenues are anticipated to increase 8% versus the FY11 Budget, as the FY12 Budget includes a factor for a 4% increase in water and sewer rates in the second half of the fiscal year. Operational expenditures are budgeted for a 3% increase. Capital projects totaling \$611,000 are budgeted as compared to \$353,000 for FY11. The FY12 capital projects budget includes \$200,000 targeted to augment related utility fund reserves. Debt service will increase 3% as new debt service for the Cloverdale Water Extension Project will begin. However, expenditures are expected to be 4% less than revenues, which will provide for a \$125,000 positive variance, as this Enterprise Fund enhances its self-sustaining element.

General Fund capital projects for FY12 are budgeted at \$493,000 and are spread through Parks & Recreation, Community Development, Public Works, and Public Safety. The largest allocation is \$100,000 for industrial site development .

On the future year horizon is the design and construction of a Tinker Creek Interceptor Improvement project. This phase of the project will cost approximately \$2.7 million and would be completed in FY13. Financing has been secured at a 2.35% rate.

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

Contacting the County's Financial Management

This financial report is designed to provide readers with a general overview of the County of Botetourt's finances. The Component-unit Industrial Development Authority (IDA) issues separate financial statements, while the Component-unit School Board does not. The IDA's financial statements may be obtained from the Botetourt County Financial Services Department (address below). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Department, 6 East Main Street, #6, Fincastle, Virginia 24090. Also, please visit the County's website at www.botetourt.org.

Basic Financial Statements

County of Botetourt, Virginia
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 14,724,699	\$ 2,267,900	\$ 16,992,599	\$ 6,785,915	\$ -
Cash in custody of others	-	533,536	533,536	-	1,650
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,140,969	-	1,140,969	-	-
Accounts receivable	245,217	489,364	734,581	26,435	-
Due from component unit	141,075	-	141,075	-	-
Due from other governmental units	1,118,325	-	1,118,325	1,241,831	-
Prepaid expenses	117,761	1,514	119,275	329,603	-
Deferred charges	148,131	74,207	222,338	-	-
Restricted assets:					
Temporarily restricted:					
Investments (in custody of others)	-	-	-	-	437,813
Cash and cash equivalents	198,529	-	198,529	181,209	-
Capital assets (net of accumulated depreciation):					
Land	12,204,545	43,010	12,247,555	1,949,631	-
Buildings and improvements	56,772,283	-	56,772,283	22,397,157	4,063,468
Machinery and equipment	2,362,111	-	2,362,111	1,858,420	-
Infrastructure	-	16,821,587	16,821,587	-	-
Construction in progress	810,767	233,108	1,043,875	18,880	-
Total assets	\$ 89,984,412	\$ 20,464,226	\$ 110,448,638	\$ 34,789,081	\$ 4,502,931
LIABILITIES					
Accounts payable	\$ 659,241	\$ 130,145	\$ 789,386	\$ 493,294	\$ -
Contracts payable	-	-	-	4,036,799	-
Customers' deposits	-	42,543	42,543	-	-
Accrued interest payable	591,518	68,525	660,043	-	5,515
Due to primary government	-	-	-	141,075	-
Unearned revenue	118,252	-	118,252	-	28,750
Long-term liabilities:					
Due within one year	3,312,735	558,009	3,870,744	449,056	230,037
Due in more than one year	44,197,195	7,133,553	51,330,748	865,685	2,646,593
Total liabilities	\$ 48,878,941	\$ 7,932,775	\$ 56,811,716	\$ 5,985,909	\$ 2,910,895
NET ASSETS					
Invested in capital assets, net of related debt	\$ 29,931,209	\$ 10,019,461	\$ 39,950,670	\$ 26,224,088	\$ 1,186,838
Restricted for:					
Law library	55,039	-	55,039	-	-
Emergency 911	16,765	-	16,765	-	-
Cafeteria operations	-	-	-	181,209	-
Property seizure	109,198	-	109,198	-	-
Debt service	-	-	-	-	408,513
Van program	17,527	-	17,527	-	-
Unrestricted	10,975,733	2,511,990	13,487,723	2,397,875	(3,315)
Total net assets	\$ 41,105,471	\$ 12,531,451	\$ 53,636,922	\$ 28,803,172	\$ 1,592,036

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

County of Botetourt, Virginia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		
			Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 3,017,197	\$ 1,148	\$ 263,610	\$ -	\$ -	\$ (2,752,439)	\$ -	\$ (2,752,439)
Judicial administration	1,251,798	183,408	682,894	-	-	(385,496)	-	(385,496)
Public safety	11,119,800	396,503	3,510,341	-	-	(7,212,956)	-	(7,212,956)
Public works	1,902,510	174,421	27,425	-	-	(1,700,664)	-	(1,700,664)
Health and welfare	3,572,226	-	2,101,262	-	-	(1,470,964)	-	(1,470,964)
Education	21,907,252	-	-	-	-	(21,907,252)	-	(21,907,252)
Parks, recreation, and cultural	3,266,210	163,473	157,586	-	-	(2,945,151)	-	(2,945,151)
Community development	581,692	-	200,000	-	-	(381,692)	-	(381,692)
Interest on long-term debt	1,763,356	-	-	-	-	(1,763,356)	-	(1,763,356)
Total governmental activities	\$ 48,382,041	\$ 918,953	\$ 6,943,118	\$ -	\$ -	\$ (40,519,970)	\$ -	\$ (40,519,970)
Business-type activities:								
Water and sewer	\$ 2,616,243	\$ 2,826,574	\$ -	\$ -	\$ -	\$ -	\$ 210,331	\$ 210,331
Total primary government	\$ 50,998,284	\$ 3,745,527	\$ 6,943,118	\$ -	\$ -	\$ (40,519,970)	\$ 210,331	\$ (40,309,639)
COMPONENT UNITS:								
School Board	\$ 49,634,571	\$ 1,527,611	\$ 26,078,893	\$ -	\$ -	\$ -	\$ -	\$ (22,028,067)
Industrial Development Authority	278,109	345,000	1,000	-	-	-	-	67,891
Total component units	\$ 49,912,680	\$ 1,872,611	\$ 26,079,893	\$ -	\$ -	\$ -	\$ -	\$ (22,028,067)
General revenues:								
General property taxes						\$ 30,227,710	\$ -	\$ 30,227,710
Other local taxes:								
Local sales and use taxes						2,028,548	-	2,028,548
Consumers' utility taxes						699,959	-	699,959
Business license taxes						745,256	-	745,256
Motor vehicle taxes						632,926	-	632,926
Restaurant food taxes						1,093,240	-	1,093,240
Other local taxes						874,154	-	874,154
Unrestricted revenues from the use of money and property						602,854	19,062	621,916
Miscellaneous						1,948,711	-	1,948,711
Grants and contributions not restricted to specific programs						4,509,921	-	4,509,921
Transfers						6,282	(6,282)	-
Total general revenues						\$ 43,369,561	\$ 12,780	\$ 43,382,341
Change in net assets						\$ 2,849,591	\$ 223,111	\$ 3,072,702
Net assets - beginning, as restated						38,255,880	12,308,340	50,564,220
Net assets - ending						\$ 41,105,471	\$ 12,531,451	\$ 53,636,922

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

County of Botetourt, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 14,891,489
Receivables (net of allowance for uncollectibles):	
Taxes receivable	1,140,969
Accounts receivable	245,217
Due from component unit	141,075
Due from other governmental units	1,118,325
Prepaid items	117,761
Total assets	<u>\$ 17,654,836</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 471,001
Deferred revenue	966,984
Total liabilities	<u>\$ 1,437,985</u>
Fund balance:	
Nonspendable	
Prepaid items	117,761
Restricted	
Law library	55,039
Emergency 911	16,765
Property seizure	109,198
Van program	17,527
Unassigned	15,900,561
Total fund balances	<u>\$ 16,216,851</u>
Total liabilities and fund balances	<u>\$ 17,654,836</u>

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

County of Botetourt, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,216,851
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	72,149,706
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. The assets consist of deferred property taxes.	848,732
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(156,501)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(47,953,317)
Net assets of governmental activities	<u>\$ 41,105,471</u>

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

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General</u>
REVENUES	
General property taxes	\$ 30,156,224
Other local taxes	6,074,083
Permits, privilege fees, and regulatory licenses	216,496
Fines and forfeitures	115,006
Revenue from the use of money and property	602,854
Charges for services	587,451
Miscellaneous	1,948,711
Recovered costs	1,383,273
Intergovernmental revenues:	
Commonwealth	10,151,813
Federal	1,301,226
Total revenues	<u>\$ 52,537,137</u>
EXPENDITURES	
Current:	
General government administration	\$ 2,946,149
Judicial administration	1,224,399
Public safety	11,570,131
Public works	1,670,355
Health and welfare	3,639,024
Education	20,401,136
Parks, recreation, and cultural	2,850,141
Community development	600,861
Capital projects	1,016,336
Debt service:	
Principal retirement	2,784,220
Bond issuance cost	31,266
Interest and other fiscal charges	1,972,381
Total expenditures	<u>\$ 50,706,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,830,738</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 6,282
Proceeds from the issuance of refunding bond	2,074,298
Refunded bonds redeemed	(2,015,000)
Total other financing sources (uses)	<u>\$ 65,580</u>
Net change in fund balances	\$ 1,896,318
Fund balances - beginning as restated	14,320,533
Fund balances - ending	<u>\$ 16,216,851</u>

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

County of Botetourt, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$	1,896,318
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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.		(1,792,498)
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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.		71,486
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,622,213
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		208,573
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(156,501)
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Change in net assets of governmental activities	\$	2,849,591
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The notes to the financial statements are an integral part of this statement.

County of Botetourt, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Fund Water and Sewer	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,267,900	\$ 31,739
Cash and cash equivalents (restricted)	533,536	-
Accounts receivable, net of allowance for uncollectibles	489,364	-
Prepaid expenses	1,514	-
Total current assets	<u>\$ 3,292,314</u>	<u>\$ 31,739</u>
Noncurrent assets:		
Other assets:		
Unamortized bond issue costs	\$ 74,207	\$ -
Capital assets:		
Land	43,010	-
Utility plant in service	26,566,264	-
Machinery and equipment	35,062	-
Construction in progress	233,108	-
Less accumulated depreciation	(9,779,739)	-
Total capital assets	<u>\$ 17,097,705</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 17,171,912</u>	<u>\$ -</u>
Total assets	<u>\$ 20,464,226</u>	<u>\$ 31,739</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 130,145	\$ -
Customers' deposits	42,543	-
Accrued interest payable	68,525	-
Health claims payable	-	188,240
Compensated absences - current portion	59,837	-
Bonds payable - current portion	498,172	-
Total current liabilities	<u>\$ 799,222</u>	<u>\$ 188,240</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 19,945	\$ -
Bonds payable - net of current portion	7,113,608	-
Total noncurrent liabilities	<u>\$ 7,133,553</u>	<u>\$ -</u>
Total liabilities	<u>\$ 7,932,775</u>	<u>\$ 188,240</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 10,019,461	\$ -
Unrestricted (Deficit)	2,511,990	(156,501)
Total net assets	<u>\$ 12,531,451</u>	<u>\$ (156,501)</u>

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

County of Botetourt, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund Water and Sewer	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Water revenues pledged as security for revenue bonds	\$ 1,105,584	\$ -
Sewer revenues pledged as security for revenue bonds	1,588,335	-
Tap fees	128,952	-
Insurance premiums	-	856,913
Other revenues	3,703	-
Total operating revenues	<u>\$ 2,826,574</u>	<u>\$ 856,913</u>
OPERATING EXPENSES		
Personnel services	\$ 483,566	\$ -
Contractual services	132,152	-
Utilities and office expense	693,212	-
Repair and maintenance	237,488	-
Other supplies and expenses	-	-
Insurance claims and expenses	-	1,013,414
Depreciation	777,735	-
Total operating expenses	<u>\$ 2,324,153</u>	<u>\$ 1,013,414</u>
Operating income (loss)	<u>\$ 502,421</u>	<u>\$ (156,501)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	\$ 19,062	\$ -
Interest expense	(292,090)	-
Total nonoperating revenues (expenses)	<u>\$ (273,028)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ 229,393</u>	<u>\$ (156,501)</u>
Transfers out	<u>(6,282)</u>	<u>-</u>
Change in net assets	\$ 223,111	\$ (156,501)
Total net assets - beginning	12,308,340	-
Total net assets - ending	<u><u>\$ 12,531,451</u></u>	<u><u>\$ (156,501)</u></u>

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

County of Botetourt, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,852,328	\$ -
Receipts for insurance premiums	-	856,913
Payments to suppliers	(1,023,316)	-
Payments to employees	(464,343)	-
Payments for health claims	-	(825,174)
Net cash provided (used) by operating activities	\$ 1,364,669	\$ 31,739
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ (6,282)	\$ -
Net cash provided (used) by noncapital financing activities	\$ (6,282)	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant	\$ (376,021)	\$ -
Principal payments on bonds	(478,632)	-
Proceeds from indebtedness	510,000	-
Interest payments	(288,574)	-
Net cash provided (used) by capital and related financing activities	\$ (633,227)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ 19,062	\$ -
Net cash provided (used) by investing activities	\$ 19,062	\$ -
Net increase (decrease) in cash and cash equivalents	\$ 744,222	\$ 31,739
Cash and cash equivalents - beginning	2,057,214	-
Cash and cash equivalents - ending (including restricted of \$533,536)	\$ 2,801,436	\$ 31,739
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 502,421	\$ (156,501)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	\$ 777,735	\$ -
(Increase) decrease in accounts receivable	21,186	-
(Increase) decrease in inventories	-	-
(Increase) decrease in prepaid expenses	(304)	-
Increase (decrease) in customer deposits	4,568	-
Increase (decrease) in operating payables	39,840	-
Increase (decrease) health claims payable		188,240
Increase (decrease) accrued leave	19,223	-
Total adjustments	\$ 862,248	\$ 188,240
Net cash provided (used) by operating activities	\$ 1,364,669	\$ 31,739

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

County of Botetourt, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 880,359
Total assets	<u>\$ 880,359</u>
LIABILITIES	
Amounts held for social services clients	\$ 20,134
Amounts held for employees	63,469
Amounts held for the Roanoke Valley Regional Board	687,824
Amounts held for performance bond	45,454
Amounts held for inmates	63,478
Total liabilities	<u>\$ 880,359</u>

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

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

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

The Botetourt County Industrial Development Authority (IDA) encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the IDA does not have separate taxing powers. The Industrial Development Authority is presented as an enterprise fund type. Complete financial statements for the Industrial Development Authority may be obtained at the County's administrative offices: 1 West Main Street, Fincastle, VA 24090.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County, in conjunction with other localities, participates in supporting the Blue Ridge Library and the Blue Ridge Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$172,586 for operations to the Blue Ridge Regional Library, and \$38,743 to the Blue Ridge Community Services Board. The County does not have any ongoing financial responsibilities for these organizations.

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

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, with the exception of agency funds (discussed below). 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.

Agency funds use the accrual basis of accounting, but have no measurement focus as they do not report equity.

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

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

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

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

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

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

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The government reports the following major proprietary funds:

The County operates a sewage collection and treatment system and a water distribution system. The activities of the system are accounted for in the Water and Sewer Fund.

The *Internal Service Fund* accounts for the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for in this fund.

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Roanoke Valley Regional Board, Special Welfare, Cafeteria Plan, Flexible Benefits Plan, Jail Inmate Trust and Canteen, and Escrow Funds.

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

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

2. Receivables and payables

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$266,905 at June 30, 2011. The allowance consists of delinquent taxes in the amount of \$57,946 and delinquent water and sewer bills of \$208,959.

5. Use of Estimates

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

6. Capital assets

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

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

Note 1-Summary of Significant Accounting Policies: (Continued)**D. Assets, liabilities, and net assets or equity (Continued)****6. Capital assets (Continued)**

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. The total interest expense incurred by the Water and Sewer Fund during the current fiscal year was \$292,090. No interest was capitalized during the year.

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

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

7. Compensated Absences

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

8. Long-term obligations

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

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

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

8. Long-term obligations (Continued)

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.

9. Fund equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard (implemented in 2011) has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The County of Botetourt, Virginia evaluated its funds at June 30, 2011 and classified fund balance into the following five categories:

Non-spendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation

Committed -items that have been committed by formal action (resolution or ordinance) by the entity's "highest level of decision-making authority"; which the County of Botetourt, Virginia considers to be the Board of Supervisors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Botetourt, Virginia considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned -this category is for any balances that have no restrictions placed upon them.

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

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

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

10. Net Assets

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

11. Prepaid Items

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. The consumption method is used in governmental funds to report prepaid items.

12. Restricted Assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation.

13. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

14. Self-Insurance

The County was self-insured for health insurance beginning with the fiscal year ending June 30, 2011. Estimates for the accrued liability at the end of the year have been recorded.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**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 (\$47,953,317) and (\$1,314,741) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds and notes payable	\$ (35,345,895)	\$ -
Premium on bond issuance	(799,442)	-
Less: Bond issuance costs (unamortized)	148,131	-
Literary loans payable	(6,073,160)	-
Accrued interest payable	(591,518)	-
Landfill accrued closure and post-closure monitoring costs	(4,659,139)	-
OPEB liability	-	(716,000)
Compensated absences	(632,294)	(598,741)
	<u>(47,953,317)</u>	<u>(1,314,741)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (47,953,317)</u>	<u>\$ (1,314,741)</u>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these (\$1,792,498) and (\$43,107) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 1,693,787	\$ 1,282,939
Loss on sale of capital asset	(34,594)	(218)
Transfer assets to School Board (net of depreciation)	(558,920)	558,920
Depreciation expense	(2,892,771)	(1,884,748)
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (1,792,498)	\$ (43,107)

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

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

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,622,213 difference in the primary government are as follows:

Debt Issued or incurred:	
Proceeds from bond and note issuances	\$ (2,074,298)
Increase in estimated liability	
Accrued landfill closure/postclosure	\$ (102,709)
Principal repayments:	
General obligation debt	4,104,059
Literary loans	<u>695,161</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 2,622,213</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)**

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$208,573 and (\$52,589) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
(Increase) decrease in compensated absences	\$ (31,718)	\$ 39,794
(Increase) decrease in OPEB obligation	-	(92,383)
(Increase) decrease in accrued interest	180,678	-
Amortization of bond issuance costs	15,437	-
Amortization of premium	44,176	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 208,573</u>	<u>\$ (52,589)</u>

Note 3-Stewardship, Compliance, and Accountability:

- A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund and the School Operating Fund
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.

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

A. Budgetary information (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or fund level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

There were no expenditures exceeding appropriations for the year ended June 30, 2011.

C. Deficit fund equity

At June 30, 2011, there were no funds with deficit fund equity.

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. Accordingly, all deposits are considered fully collateralized.

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

Note 4-Deposits and Investments: (Continued)Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 3,107,857

State law limits investments in commercial paper to holdings rated by at least two of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of prime 1, by Standard & Poor's, Inc., within its rating of A-1, by Fitch Investor's Services, Inc., within its rating of F-1, by Duff and Phelps, Inc., within its rating of D-1. State law further limits investments in corporate notes and bonds to those with a rating of at least Aa by Moody's Investors Service, Inc., and a rating of at least AA by Standard and Poors, Inc. In addition, State law permits investments in Stocks, bonds, notes, and other evidences of indebtedness of the Commonwealth and those unconditionally guaranteed as to the payment of principal and interest by the Commonwealth. It is the government's policy to limit its investments to those allowed under State law.

External Investment Pools

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

Interest Rate Risk

At year end, the County did not hold any investments that were subject to interest rate risk.

Custodial Credit Risk

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County's name.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 379,541	\$ -
Categorical aid-State sales tax	-	844,129
Categorical aid-Other	465,551	-
Non-categorical aid	33,060	-
Categorical aid-Virginia Public Assistance	36,490	-
Categorical aid-Comprehensive Services Act	137,497	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	65,935	-
Categorical aid-Other	251	397,702
Totals	<u>\$ 1,118,325</u>	<u>\$ 1,241,831</u>

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	<u>\$ -</u>	<u>\$ 141,075</u>
Component Unit - School Board:		
School Fund	<u>\$ 141,075</u>	<u>\$ -</u>
Totals	<u>\$ 141,075</u>	<u>\$ 141,075</u>

At year end, the School Board's liabilities exceeded their assets on the modified accrual basis of accounting. The County reports an amount due to the School Board to cover this deficit as the County has transferred funds sufficient to cover same in the following fiscal year.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 7-Interfund Transfers/Component Unit Contributions:

Primary government contributions to component units for the year ended June 30, 2011, consisted of the following:

Component Unit:	
School Board	\$ 20,388,986

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. During the fiscal year, the County transferred funds totaling \$6,282 from the Water and Sewer Fund to the General Fund.

Note 8-Long-Term Liabilities:**Primary Government - Governmental Activity Indebtedness:**

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2012	\$ 2,186,585	\$ 1,613,059	\$ 651,930	\$ 182,195
2013	2,135,260	1,524,678	651,930	162,637
2014	2,171,342	1,435,864	651,930	143,079
2015	2,217,827	1,345,303	651,930	123,521
2016	1,799,881	1,256,556	651,930	103,963
2017-2021	7,355,000	5,182,692	2,759,650	233,947
2022-2026	9,085,000	3,207,756	53,860	2,424
2027-2031	6,080,000	1,237,289	-	-
2032-2033	2,315,000	117,018	-	-
Totals	<u>\$ 35,345,895</u>	<u>\$ 16,920,215</u>	<u>\$ 6,073,160</u>	<u>\$ 951,766</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 8-Long-Term Liabilities:

Primary Government - Governmental Activity Indebtedness:

The following is a summary of long-term liability transactions of the County for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
General Obligation				
Bonds	\$ 37,375,656	\$ 2,074,298	\$ (4,104,059)	\$ 35,345,895
Unamortized Premium	843,618	-	(44,176)	799,442
Literary Loans	6,768,321	-	(695,161)	6,073,160
Landfill closure/ postclosure liability	4,556,430	102,709	-	4,659,139
Compensated absences	600,576	482,150	(450,432)	632,294
Total	<u>\$ 50,144,601</u>	<u>\$ 2,659,157</u>	<u>\$ (5,293,828)</u>	<u>\$ 47,509,930</u>

For governmental activities, compensated absences and the landfill closure/postclosure liability are generally liquidated in the General Fund.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 8-Long-Term Liabilities: (Continued)

Primary Government - Governmental Activity Liabilities: (Continued)

Details of long-term liabilities:

Type/ Project	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
General projects refunding bond	1.39%	10/12/2010	2015	\$ 2,074,298	\$ 2,074,298	\$ 556,566
General projects	5.1% - 6.1%	12/21/1995	2016	8,385,372	2,379,403	457,825
School construction	4.1% - 5.225%	4/30/1998	2019	1,545,000	600,000	75,000
School construction	4.85% - 6.6%	Aug. 1991	2012	1,267,416	82,194	82,194
School construction	4.1% - 5.1%	5/11/2006	2026	15,890,000	13,840,000	580,000
Jail Construction	3.6325% - 4.9866%	6/8/2006	2032	17,570,000	16,370,000	435,000
Total GO Bonds					\$ 35,345,895	\$ 2,186,585
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 799,442	\$ -
Net GO Bonds					\$ 36,145,337	\$ 2,186,585
Other Long-term Debt: (Literary Fund Loans)						
School construction	3.00%	12/1/2000	2021	7,500,000	\$ 3,750,000	\$ 375,000
School construction	3.00%	2/1/1999	2019	5,000,000	2,000,000	250,000
School construction	3.00%	1/15/2003	2023	538,600	323,160	26,930
Total Literary Fund Loans					\$ 6,073,160	\$ 651,930
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 632,294	\$ 474,220
Landfill closure/post-closure monitoring	n/a	n/a	n/a	n/a	4,659,139	-
Total Other Obligations					\$ 5,291,433	\$ 474,220
Total Long-term liabilities					\$ 47,509,930	\$ 3,312,735

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**Note 8-Long-Term Liabilities: (Continued)**Primary Government - Enterprise Activity Liabilities:

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2012	\$ 498,172	\$ 284,171
2013	528,040	268,513
2014	548,255	249,795
2015	563,829	228,717
2016	589,775	205,465
2017-2021	2,903,113	657,315
2022-2026	1,716,216	188,861
2027-2031	265,975	28,987
2032	40,000	831
Totals	\$ 7,653,375	\$ 2,112,655

The following is a summary of long-term liabilities transactions of the Enterprise Fund for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Revenue Bonds	\$ 7,622,008	\$ 510,000	\$ (478,633)	\$ 7,653,375
Unamortized Premium	35,362	53,389	(2,471)	86,280
Deferred amount on refunding	(138,534)	-	10,659	(127,875)
Compensated absences	60,559	64,642	(45,419)	79,782
Total	\$ 7,579,395	\$ 628,031	\$ (515,864)	\$ 7,691,562

For business-type activities, compensated absences are generally liquidated in the Proprietary Fund.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 8-Long-Term Liabilities: (Continued)

Primary Government - Enterprise Activity Liabilities: (Continued)

Details of long-term liabilities:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Revenue Bonds:						
VRA Refunding Bond	3.1% - 4.9269%	5/17/2005	2023	\$ 4,250,000	\$ 3,215,000	\$ 215,000
VRA Bond	3.75%	7/31/1997	2019	3,000,000	1,413,104	154,539
VRA Bond	3.10%	8/1/2004	2027	4,032,975	2,515,271	128,633
VRA Bond	2.125% - 5.125%	5/2/2011	2032	510,000	510,000	-
Total Revenue Bonds					\$ 7,653,375	\$ 498,172
Add:						
Unamortized premium					\$ 86,280	\$ -
Deferred amount on refunding					(127,875)	-
Net Revenue Bonds					\$ 7,611,780	\$ 498,172
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 79,782	\$ 59,837
Total Long-term liabilities					\$ 7,691,562	\$ 558,009

Note 9-Long-Term Liabilities-Component Units:

Discretely Presented Component Unit - School Board Liabilities:

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

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
OPEB obligation	\$ 623,617	\$ 92,383		\$ 716,000
Compensated absences	638,535	439,108	(478,902)	598,741
Total	\$ 1,262,152	\$ 531,491	\$ (478,902)	\$ 1,314,741

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9-Long-Term Liabilities-Component Units: (Continued)

Discretely Presented Component Unit - School Board Liabilities: (Continued)

Details of long-term liabilities:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
OPEB Obligation	n/a	n/a	n/a	n/a	\$ 716,000	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	598,741	449,056
Total long-term liabilities					<u>\$ 1,314,741</u>	<u>\$ 449,056</u>

Compensated absences and OPEB obligation of the Component Unit - School Board are liquidated by the School Fund.

Discretely Presented Component Unit - Industrial Development Authority Liabilities:

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

Year Ending June 30,	Lease Revenue Bond	
	Principal	Interest
2012	230,037	131,897
2013	240,929	121,005
2014	252,336	109,598
2015	264,284	97,650
2016	276,797	85,137
2017-2020	<u>1,612,247</u>	<u>203,137</u>
Totals	<u>\$ 2,876,630</u>	<u>\$ 748,424</u>

The following is a summary of long-term liabilities transactions of the Component Unit-Industrial Development Authority for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Lease Revenue Bond	<u>\$ 3,096,201</u>	<u>\$ -</u>	<u>\$ (219,571)</u>	<u>\$ 2,876,630</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**Note 9-Long-Term Liabilities-Component Units: (Continued)****Discretely Presented Component Unit - Industrial Development Authority Liabilities: (Continued)****Details of long-term liabilities:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Lease Revenue Bonds:						
Lease Revenue Bond	4.68%	5/1/1999	2020	\$ 4,812,833	<u>\$ 2,876,630</u>	<u>\$ 230,037</u>

Note 10-Employee Retirement System and Pension Plans:**A. Plan Description**

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

All full-time, salaried permanent (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. 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 5 years of service credit or at 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 at age 50 with at least five years of service credit.

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.

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

A. Plan Description

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 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 that report may be downloaded from their website 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

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the County of Botetourt, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Botetourt, Virginia's contribution rate for the fiscal year ended 2011 was 10.02% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County of Botetourt, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Botetourt, Virginia's contribution rate for the fiscal year ended 2011 was 9.82% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**Note 10-Employee Retirement System and Pension Plans: (Continued)****C. Annual Pension Cost**

For fiscal year 2011, the County of Botetourt, Virginia's annual pension cost of \$989,585 and \$255,585 was equal to the County of Botetourt, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2011	\$ 989,585	100.00%	\$ -
	6/30/2010	1,048,201	100.00%	-
	6/30/2009	1,058,913	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2011	\$ 255,585	100.00%	\$ -
	6/30/2010	304,376	100.00%	-
	6/30/2009	340,177	100.00%	-

The 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) 7.50% investment rate of return, (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 the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Botetourt, Virginia'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 of Botetourt, Virginia'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.

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 77.03% funded. The actuarial accrued liability for benefits was \$35,657,580, and the actuarial value of assets was \$27,467,725, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,189,855. The covered payroll (annual payroll of active employees covered by the plan) was \$10,115,413, and ratio of the UAAL to the covered payroll was 80.96%.

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

D. Funded Status and Funding Progress (Continued)

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 76.15% funded. The actuarial accrued liability for benefits was \$11,852,233, and the actuarial value of assets was \$9,025,981, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,826,252. The covered payroll (annual payroll of active employees covered by the plan) was \$2,763,889, and ratio of the UAAL to the covered payroll was 102.26%.

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

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

Plan Description

The Botetourt County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$973,244, \$1,586,501, and \$2,283,774 for the fiscal years ended 2011, 2010, and 2009, respectively. Required employer contributions represented 3.93% for 2011, 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, and 8.81% for 2009 respectively.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 11-Deferred (Unearned) Revenue:

Deferred (unearned) revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$118,252 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$118,252 at June 30, 2011.

Note 12-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	\$ 12,025,355	\$ 179,190	\$ -	\$ 12,204,545
Construction in progress	586,786	223,981	-	810,767
Total capital assets not being depreciated	<u>\$ 12,612,141</u>	<u>\$ 403,171</u>	<u>\$ -</u>	<u>\$ 13,015,312</u>
Capital assets, being depreciated:				
Buildings	\$ 72,675,530	\$ 501,758	\$ (1,278,231)	\$ 71,899,057
Machinery and equipment	8,057,282	788,858	(376,602)	8,469,538
Total capital assets being depreciated	<u>\$ 80,732,812</u>	<u>\$ 1,290,616</u>	<u>\$ (1,654,833)</u>	<u>\$ 80,368,595</u>
Less: accumulated depreciation for:				
Buildings	\$ (13,776,705)	\$ (2,069,380)	\$ 719,311	\$ (15,126,774)
Machinery and equipment	(5,626,044)	(823,391)	342,008	(6,107,427)
Total accumulated depreciation	<u>\$ (19,402,749)</u>	<u>\$ (2,892,771)</u>	<u>\$ 1,061,319</u>	<u>\$ (21,234,201)</u>
Total capital assets being depreciated, net	<u>\$ 61,330,063</u>	<u>\$ (1,602,155)</u>	<u>\$ (593,514)</u>	<u>\$ 59,134,394</u>
Governmental activities capital assets, net	<u>\$ 73,942,204</u>	<u>\$ (1,198,984)</u>	<u>\$ (593,514)</u>	<u>\$ 72,149,706</u>

The County contributed assets with a carrying value of \$558,920 (\$1,278,231 gross value net of accumulated depreciation totaling \$719,311) to the Component-unit School Board during the fiscal year.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 12-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 43,010	\$ -	\$ -	\$ 43,010
Construction in progress	26,222	206,886	-	233,108
Total capital assets not being depreciated	<u>\$ 69,232</u>	<u>\$ 206,886</u>	<u>\$ -</u>	<u>\$ 276,118</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 26,397,129	\$ -	\$ -	\$ 26,397,129
Machinery and equipment	35,062	169,135	-	204,197
Total capital assets being depreciated	<u>\$ 26,432,191</u>	<u>\$ 169,135</u>	<u>\$ -</u>	<u>\$ 26,601,326</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (8,966,942)	\$ (777,735)	\$ -	\$ (9,744,677)
Machinery and equipment	(35,062)	-	-	(35,062)
Total accumulated depreciation	<u>\$ (9,002,004)</u>	<u>\$ (777,735)</u>	<u>\$ -</u>	<u>\$ (9,779,739)</u>
Total capital assets being depreciated, net	<u>\$ 17,430,187</u>	<u>\$ (608,600)</u>	<u>\$ -</u>	<u>\$ 16,821,587</u>
Business-type activities capital assets, net	<u><u>\$ 17,499,419</u></u>	<u><u>\$ (401,714)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,097,705</u></u>

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

Governmental activities:	
General government	\$ 222,117
Judicial administration	19,382
Public safety	1,246,137
Public works	130,394
Education	947,198
Parks, recreation, and culture	<u>327,543</u>
Total depreciation expense-governmental activities	<u><u>\$ 2,892,771</u></u>
Business-type activities:	
Service authority	\$ 777,735

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**Note 12-Capital Assets: (Continued)**

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

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,455,729	\$ 493,902	\$ -	\$ 1,949,631
Construction in progress	170,347	198,036	(349,503)	18,880
Total capital assets not being depreciated	<u>\$ 1,626,076</u>	<u>\$ 691,938</u>	<u>\$ (349,503)</u>	<u>\$ 1,968,511</u>
Capital assets, being depreciated:				
Buildings	\$ 40,173,779	\$ 2,104,246	\$ -	\$ 42,278,025
Machinery and equipment	6,902,981	114,489	(169,384)	6,848,086
Total capital assets being depreciated	<u>\$ 47,076,760</u>	<u>\$ 2,218,735</u>	<u>\$ (169,384)</u>	<u>\$ 49,126,111</u>
Less: accumulated depreciation for:				
Buildings	\$ (17,923,689)	\$ (1,957,179)	\$ -	\$ (19,880,868)
Machinery and equipment	(4,511,952)	(646,880)	169,166	(4,989,666)
Total accumulated depreciation	<u>\$ (22,435,641)</u>	<u>\$ (2,604,059)</u>	<u>\$ 169,166</u>	<u>\$ (24,870,534)</u>
Total capital assets being depreciated, net	<u>\$ 24,641,119</u>	<u>\$ (385,324)</u>	<u>\$ (218)</u>	<u>\$ 24,255,577</u>
School Board capital assets, net	<u><u>\$ 26,267,195</u></u>	<u><u>\$ 306,614</u></u>	<u><u>\$ (349,721)</u></u>	<u><u>\$ 26,224,088</u></u>

Note 13-Risk Management:

The County and its component unit - School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Virginia Association of Counties Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The component unit School Board participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Municipal League Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the Virginia Municipal League Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, and depletion of

Note 13-Risk Management: (Continued)

all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14-Contingent Liabilities:

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

Note 15-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Tommy Moore, Clerk of the Circuit Court	\$ 270,000
Benton Bolton, Treasurer	500,000
John L. Etzler, Commissioner of the Revenue	3,000
Ronald N. Sprinkle, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000

Selective Insurance Company of America:

Gerald A. Burgess, County Administrator	\$ 250,000
David Moorman, Deputy County Administrator	150,000
Anthony Zerrilla, Finance Manager	150,000
Barbara Ennis, Bookkeeper	150,000
Veronica Ramsey, Bookkeeper Technician	150,000
All administrative employees	50,000
All Social Services employees: blanket bond	100,000

Note 15-Surety Bonds: (Continued)United States Fidelity and Guaranty Company-Surety:

Board of Supervisors:	\$	1,000
Terry Austin		1,000
Don Assaid		1,000
Larry B. Ceola		1,000
Billy W. Martin, Sr.		1,000
Stephen P. Clinton		1,000

Component Unit - School Board:

The Continental Insurance Company:

Betty Holland, Clerk of the School Board	\$	10,000
All School Board employees: blanket bond		10,000

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The County's landfill has reached approximately 97% of its estimated capacity. Total closure and post-closure care cost have been estimated to be \$4,803,236 based on 100% usage of the facility. This represents what it would cost to perform all closure and post-closure care in 2011. Landfill closure and post-closure care costs are allocated based on landfill capacity to date. As such, approximately 97% of the aforementioned amount has been recognized as a liability in the financial statements (\$4,659,139). The remaining amount to be recognized, \$144,097, will be recognized over the landfill's remaining life based on usage. As of June 30, 2011, the landfill's remaining life is estimated to be 3.0 years. Actual costs for closure and post-closure monitoring may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and post-closure costs.

Note 17 - Commitments and Contingencies:

At year end, the County did not have any material commitments or contingencies outstanding.

Note 18 - Arbitrage Rebate Compliance:

As of June 30, 2011 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Note 19-Other Postemployment Benefits (OPEB):**Component Unit: School Board****A. Plan Description**

The County of Botetourt's Component Unit - School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must be eligible to retire from the School Board under the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through School Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 694 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The monthly rates were as follows at June 30, 2011:

<u>Participants</u>	<u>Total Premium</u>
Employee	\$ 456.19
Employee / Spouse	912.81
Employee / Child	661.69
Family	1,150.27

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011**Note 19-Other Postemployment Benefits (OPEB): (Continued)**Component Unit: School Board (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

For 2011, the Board's annual contribution of \$332,000 did not equal the annual OPEB cost of \$436,000. The obligation calculation is as follows:

Annual required contribution	\$ 435,000
Interest on net OPEB obligation	28,000
Adjustment to annual required contribution	(38,617)
Annual OPEB cost (expense)	<u>424,383</u>
Contributions made	<u>332,000</u>
Increase in net OPEB obligation	92,383
Net OPEB obligation - beginning of year	623,617
Net OPEB obligation - ending of year	<u><u>\$ 716,000</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 480,000	35%	\$ 310,000
6/30/2010	483,617	35%	623,617
6/30/2011	424,383	78%	716,000

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2010 (date of the most recent actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 4,681,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 4,681,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 22,961,000
UAAL as a percentage of covered payroll	20.39%

Note 19-Other Postemployment Benefits (OPEB): (Continued)

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in 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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the June 30, 2010, actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, and investment rate of return at 4.5%, and a health care trend rate of 8% graded to 5% decreasing 1% per year. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2010, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 20- VRS Health Insurance Credit - Other Postemployment Benefits (OPEB):

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

Note 20- VRS Health Insurance Credit - Other Postemployment Benefits (OPEB): (Continued)

A. Plan Description (Continued)

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

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

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. Contribution rates were 0.60%, 1.04%, and 1.16% of annual covered payroll for the years ending June 30, 2011, 2010, and 2009, respectively. The School Board's contributions to VRS for the years ending June 30, 2011, 2010, and 2009 were \$148,587, \$263,257, and \$300,701, respectively and equaled the required contributions for each year.

Note 21-Current Refunding:

The County issued general obligation refunding bonds of \$2,074,298 for a current refunding of \$2,015,000 of general obligation bonds plus accrued interest on same. The refunding was undertaken to reduce future debt service payments. This transaction resulted in an economic gain of \$123,911 on a present value basis and will reduce future debt service payments by \$127,018.

Note 22-New Accounting Standards:

The Government Accounting Standards Board (GASB) has issued Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). Management does not believe the impact of this statement will have a material effect on the financial statements. This standard will be implemented for the fiscal year ending June 30, 2012.

Required Supplementary Information

County of Botetourt, Virginia
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	\$ 29,484,500	\$ 29,405,066	\$ 30,156,224	\$ 751,158
Other local taxes	6,237,500	6,237,500	6,074,083	(163,417)
Permits, privilege fees, and regulatory licenses	284,200	284,200	216,496	(67,704)
Fines and forfeitures	105,200	105,200	115,006	9,806
Revenue from the use of money and property	700,750	700,750	602,854	(97,896)
Charges for services	618,000	618,000	587,451	(30,549)
Miscellaneous	209,500	209,500	1,948,711	1,739,211
Recovered costs	1,405,916	1,338,722	1,383,273	44,551
Intergovernmental revenues:				
Commonwealth	10,127,287	10,327,287	10,151,813	(175,474)
Federal	1,005,500	1,005,500	1,301,226	295,726
Total revenues	\$ 50,178,353	\$ 50,231,725	\$ 52,537,137	\$ 2,305,412
EXPENDITURES				
General government administration:				
Board of supervisors	\$ 233,266	\$ 243,254	\$ 224,897	\$ 18,357
County administrator	365,685	364,624	334,172	30,452
Deputy administrators	345,959	345,895	339,478	6,417
Central garage	60,079	60,045	59,722	323
Commissioner of revenue	348,404	348,404	334,096	14,308
Central purchasing	118,470	120,630	87,217	33,413
Treasurer	396,029	413,419	413,419	-
Management information systems	661,281	673,445	610,759	62,686
Financial services	312,778	323,559	313,109	10,450
Electoral board/registrar	242,591	262,015	229,280	32,735
Total general government administration	\$ 3,084,542	\$ 3,155,290	\$ 2,946,149	\$ 209,141
Judicial administration:				
Circuit court	\$ 58,436	\$ 58,436	\$ 55,593	\$ 2,843
General district court	34,104	34,104	27,713	6,391
Magistrate	625	590	212	378
Clerk of the circuit court	563,971	578,291	537,486	40,805
Commonwealth's attorney	647,151	630,651	603,395	27,256
Total judicial administration	\$ 1,304,287	\$ 1,302,072	\$ 1,224,399	\$ 77,673

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final			
Public safety:					
Sheriff	\$ 4,061,453	\$ 4,511,436	\$ 4,179,780	\$ 331,656	
Fire departments and rescue squads	1,260,369	1,311,077	1,092,030	219,047	
Emergency communications	188,105	279,701	242,712	36,989	
Western Virginia EMS	6,722	6,722	6,722	-	
County operated institutions - jail	3,568,644	3,582,443	3,054,542	527,901	
Probation office	23,250	45,506	42,454	3,052	
Building inspections	298,977	268,854	261,158	7,696	
Animal control	418,247	419,632	385,951	33,681	
Emergency services	1,469,940	1,726,350	1,658,322	68,028	
Dispatch	679,399	679,400	646,460	32,940	
Total public safety	\$ 11,975,106	\$ 12,831,121	\$ 11,570,131	\$ 1,260,990	
Public works:					
Refuse collection and disposal	\$ 532,603	\$ 590,550	\$ 543,909	\$ 46,641	
County engineer	326,371	331,150	321,472	9,678	
Public works	129,403	154,954	147,789	7,165	
General properties	607,280	657,185	657,185	-	
Total public works	\$ 1,595,657	\$ 1,733,839	\$ 1,670,355	\$ 63,484	
Health and welfare:					
Supplement of local health department	\$ 329,193	\$ 329,193	\$ 329,193	\$ -	
State and local hospitalization	10,500	500	-	500	
Mental health contribution	38,743	38,743	38,743	-	
Welfare administration and programs	1,835,652	1,835,652	1,529,115	306,537	
Comprehensive services act	1,359,805	1,350,460	1,343,061	7,399	
Senior van program	72,019	71,845	70,022	1,823	
Resource center	6,750	6,750	6,750	-	
Tax relief for the elderly	282,000	282,000	281,004	996	
Other welfare programs	41,136	41,136	41,136	-	
Total health and welfare	\$ 3,975,798	\$ 3,956,279	\$ 3,639,024	\$ 317,255	
Education:					
Contributions to Community Colleges	\$ 12,150	\$ 12,150	\$ 12,150	\$ -	
Contribution to County School Board	20,323,337	20,388,986	20,388,986	-	
Total education	\$ 20,335,487	\$ 20,401,136	\$ 20,401,136	\$ -	
Parks, recreation, and cultural:					
Supervision of parks and recreation	\$ 1,176,267	\$ 1,301,383	\$ 1,268,460	\$ 32,923	
Sports Complex	375,150	385,190	385,190	-	
Tourism	141,455	181,823	181,823	-	
Contributions to cultural organizations	66,612	71,612	71,612	-	
Library expenses	787,111	794,190	770,470	23,720	
Regional library	186,441	188,914	172,586	16,328	
Total parks, recreation, and cultural	\$ 2,733,036	\$ 2,923,112	\$ 2,850,141	\$ 72,971	

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final			
Community development:					
Planning and Zoning	\$ 236,552	\$ 236,514	\$ 219,614	\$ 16,900	
Planning commission	22,730	22,730	22,730	-	
Industrial development	71,528	71,528	72,528	(1,000)	
Other environmental management	23,240	23,240	23,135	105	
Governor's Opportunity Funds	-	200,000	200,000	-	
Extension office	82,366	82,366	62,854	19,512	
Total community development	\$ 436,416	\$ 636,378	\$ 600,861	\$ 35,517	
Capital projects:					
EOC upgrades	\$ -	\$ 14,169	\$ -	\$ 14,169	
Tower site batteries	15,000	21,000	-	21,000	
Street signs	15,000	15,000	-	15,000	
ADA Compliance	15,000	16,252	-	16,252	
Boxley Fields	-	7,841	-	7,841	
Buchanan Park	-	57,000	-	57,000	
Eagle Rock Library	-	3,000	-	3,000	
Emergency communications project	31,000	31,000	30,590	410	
VDOT revenue sharing	25,000	25,000	-	25,000	
Blue Ridge Library	-	-	761,764	(761,764)	
Industrial site development	25,000	338,797	223,982	114,815	
Recreation facility (Greenfield park)	-	21,725	-	21,725	
Total capital projects	\$ 126,000	\$ 550,784	\$ 1,016,336	\$ (465,552)	
Debt service:					
Principal retirement	\$ 2,806,474	\$ 2,804,794	\$ 2,784,220	\$ 20,574	
Bond issuance costs	-	31,266	31,266	-	
Interest and other fiscal charges	1,972,381	1,972,381	1,972,381	-	
Total debt service	\$ 4,778,855	\$ 4,808,441	\$ 4,787,867	\$ 20,574	
Total expenditures	\$ 50,345,184	\$ 52,298,452	\$ 50,706,399	\$ 1,592,053	
Excess (deficiency) of revenues over (under) expenditures	\$ (166,831)	\$ (2,066,727)	\$ 1,830,738	\$ 3,897,465	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 6,282	\$ 6,282	
Proceeds from the issuance of refunding bond	-	2,074,298	2,074,298	-	
Refunded bonds redeemed	-	(2,043,032)	(2,015,000)	28,032	
Total other financing sources and uses	-	31,266	65,580	34,314	
Net change in fund balances	\$ (166,831)	\$ (2,035,461)	\$ 1,896,318	\$ 3,931,779	
Fund balances - beginning	-	-	14,320,533	14,320,533	
Fund balances - ending	\$ (166,831)	\$ (2,035,461)	\$ 16,216,851	\$ 18,252,312	

Note 1: GAAP serves as the budgetary basis of accounting

County of Botetourt, Virginia
Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plans
For the Year Ended June 30, 2011

Primary Government: County Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 27,467,725	\$ 35,657,580	\$ 8,189,855	77.03%	\$ 10,115,413	80.96%
June 30, 2009	26,508,097	31,742,132	5,234,035	83.51%	10,163,736	51.50%
June 30, 2008	25,132,707	29,858,584	4,725,877	84.17%	9,866,757	47.90%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 9,025,981	\$ 11,852,233	\$ 2,826,252	76.15%	\$ 2,763,889	102.26%
June 30, 2009	9,283,141	11,090,858	1,807,717	83.70%	2,948,471	61.31%
June 30, 2008	9,369,812	10,941,756	1,571,944	85.63%	2,964,772	53.02%

School Board Healthcare Plan

Valuation as of*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ -	\$ 4,681,000	\$ 4,681,000	0.00%	\$ 22,961,000	20.39%
June 30, 2008	-	4,699,000	4,699,000	0.00%	24,846,000	18.91%

*Only two valuation performed to date.

Other Supplementary Information Section

FIDUCIARY FUNDS - AGENCY FUNDS

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

Cafeteria Plan - The cafeteria plan fund accounts for those funds belonging to County employees as participants in the County's cafeteria plan.

Flexible Benefits - The flexible benefits fund accounts for those funds belonging to County employees as participants in the County's flexible benefits plan.

Inmate Trust and Canteen - The Jail Inmate Trust and Canteen fund accounts for the inmate commissary and inmate trust.

Escrow - The escrow fund accounts for funds held by the County on behalf of developers, corporations, or individuals to ensure performance under requirements set forth by the County.

Roanoke Valley Regional Board - The Roanoke Valley Regional Board Fund accounts for funds held on behalf of the Roanoke Valley Regional Board.

County of Botetourt, Virginia
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2011

	Agency Funds						
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Inmate Trust and Canteen</u>	<u>Cafeteria Plan</u>	<u>Escrow</u>	<u>Roanoke Valley Regional Board</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 20,134	\$ 49,514	\$ 63,478	\$ 13,955	\$ 45,454	\$ 687,824	\$ 880,359
Total assets	<u>\$ 20,134</u>	<u>\$ 49,514</u>	<u>\$ 63,478</u>	<u>\$ 13,955</u>	<u>\$ 45,454</u>	<u>\$ 687,824</u>	<u>\$ 880,359</u>
LIABILITIES							
Amounts held for social services clients	\$ 20,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,134
Amounts held for employees	-	49,514	-	13,955	-	-	63,469
Amounts held for other agencies	-	-	-	-	-	687,824	687,824
Amounts held for performance bond	-	-	-	-	45,454	-	45,454
Amounts held for inmates	-	-	63,478	-	-	-	63,478
Total liabilities	<u>\$ 20,134</u>	<u>\$ 49,514</u>	<u>\$ 63,478</u>	<u>\$ 13,955</u>	<u>\$ 45,454</u>	<u>\$ 687,824</u>	<u>\$ 880,359</u>

County of Botetourt, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Special Welfare Fund:				
Assets:				
Equity in cash and cash equivalents	\$ 27,192	\$ 38,656	\$ (45,714)	\$ 20,134
Total assets	<u>\$ 27,192</u>	<u>\$ 38,656</u>	<u>\$ (45,714)</u>	<u>\$ 20,134</u>
Liabilities:				
Accounts payable	\$ 27,192	\$ 38,656	\$ (45,714)	\$ 20,134
Total liabilities	<u>\$ 27,192</u>	<u>\$ 38,656</u>	<u>\$ (45,714)</u>	<u>\$ 20,134</u>
Flexible Benefits Fund:				
Assets:				
Equity in cash and cash equivalents	\$ 28,325	\$ 236,276	\$ (215,087)	\$ 49,514
Total assets	<u>\$ 28,325</u>	<u>\$ 236,276</u>	<u>\$ (215,087)</u>	<u>\$ 49,514</u>
Liabilities:				
Accounts payable	\$ 28,325	\$ 236,276	\$ (215,087)	\$ 49,514
Total liabilities	<u>\$ 28,325</u>	<u>\$ 236,276</u>	<u>\$ (215,087)</u>	<u>\$ 49,514</u>
Inmate Trust and Canteen Fund				
Assets:				
Equity in cash and cash equivalents	\$ 66,214	\$ 142,730	\$ (145,466)	\$ 63,478
Total assets	<u>\$ 66,214</u>	<u>\$ 142,730</u>	<u>\$ (145,466)</u>	<u>\$ 63,478</u>
Liabilities:				
Accounts payable	\$ 66,214	\$ 142,730	\$ (145,466)	\$ 63,478
Total liabilities	<u>\$ 66,214</u>	<u>\$ 142,730</u>	<u>\$ (145,466)</u>	<u>\$ 63,478</u>
Cafeteria Plan				
Assets:				
Equity in cash and cash equivalents	\$ 7,211	\$ 50,698	\$ (43,954)	\$ 13,955
Total assets	<u>\$ 7,211</u>	<u>\$ 50,698</u>	<u>\$ (43,954)</u>	<u>\$ 13,955</u>
Liabilities:				
Accounts payable	\$ 7,211	\$ 50,698	\$ (43,954)	\$ 13,955
Total liabilities	<u>\$ 7,211</u>	<u>\$ 50,698</u>	<u>\$ (43,954)</u>	<u>\$ 13,955</u>
Escrow Fund				
Assets:				
Equity in cash and cash equivalents	\$ 52,864	\$ 27,000	\$ (34,410)	\$ 45,454
Total assets	<u>\$ 52,864</u>	<u>\$ 27,000</u>	<u>\$ (34,410)</u>	<u>\$ 45,454</u>
Liabilities:				
Accounts payable	\$ 52,864	\$ 27,000	\$ (34,410)	\$ 45,454
Total liabilities	<u>\$ 52,864</u>	<u>\$ 27,000</u>	<u>\$ (34,410)</u>	<u>\$ 45,454</u>
Roanoke Valley Regional Board				
Assets:				
Equity in cash and cash equivalents	\$ 771,065	\$ 4,408,569	\$ (4,491,810)	\$ 687,824
Total assets	<u>\$ 771,065</u>	<u>\$ 4,408,569</u>	<u>\$ (4,491,810)</u>	<u>\$ 687,824</u>
Liabilities:				
Accounts payable	\$ 771,065	\$ 4,408,569	\$ (4,491,810)	\$ 687,824
Total liabilities	<u>\$ 771,065</u>	<u>\$ 4,408,569</u>	<u>\$ (4,491,810)</u>	<u>\$ 687,824</u>
Totals				
Assets:				
Equity in cash and cash equivalents	\$ 952,871	\$ 4,903,929	\$ (4,976,441)	\$ 880,359
Total assets	<u>\$ 952,871</u>	<u>\$ 4,903,929</u>	<u>\$ (4,976,441)</u>	<u>\$ 880,359</u>
Liabilities:				
Accounts payable	\$ 952,871	\$ 4,903,929	\$ (4,976,441)	\$ 880,359
Total liabilities	<u>\$ 952,871</u>	<u>\$ 4,903,929</u>	<u>\$ (4,976,441)</u>	<u>\$ 880,359</u>

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL
BOARD**

MAJOR GOVERNMENTAL FUNDS

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

County of Botetourt, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,967,124
Receivables (net of allowance for uncollectibles):	
Accounts receivable	26,435
Due from other governmental units	1,241,831
Prepaid items	329,603
Total assets	<u>\$ 8,564,993</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 493,294
Salaries payable	4,036,799
Due to primary government	141,075
Total liabilities	<u>\$ 4,671,168</u>
Fund balances:	
Nonspendable	
Prepaid items	\$ 329,603
Restricted	-
School cafeterias	181,209
Unassigned	3,383,013
Total fund balances	<u>\$ 3,893,825</u>
Total liabilities and fund balances	<u>\$ 8,564,993</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 3,893,825
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,224,088
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,314,741)
Net assets of governmental activities	<u>\$ 28,803,172</u>

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	Total Governmental Funds
REVENUES	
Revenue from the use of money and property	\$ 148,730
Charges for services	1,527,611
Miscellaneous	223,725
Recovered costs	70,265
Intergovernmental revenues:	
Local government	20,388,986
Commonwealth	22,492,563
Federal	3,586,330
Total revenues	<u>\$ 48,438,210</u>
EXPENDITURES	
Current:	
Education	\$ 49,050,220
Total expenditures	<u>\$ 49,050,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (612,010)</u>
Net change in fund balances	\$ (612,010)
Fund balances - beginning	4,505,835
Fund balances - ending	<u>\$ 3,893,825</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (612,010)
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 depreciation exceeded capital outlays in the current period.	(43,107)
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.	(52,589)
Change in net assets of governmental activities	<u>\$ (707,706)</u>

County of Botetourt, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 101,000	\$ 101,000	\$ 148,730	\$ 47,730
Charges for services	1,829,435	1,829,435	1,527,611	(301,824)
Miscellaneous	101,641	101,641	223,725	122,084
Recovered costs	55,000	55,000	70,265	15,265
Intergovernmental revenues:				
Local government	20,323,337	20,388,986	20,388,986	-
Commonwealth	23,179,487	23,179,487	22,492,563	(686,924)
Federal	2,763,793	2,763,793	3,586,330	822,537
Total revenues	<u>\$ 48,353,693</u>	<u>\$ 48,419,342</u>	<u>\$ 48,438,210</u>	<u>\$ 18,868</u>
EXPENDITURES				
Current:				
Education	\$ 48,818,693	\$ 49,317,405	\$ 49,050,220	\$ 267,185
Total expenditures	<u>\$ 48,818,693</u>	<u>\$ 49,317,405</u>	<u>\$ 49,050,220</u>	<u>\$ 267,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (465,000)</u>	<u>\$ (898,063)</u>	<u>\$ (612,010)</u>	<u>\$ 286,053</u>
Net change in fund balances	\$ (465,000)	\$ (898,063)	\$ (612,010)	\$ 286,053
Fund balances - beginning	465,000	465,000	4,505,835	4,040,835
Fund balances - ending	<u>\$ -</u>	<u>\$ (433,063)</u>	<u>\$ 3,893,825</u>	<u>\$ 4,326,888</u>

Supporting Schedules

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 20,003,000	\$ 19,923,566	\$ 20,865,868	\$ 942,302
Real and personal public service corporation taxes	1,214,000	1,214,000	1,299,970	85,970
Personal property taxes	4,210,000	4,210,000	4,153,035	(56,965)
Mobile home taxes	52,500	52,500	43,585	(8,915)
Machinery and tools taxes	3,800,000	3,800,000	3,507,496	(292,504)
Penalties	125,000	125,000	194,815	69,815
Interest	80,000	80,000	91,455	11,455
Total general property taxes	\$ 29,484,500	\$ 29,405,066	\$ 30,156,224	\$ 751,158
Other local taxes:				
Local sales and use taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,028,548	\$ (71,452)
Consumers' utility taxes	550,000	550,000	551,977	1,977
Local consumption tax	151,000	151,000	147,982	(3,018)
E-911 telephone taxes	55,000	55,000	52,880	(2,120)
Business license taxes	841,500	841,500	745,256	(96,244)
Franchise license tax	45,000	45,000	67,673	22,673
Motor vehicle licenses	635,000	635,000	632,926	(2,074)
Bank stock taxes	128,000	128,000	196,079	68,079
Taxes on recordation and wills	317,000	317,000	263,973	(53,027)
Hotel and motel room taxes	275,000	275,000	293,549	18,549
Restaurant food taxes	1,140,000	1,140,000	1,093,240	(46,760)
Total other local taxes	\$ 6,237,500	\$ 6,237,500	\$ 6,074,083	\$ (163,417)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 32,000	\$ 32,000	\$ 28,211	\$ (3,789)
Land use application fees	1,000	1,000	1,484	484
Transfer fees	1,500	1,500	902	(598)
Building permits and other licenses	227,200	227,200	172,442	(54,758)
Zoning fees	22,500	22,500	13,457	(9,043)
Total permits, privilege fees, and regulatory licenses	\$ 284,200	\$ 284,200	\$ 216,496	\$ (67,704)
Fines and forfeitures:				
Court fines and forfeitures	\$ 105,200	\$ 105,200	\$ 115,006	\$ 9,806
Total fines and forfeitures	\$ 105,200	\$ 105,200	\$ 115,006	\$ 9,806
Revenue from use of money and property:				
Revenue from use of money	\$ 411,250	\$ 411,250	\$ 285,095	\$ (126,155)
Revenue from use of property	289,500	289,500	317,759	28,259
Total revenue from use of money and property	\$ 700,750	\$ 700,750	\$ 602,854	\$ (97,896)

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Charges for law enforcement and traffic control	54,000	54,000	37,381	(16,619)
Charges for courthouse maintenance	20,000	20,000	18,645	(1,355)
Charges for courtroom security	95,000	95,000	97,328	2,328
Court appointed attorneys	-	-	20,915	20,915
Miscellaneous jail and inmate fees	26,750	26,750	19,235	(7,515)
Jail processing fees	6,000	6,000	4,224	(1,776)
Charges for Commonwealth's Attorney	92,000	92,000	41,667	(50,333)
Charges for board and care of animals	6,000	6,000	5,580	(420)
Charges for sanitation and waste removal	155,000	155,000	167,897	12,897
Charges for parks and recreation	135,000	135,000	136,813	1,813
Charges for engineering reviews	2,500	2,500	5,040	2,540
Other charges for services	750	750	1,148	398
Charges for law library	-	-	4,918	4,918
Charges for library	17,500	17,500	26,660	9,160
Total charges for services	\$ 618,000	\$ 618,000	\$ 587,451	\$ (30,549)
Miscellaneous revenue:				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 41,176	\$ 38,176
Sale of salvage	1,500	1,500	4,500	3,000
Revenue sharing payments	44,000	44,000	43,333	(667)
Jack Smith industrial park settlement (Roanoke)	135,000	135,000	1,787,922	1,652,922
Telephone commissions	22,000	22,000	24,401	2,401
Forfeiture funds	-	-	6,190	6,190
Donations	4,000	4,000	41,189	37,189
Total miscellaneous revenue	\$ 209,500	\$ 209,500	\$ 1,948,711	\$ 1,739,211
Recovered costs:				
Local jails	\$ 180,000	\$ 180,000	\$ 213,120	\$ 33,120
ES cost recoveries	950,000	950,000	808,347	(141,653)
Health Department	-	-	51,043	51,043
Regional jail	104,416	104,416	104,416	-
Medical co-pay	5,000	5,000	14,765	9,765
CSA refunds	50,000	50,000	27,312	(22,688)
Social services refunds	6,000	6,000	1,348	(4,652)
Other recovered costs	110,500	43,306	162,922	119,616
Total recovered costs	\$ 1,405,916	\$ 1,338,722	\$ 1,383,273	\$ 44,551
Total revenue from local sources	\$ 39,045,566	\$ 38,898,938	\$ 41,084,098	\$ 2,185,160

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	\$ 155,000	\$ 155,000	\$ 13,777	\$ (141,223)
Communications sales and use taxes	750,000	750,000	745,341	(4,659)
Motor vehicle carriers' tax	3,500	3,500	2,614	(886)
Mobile home titling tax	40,000	40,000	27,389	(12,611)
Grantor's tax	200,000	200,000	165,187	(34,813)
Personal property tax relief funds	3,418,000	3,418,000	3,418,137	137
Total noncategorical aid	\$ 4,566,500	\$ 4,566,500	\$ 4,372,445	\$ (194,055)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 378,000	\$ 378,000	\$ 384,055	\$ 6,055
Sheriff	3,268,000	3,268,000	3,205,224	(62,776)
Commissioner of revenue	103,000	103,000	105,594	2,594
Treasurer	107,000	107,000	109,055	2,055
Registrar/electoral board	40,608	40,608	43,128	2,520
Clerk of the Circuit Court	286,000	286,000	298,839	12,839
Reduction in State Aid	(284,093)	(284,093)	(284,093)	-
Total shared expenses	\$ 3,898,515	\$ 3,898,515	\$ 3,861,802	\$ (36,713)
Categorical aid: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 495,000	\$ 495,000	\$ 478,543	\$ (16,457)
Comprehensive services act	787,997	787,997	780,351	(7,646)
Domestic preparedness grant	5,000	5,000	-	(5,000)
Emergency medical services	125,000	125,000	147,962	22,962
Library grant	148,325	148,325	147,387	(938)
Property seizure	-	-	24,599	24,599
Governors opportunity funds	-	200,000	200,000	-
VJCCCA grant	17,000	17,000	13,056	(3,944)
Bulletproof vest program	800	800	-	(800)
Fire program	78,000	78,000	82,211	4,211
DMME grant	-	-	27,425	27,425
Recreation grant	-	-	10,199	10,199
Other categorical aid	5,150	5,150	5,833	683
Total other categorical aid	\$ 1,662,272	\$ 1,862,272	\$ 1,917,566	\$ 55,294
Total categorical aid	\$ 5,560,787	\$ 5,760,787	\$ 5,779,368	\$ 18,581
Total revenue from the Commonwealth	\$ 10,127,287	\$ 10,327,287	\$ 10,151,813	\$ (175,474)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 156,500	\$ 156,500	\$ 137,476	\$ (19,024)

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Public assistance and welfare administration	\$ 840,000	\$ 840,000	\$ 815,544	\$ (24,456)
Public assistance and welfare administration - ARRA	-	-	26,824	26,824
State homeland security grant program	-	-	296,263	296,263
Emergency management grant	-	-	14,170	14,170
State and community highway safety	9,000	9,000	10,949	1,949
Total categorical aid	<u>\$ 849,000</u>	<u>\$ 849,000</u>	<u>\$ 1,163,750</u>	<u>\$ 314,750</u>
Total revenue from the federal government	<u>\$ 1,005,500</u>	<u>\$ 1,005,500</u>	<u>\$ 1,301,226</u>	<u>\$ 295,726</u>
Total General Fund	<u>\$ 50,178,353</u>	<u>\$ 50,231,725</u>	<u>\$ 52,537,137</u>	<u>\$ 2,305,412</u>
Total Primary Government	<u>\$ 50,178,353</u>	<u>\$ 50,231,725</u>	<u>\$ 52,537,137</u>	<u>\$ 2,305,412</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 4,805	\$ 3,805
Revenue from the use of property	100,000	100,000	143,925	43,925
Total revenue from use of money and property	<u>\$ 101,000</u>	<u>\$ 101,000</u>	<u>\$ 148,730</u>	<u>\$ 47,730</u>
Charges for services:				
Cafeteria sales	\$ 1,614,042	\$ 1,614,042	\$ 1,305,518	\$ (308,524)
Transportation of pupils	28,000	28,000	41,642	13,642
Tuition and payments from other divisions	187,393	187,393	180,451	(6,942)
Total charges for services	<u>\$ 1,829,435</u>	<u>\$ 1,829,435</u>	<u>\$ 1,527,611</u>	<u>\$ (301,824)</u>
Miscellaneous revenue:				
Other miscellaneous	101,641	101,641	223,725	122,084
Total miscellaneous revenue	<u>\$ 101,641</u>	<u>\$ 101,641</u>	<u>\$ 223,725</u>	<u>\$ 122,084</u>
Recovered costs:				
Other recovered costs	55,000	55,000	70,265	15,265
Total recovered costs	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 70,265</u>	<u>\$ 15,265</u>
Total revenue from local sources	<u>\$ 2,087,076</u>	<u>\$ 2,087,076</u>	<u>\$ 1,970,331</u>	<u>\$ (116,745)</u>

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Botetourt, Virginia	\$ 20,323,337	\$ 20,388,986	\$ 20,388,986	\$ -
Total revenues from local governments	\$ 20,323,337	\$ 20,388,986	\$ 20,388,986	\$ -
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,748,261	\$ 4,748,261	\$ 4,942,366	\$ 194,105
Basic school aid	13,177,335	13,177,335	12,518,955	(658,380)
Remedial summer education	33,277	33,277	29,515	(3,762)
Regular foster care	48,904	48,904	33,739	(15,165)
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	140,023	140,023	140,555	532
Remedial education	118,241	118,241	118,691	450
School food	32,864	32,864	31,195	(1,669)
Special education	1,605,593	1,605,593	1,611,703	6,110
Textbook payment	163,484	163,484	164,106	622
Standards of Learning algebra readiness	19,674	19,674	19,674	-
Vocational education SOQ payments	491,635	491,635	493,506	1,871
Social security fringe benefits	799,685	799,685	802,728	3,043
Share of fringe benefits	472,965	472,965	474,765	1,800
Group life insurance instructional	28,005	28,005	26,911	(1,094)
Early reading intervention	61,429	61,429	51,111	(10,318)
Homebound education	32,384	32,384	31,260	(1,124)
Vocational education	55,588	55,588	61,530	5,942
Salary supplement	47,000	47,000	30,000	(17,000)
Special education - foster children	91,412	91,412	52,839	(38,573)
Special education - regional programs	192,923	192,923	132,102	(60,821)
Industry certification	-	-	8,012	8,012
At risk payments	47,271	47,271	47,507	236
Mentor teacher program	3,771	3,771	2,491	(1,280)
Technology	336,000	336,000	336,000	-
Hold harmless	208,454	208,454	207,021	(1,433)
State revenue	130,410	130,410	15,686	(114,724)
At risk four-year olds	78,560	78,560	90,979	12,419
English as a second language	6,480	6,480	9,208	2,728
Other state funds	-	-	549	549
Total categorical aid	\$ 23,179,487	\$ 23,179,487	\$ 22,492,563	\$ (686,924)
Total revenue from the Commonwealth	\$ 23,179,487	\$ 23,179,487	\$ 22,492,563	\$ (686,924)

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School breakfast program	\$ 89,250	\$ 89,250	\$ 96,915	\$ 7,665
School lunch program	351,944	351,944	471,605	119,661
School food distribution	-	-	164,072	164,072
State fiscal stabilization program	-	-	739,672	739,672
Title I	480,000	480,000	495,419	15,419
Language acquisition	5,000	5,000	1,241	(3,759)
Title VI-B, Special education flow-through	1,548,003	1,548,003	1,163,074	(384,929)
Vocational education	47,598	47,598	45,245	(2,353)
Title VI-B, Special education pre-school	27,482	27,482	77,488	50,006
Drug free schools	17,000	17,000	10,475	(6,525)
Title II	10,000	10,000	5,389	(4,611)
Adult basic education	17,500	17,500	20,656	3,156
Federal land use	17,016	17,016	60,419	43,403
Education technology	-	-	10,857	10,857
Education jobs	-	-	110,133	110,133
Improving teacher quality	153,000	153,000	113,670	(39,330)
Total categorical aid	<u>\$ 2,763,793</u>	<u>\$ 2,763,793</u>	<u>\$ 3,586,330</u>	<u>\$ 822,537</u>
Total revenue from the federal government	<u>\$ 2,763,793</u>	<u>\$ 2,763,793</u>	<u>\$ 3,586,330</u>	<u>\$ 822,537</u>
Total School Operating Fund	<u>\$ 48,353,693</u>	<u>\$ 48,419,342</u>	<u>\$ 48,438,210</u>	<u>\$ 18,868</u>
Total Discretely Presented Component Unit - Total Component-Unit School Board	<u>\$ 48,353,693</u>	<u>\$ 48,419,342</u>	<u>\$ 48,438,210</u>	<u>\$ 18,868</u>

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 233,266	\$ 243,254	\$ 224,897	\$ 18,357
General and financial administration:				
County administrator	\$ 365,685	\$ 364,624	\$ 334,172	\$ 30,452
Deputy administrators	345,959	345,895	339,478	6,417
Central garage	60,079	60,045	59,722	323
Commissioner of revenue	348,404	348,404	334,096	14,308
Central purchasing	118,470	120,630	87,217	33,413
Treasurer	396,029	413,419	413,419	-
Management information systems	661,281	673,445	610,759	62,686
Financial services	312,778	323,559	313,109	10,450
Total general and financial administration	\$ 2,608,685	\$ 2,650,021	\$ 2,491,972	\$ 158,049
Board of elections:				
Electoral board/registrar	\$ 242,591	\$ 262,015	\$ 229,280	\$ 32,735
Total board of elections	\$ 242,591	\$ 262,015	\$ 229,280	\$ 32,735
Total general government administration	\$ 3,084,542	\$ 3,155,290	\$ 2,946,149	\$ 209,141
Judicial administration:				
Courts:				
Circuit court	\$ 58,436	\$ 58,436	\$ 55,593	\$ 2,843
General district court	34,104	34,104	27,713	6,391
Magistrate	625	590	212	378
Clerk of the circuit court	563,971	578,291	537,486	40,805
Total courts	\$ 657,136	\$ 671,421	\$ 621,004	\$ 50,417
Commonwealth's attorney:				
Commonwealth's attorney	\$ 647,151	\$ 630,651	\$ 603,395	\$ 27,256
Total commonwealth's attorney	647,151	630,651	603,395	27,256
Total judicial administration	\$ 1,304,287	\$ 1,302,072	\$ 1,224,399	\$ 77,673
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,061,453	\$ 4,511,436	\$ 4,179,780	\$ 331,656
Total law enforcement and traffic control	\$ 4,061,453	\$ 4,511,436	\$ 4,179,780	\$ 331,656

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire departments and rescue squads	\$ 1,260,369	\$ 1,311,077	\$ 1,092,030	\$ 219,047
Emergency communications	188,105	279,701	242,712	36,989
Western Virginia EMS	6,722	6,722	6,722	-
Total fire and rescue services	<u>\$ 1,455,196</u>	<u>\$ 1,597,500</u>	<u>\$ 1,341,464</u>	<u>\$ 256,036</u>
Correction and detention:				
County operated institutions - jail	\$ 3,568,644	\$ 3,582,443	\$ 3,054,542	\$ 527,901
Probation office	23,250	45,506	42,454	3,052
Total correction and detention	<u>\$ 3,591,894</u>	<u>\$ 3,627,949</u>	<u>\$ 3,096,996</u>	<u>\$ 530,953</u>
Inspections:				
Building	\$ 298,977	\$ 268,854	\$ 261,158	\$ 7,696
Total inspections	<u>\$ 298,977</u>	<u>\$ 268,854</u>	<u>\$ 261,158</u>	<u>\$ 7,696</u>
Other protection:				
Animal control	\$ 418,247	\$ 419,632	\$ 385,951	\$ 33,681
Emergency services	1,469,940	1,726,350	1,658,322	68,028
Dispatch	679,399	679,400	646,460	32,940
Total other protection	<u>\$ 2,567,586</u>	<u>\$ 2,825,382</u>	<u>\$ 2,690,733</u>	<u>\$ 134,649</u>
Total public safety	<u>\$ 11,975,106</u>	<u>\$ 12,831,121</u>	<u>\$ 11,570,131</u>	<u>\$ 1,260,990</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 532,603	\$ 590,550	\$ 543,909	\$ 46,641
County engineer	326,371	331,150	321,472	9,678
Public works	129,403	154,954	147,789	7,165
Total sanitation and waste removal	<u>\$ 988,377</u>	<u>\$ 1,076,654</u>	<u>\$ 1,013,170</u>	<u>\$ 63,484</u>
Maintenance of general buildings and grounds:				
General properties	\$ 607,280	\$ 657,185	\$ 657,185	\$ -
Total maintenance of general buildings and grounds	<u>607,280</u>	<u>657,185</u>	<u>657,185</u>	<u>-</u>
Total public works	<u>\$ 1,595,657</u>	<u>\$ 1,733,839</u>	<u>\$ 1,670,355</u>	<u>\$ 63,484</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 329,193	\$ 329,193	\$ 329,193	\$ -
Total health	<u>\$ 329,193</u>	<u>\$ 329,193</u>	<u>\$ 329,193</u>	<u>\$ -</u>

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
State and local hospitalization	\$ 10,500	\$ 500	\$ -	\$ 500
Mental health contribution	38,743	38,743	38,743	-
Total mental health and mental retardation	\$ 49,243	\$ 39,243	\$ 38,743	\$ 500
Welfare:				
Welfare administration and programs	\$ 1,835,652	\$ 1,835,652	\$ 1,529,115	\$ 306,537
Comprehensive services act	1,359,805	1,350,460	1,343,061	7,399
Senior van program	72,019	71,845	70,022	1,823
Resource center	6,750	6,750	6,750	-
Tax relief for the elderly	282,000	282,000	281,004	996
Other welfare programs	41,136	41,136	41,136	-
Total welfare	\$ 3,597,362	\$ 3,587,843	\$ 3,271,088	\$ 316,755
Total health and welfare	\$ 3,975,798	\$ 3,956,279	\$ 3,639,024	\$ 317,255
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 12,150	\$ 12,150	\$ 12,150	\$ -
Contribution to County School Board	20,323,337	20,388,986	20,388,986	-
Total education	\$ 20,335,487	\$ 20,401,136	\$ 20,401,136	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,176,267	\$ 1,301,383	\$ 1,268,460	\$ 32,923
Sports Complex	375,150	385,190	385,190	-
Tourism	141,455	181,823	181,823	-
Community recreation incentive	-	-	-	-
Total parks and recreation	\$ 1,692,872	\$ 1,868,396	\$ 1,835,473	\$ 32,923
Cultural enrichment:				
Contributions to cultural organizations	\$ 66,612	\$ 71,612	\$ 71,612	\$ -
Total cultural enrichment	\$ 66,612	\$ 71,612	\$ 71,612	\$ -
Library:				
Library expenses	\$ 787,111	\$ 794,190	\$ 770,470	\$ 23,720
Regional library	186,441	188,914	172,586	16,328
Total library	\$ 973,552	\$ 983,104	\$ 943,056	\$ 40,048
Total parks, recreation, and cultural	\$ 2,733,036	\$ 2,923,112	\$ 2,850,141	\$ 72,971

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and Zoning	\$ 236,552	\$ 236,514	\$ 219,614	\$ 16,900
Planning commission	22,730	22,730	22,730	-
Industrial development	71,528	71,528	72,528	(1,000)
Governor's Opportunity Funds	-	200,000	200,000	-
Total planning and community development	<u>\$ 330,810</u>	<u>\$ 530,772</u>	<u>\$ 514,872</u>	<u>\$ 15,900</u>
Environmental management:				
Other environmental management	\$ 23,240	\$ 23,240	\$ 23,135	\$ 105
Total environmental management	<u>23,240</u>	<u>23,240</u>	<u>23,135</u>	<u>105</u>
Cooperative extension program:				
Extension office	\$ 82,366	\$ 82,366	\$ 62,854	\$ 19,512
Total cooperative extension program	<u>82,366</u>	<u>82,366</u>	<u>62,854</u>	<u>19,512</u>
Total community development	<u>\$ 436,416</u>	<u>\$ 636,378</u>	<u>\$ 600,861</u>	<u>\$ 35,517</u>
Capital projects:				
EOC upgrades	\$ -	\$ 14,169	\$ -	\$ 14,169
Tower site batteries	15,000	21,000	-	21,000
Street signs	15,000	15,000	-	15,000
ADA Compliance	15,000	16,252	-	16,252
Boxley Fields	-	7,841	-	7,841
Buchanan Park	-	57,000	-	57,000
Blue Ridge Library	-	-	761,764	(761,764)
Eagle Rock Library	-	3,000	-	3,000
Emergency communications project	31,000	31,000	30,590	410
VDOT revenue sharing	25,000	25,000	-	25,000
Industrial site development	25,000	338,797	223,982	114,815
Recreation facility (Greenfield park)	-	21,725	-	21,725
Total capital projects	<u>\$ 126,000</u>	<u>\$ 550,784</u>	<u>1,016,336</u>	<u>\$ (465,552)</u>
Debt service:				
Principal retirement	2,806,474	2,804,794	\$ 2,784,220	\$ 20,574
Bond issuance costs	-	31,266	31,266	-
Interest and other fiscal charges	1,972,381	1,972,381	1,972,381	-
Total debt service	<u>\$ 4,778,855</u>	<u>\$ 4,808,441</u>	<u>\$ 4,787,867</u>	<u>\$ 20,574</u>
Total General Fund	<u>\$ 50,345,184</u>	<u>\$ 52,298,452</u>	<u>\$ 50,706,399</u>	<u>\$ 1,592,053</u>
Total Primary Government	<u>\$ 50,345,184</u>	<u>\$ 52,298,452</u>	<u>\$ 50,706,399</u>	<u>\$ 1,592,053</u>

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,699,882	\$ 1,699,882	\$ 1,697,984	\$ 1,898
Instruction costs:				
Instructional costs	\$ 34,377,216	\$ 34,875,928	\$ 34,074,441	\$ 801,487
Operating costs:				
Pupil transportation	\$ 3,021,624	\$ 3,021,624	\$ 3,222,185	\$ (200,561)
Operation and maintenance of school plant	4,575,378	4,575,378	4,523,644	51,734
School food service	2,104,100	2,104,100	2,131,155	(27,055)
Facilities	500,000	500,000	1,059,672	(559,672)
Technology	2,540,493	2,540,493	2,341,139	199,354
Total operating costs	\$ 12,741,595	\$ 12,741,595	\$ 13,277,795	\$ (536,200)
Total education	\$ 48,818,693	\$ 49,317,405	\$ 49,050,220	\$ 267,185
Total School Fund	\$ 48,818,693	\$ 49,317,405	\$ 49,050,220	\$ 267,185
Total Discretely Presented Component Unit - School Board	\$ 48,818,693	\$ 49,317,405	\$ 49,050,220	\$ 267,185

Note: Appropriations to the School Board are enforced at the fund level only.

STATISTICAL SECTION

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the 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 debt in the future.

11 - 15

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.

16

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.

17 - 20

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 2003; schedules presenting government-wide information include information beginning in that year.

Table 1

COUNTY OF BOTETOURT, VIRGINIA
 Net Assets by Component
 Last Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 6,195,850	\$ 7,141,095	\$ 8,692,418	\$ 12,273,356	\$ 18,097,591	\$ 24,784,273	\$ 27,728,370	\$ 28,954,610	\$ 29,931,209
Restricted	118,523	144,886	116,975	676,265	666,969	243,247	260,324	184,574	198,529
Unrestricted	3,966,387	6,463,347	10,173,008	18,758,845	20,068,496	17,062,750	10,303,045	9,116,696	10,975,733
Total governmental activities net assets	\$ 10,280,760	\$ 13,749,328	\$ 18,982,401	\$ 31,708,466	\$ 38,833,056	\$ 42,090,270	\$ 38,291,739	\$ 38,255,880	\$ 41,105,471
Business-type activities									
Invested in capital assets, net of related debt	\$ 7,853,689	\$ 7,519,539	\$ 8,841,644	\$ 8,909,696	\$ 10,031,502	\$ 10,207,082	\$ 10,102,393	\$ 9,954,091	\$ 10,019,461
Unrestricted	1,393,862	2,035,410	1,340,450	1,401,069	295,498	888,109	2,022,825	2,354,249	2,511,990
Total business-type activities net assets	\$ 9,247,551	\$ 9,554,949	\$ 10,182,094	\$ 10,310,765	\$ 10,327,000	\$ 11,095,191	\$ 12,125,218	\$ 12,308,340	\$ 12,531,451
Primary government									
Invested in capital assets, net of related debt	\$ 14,049,539	\$ 14,660,634	\$ 17,534,062	\$ 21,183,052	\$ 28,129,093	\$ 34,991,355	\$ 37,830,763	\$ 38,908,701	\$ 39,950,670
Restricted	118,523	144,886	116,975	676,265	666,969	243,247	260,324	184,574	198,529
Unrestricted	5,360,249	8,488,757	12,339,079	20,159,914	20,363,994	17,950,859	12,325,870	11,470,945	13,487,723
Total primary government net assets	\$ 19,528,311	\$ 23,304,277	\$ 29,990,116	\$ 42,019,231	\$ 49,160,056	\$ 53,185,461	\$ 50,416,957	\$ 50,564,220	\$ 53,636,922

Information has only been available for nine years.

COUNTY OF BOTETOURT, VIRGINIA
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 2,012,402	\$ 2,230,461	\$ 2,396,259	\$ 2,623,963	\$ 2,474,879	\$ 2,425,324	\$ 2,882,831	\$ 3,330,864	\$ 3,017,197
Judicial administration	606,205	850,225	898,610	1,007,505	1,247,810	1,315,699	1,307,844	1,289,818	1,251,798
Public safety	6,460,243	6,800,812	7,214,325	7,541,698	9,005,396	11,408,457	11,875,621	12,060,957	11,119,800
Public works	2,196,276	1,634,166	1,087,768	(342,596)	2,094,816	1,645,071	3,469,969	1,026,920	1,902,510
Health and welfare	2,550,130	2,964,610	3,089,866	3,078,876	3,155,210	3,522,298	3,359,650	3,717,605	3,572,226
Education	16,570,067	17,302,062	16,869,552	19,071,338	18,891,746	20,021,134	22,944,520	20,407,000	21,907,252
Parks, recreation and cultural	1,324,480	1,349,839	1,708,618	1,756,571	2,172,778	2,801,151	2,932,681	3,120,867	3,266,210
Community development	466,355	802,821	1,022,648	564,789	582,609	2,012,043	1,323,106	672,942	581,692
Interest on long-term debt	1,075,768	1,014,329	949,361	1,081,456	2,712,171	2,566,987	2,127,418	1,978,620	1,763,356
Total governmental activities expenses	\$ 33,261,926	\$ 34,949,325	\$ 35,237,007	\$ 36,383,600	\$ 42,337,415	\$ 47,718,164	\$ 52,223,640	\$ 47,605,593	\$ 48,382,041
Business-type activities:									
Water	\$ 1,691,872	\$ 1,490,662	\$ 1,524,165	\$ 2,035,296	\$ 2,095,311	\$ 2,382,201	\$ 2,705,663	\$ 2,822,893	\$ 2,616,243
Total primary government expenses	\$ 34,953,798	\$ 36,439,987	\$ 36,761,172	\$ 38,418,896	\$ 44,432,726	\$ 50,100,365	\$ 54,929,303	\$ 50,428,486	\$ 50,998,284
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 801	\$ 10,104	\$ -	\$ 2,220	\$ 1,090	\$ 1,202	\$ 606	\$ 492	\$ 1,148
Judicial administration	209,353	336,028	222,281	337,141	304,025	293,937	79,072	154,962	183,408
Public safety	111,999	687,202	574,937	624,263	541,492	584,434	542,087	462,721	396,503
Public works	763,073	670,364	874,485	853,104	1,255,980	938,821	176,935	168,841	174,421
Parks, recreation and cultural	16,524	9,007	28,141	30,786	61,788	130,073	149,235	164,399	163,473
Community development	-	-	-	-	39,582	-	-	-	-
Operating grants and contributions	4,485,440	4,844,407	5,527,195	5,884,760	5,813,858	6,804,623	7,900,796	6,843,667	6,943,118
Capital grants and contributions	-	-	825,621	5,341,327	833,052	3,141,221	-	-	-
Total governmental activities program revenues	\$ 5,587,190	\$ 6,557,112	\$ 8,052,660	\$ 13,073,601	\$ 8,850,867	\$ 11,892,311	\$ 8,848,731	\$ 7,795,082	\$ 7,862,071
Business-type activities:									
Charges for services:									
Water	\$ 1,299,743	\$ 1,730,084	\$ 1,844,364	\$ 1,903,624	\$ 1,965,855	\$ 2,788,894	\$ 2,703,870	\$ 2,971,193	\$ 2,826,574
Operating grants and contributions	-	123,452	-	-	-	-	-	-	-
Capital grants and contributions	-	-	242,320	184,415	14,270	-	97,975	25,000	-
Total business-type activities program revenues	\$ 1,299,743	\$ 1,853,536	\$ 2,086,684	\$ 2,088,039	\$ 1,980,125	\$ 2,788,894	\$ 2,801,845	\$ 2,996,193	\$ 2,826,574
Total primary government program revenues	\$ 6,886,933	\$ 8,410,648	\$ 10,139,344	\$ 15,161,640	\$ 10,830,992	\$ 14,681,205	\$ 11,650,576	\$ 10,791,275	\$ 10,688,645

COUNTY OF BOTETOURT, VIRGINIA
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense) / revenue									
Governmental activities	\$ (27,674,736)	\$ (28,392,213)	\$ (27,184,347)	\$ (23,309,999)	\$ (33,486,548)	\$ (35,825,853)	\$ (43,374,909)	\$ (39,810,511)	\$ (40,519,970)
Business-type activities	(392,129)	362,874	562,519	52,743	(115,186)	406,693	96,182	173,300	210,331
Total primary government net expense	<u>\$ (28,066,865)</u>	<u>\$ (28,029,339)</u>	<u>\$ (26,621,828)</u>	<u>\$ (23,257,256)</u>	<u>\$ (33,601,734)</u>	<u>\$ (35,419,160)</u>	<u>\$ (43,278,727)</u>	<u>\$ (39,637,211)</u>	<u>\$ (40,309,639)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 21,118,883	\$ 21,511,158	\$ 21,959,664	\$ 22,943,504	\$ 26,540,984	\$ 27,293,853	\$ 28,666,285	\$ 28,295,560	\$ 30,227,710
Local sales and use taxes	1,627,979	1,902,149	1,907,016	2,043,136	2,120,627	2,102,537	1,930,445	1,873,975	2,028,548
Taxes on recordation and wills	228,569	269,075	345,583	610,881	453,586	405,937	296,613	285,530	699,959
Motor vehicle licenses taxes	654,769	672,656	694,280	715,817	718,797	25,815	587,147	627,860	745,256
Consumer utility taxes	498,838	722,673	1,097,302	1,114,597	946,172	694,547	694,849	694,260	632,926
Business licenses taxes	479,334	591,582	717,265	761,213	780,498	828,183	788,003	779,757	1,093,240
Other local taxes	2,004,431	1,743,015	1,648,434	1,829,180	2,133,704	2,437,859	2,329,120	1,537,984	874,154
Unrestricted grants and contributions	3,598,245	3,815,309	3,684,929	3,330,507	3,990,504	3,879,675	4,007,081	4,652,598	4,509,921
Unrestricted revenues from use of money and property	331,740	270,904	760,822	1,247,708	2,661,235	1,631,765	902,894	660,250	602,854
Miscellaneous	448,480	283,959	270,663	628,389	334,911	126,545	285,932	366,878	1,948,711
Transfers	(271,103)	78,302	(30,875)	(14,489)	(69,890)	(343,649)	(911,991)	-	6,282
Total governmental activities	<u>\$ 30,714,165</u>	<u>\$ 31,860,782</u>	<u>\$ 33,055,083</u>	<u>\$ 35,210,443</u>	<u>\$ 40,611,138</u>	<u>\$ 39,083,067</u>	<u>\$ 39,576,378</u>	<u>\$ 39,774,652</u>	<u>\$ 43,369,561</u>
Business-type activities:									
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ 61,439	\$ 61,541	\$ 17,849	\$ 21,854	\$ 9,822	\$ 19,062
Miscellaneous	19,199	16,950	33,751	-	-	-	-	-	-
Transfers	2,107	5,876	-	-	-	-	-	-	-
Total business-type activities	<u>\$ 271,103</u>	<u>\$ (78,302)</u>	<u>\$ 30,875</u>	<u>\$ 14,489</u>	<u>\$ 69,890</u>	<u>\$ 343,649</u>	<u>\$ 911,991</u>	<u>\$ -</u>	<u>\$ (6,282)</u>
Total primary government	<u>\$ 292,409</u>	<u>\$ (55,476)</u>	<u>\$ 64,626</u>	<u>\$ 75,928</u>	<u>\$ 131,421</u>	<u>\$ 361,498</u>	<u>\$ 933,845</u>	<u>\$ 9,822</u>	<u>\$ 12,780</u>
	<u>\$ 31,006,574</u>	<u>\$ 31,805,306</u>	<u>\$ 33,119,709</u>	<u>\$ 35,286,371</u>	<u>\$ 40,742,559</u>	<u>\$ 39,444,565</u>	<u>\$ 40,510,223</u>	<u>\$ 39,784,474</u>	<u>\$ 43,382,341</u>
Change in Net Assets									
Governmental activities	\$ 3,039,429	\$ 3,468,569	\$ 5,870,736	\$ 11,900,444	\$ 7,124,590	\$ 3,257,214	\$ (3,798,531)	\$ (35,859)	\$ 2,849,591
Business-type activities	(99,720)	307,398	627,145	128,671	16,235	768,191	1,030,027	183,122	223,111
Total primary government	<u>\$ 2,939,709</u>	<u>\$ 3,775,967</u>	<u>\$ 6,497,881</u>	<u>\$ 12,029,115</u>	<u>\$ 7,140,825</u>	<u>\$ 4,025,405</u>	<u>\$ (2,768,504)</u>	<u>\$ 147,263</u>	<u>\$ 3,072,702</u>

Information has only been available for nine years.

Table 3

COUNTY OF BOTETOURT, VIRGINIA
 Governmental Activities Tax Revenues by Source
 Last Nine Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor		Record- ation and Wills Tax	Business License Tax	Restaurant Food Tax	Other		Total
				Vehicle License Tax	Taxes				Local Taxes		
2011	\$ 30,227,710	\$ 2,028,548	\$ 699,959	\$ 632,926	\$ 263,973	\$ 745,256	\$ 1,093,240	\$ 610,181	\$ 36,301,793		
2010	28,295,560	1,873,975	694,260	627,860	285,530	779,757	1,066,328	471,656	34,094,926		
2009	28,666,285	1,930,445	694,849	587,147	296,613	788,003	1,097,813	1,231,307	35,292,462		
2008	27,293,853	2,102,537	694,547	25,815	405,937	828,183	1,078,988	1,358,871	33,788,731		
2007	26,540,984	2,120,627	946,172	718,797	453,586	780,498	1,074,307	1,059,397	33,694,368		
2006	22,943,504	2,043,136	1,114,597	715,817	610,881	761,213	996,577	832,603	30,018,328		
2005	21,959,664	1,907,016	1,097,302	694,280	345,583	717,265	934,270	714,164	28,369,544		
2004	21,511,158	1,902,149	722,673	672,656	269,075	591,582	926,064	816,951	27,412,308		
2003	21,118,883	1,627,979	496,838	654,769	226,569	479,334	813,560	889,137	26,307,069		

Note: The motor vehicle license tax was not collected in FY08, as the County eliminated vehicle decals. The tax will be a fee collected with the personal property taxes due each December.

Information has only been available for nine years.

COUNTY OF BOTETOURT, VIRGINIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved/Restricted	\$ -	\$ 118,523	\$ 144,886	\$ 116,975	\$ 18,610,318	\$ 4,884,335	\$ 243,247	\$ 260,324	\$ 266,406	\$ 198,529
Unreserved/Unassigned	7,990,176	10,429,369	13,076,070	16,199,075	16,603,564	17,669,312	21,465,706	16,164,020	14,054,127	15,900,561
Non-spendable	-	-	-	-	-	-	-	-	-	117,761
Total general fund	\$ 7,990,176	\$ 10,547,892	\$ 13,220,956	\$ 16,316,050	\$ 35,213,882	\$ 22,553,647	\$ 21,708,953	\$ 16,424,344	\$ 14,320,533	\$ 16,216,851
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 13,695,671	\$ 1,441,807	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	100,452	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 100,452	\$ -	\$ -	\$ -	\$ 13,695,671	\$ 1,441,807	\$ -	\$ -	\$ -	\$ -

Note: The County implemented GASB 54 during the fiscal year ending June 30, 2011. As such, fund balance classifications have changed to include amounts that are restricted assigned, and nonspendable as reported above for years ending on June 30, 2011 and thereafter.

Table 5

COUNTY OF BOTETOURT, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
General property taxes	\$ 18,529,587	\$ 21,108,596	\$ 21,469,051	\$ 21,996,002	\$ 22,902,166	\$ 26,407,115	\$ 27,365,128	\$ 28,472,840	\$ 28,265,340	\$ 30,156,224
Other local taxes	5,012,489	5,188,186	5,901,150	6,409,880	7,074,824	7,153,384	6,494,878	6,026,177	5,799,366	6,074,083
Permits, privilege fees and regulatory licenses	243,482	301,734	543,063	436,836	537,885	410,932	364,491	259,873	259,962	216,496
Fines and forfeitures	174,778	169,024	170,769	213,182	116,066	132,611	116,316	87,133	91,435	115,006
Revenue from use of money and property	342,864	331,740	270,904	760,822	1,247,708	2,661,235	1,631,765	902,894	660,250	602,854
Charges for services	549,659	932,726	998,873	1,049,826	1,193,560	1,860,415	1,465,660	600,929	600,018	587,451
Miscellaneous	159,766	446,480	309,235	270,663	661,263	334,911	126,545	285,932	366,878	1,948,711
Recovered costs	583,765	309,381	329,355	441,512	1,079,791	1,328,471	1,429,487	1,982,437	1,465,804	1,383,273
Intergovernmental:										
Commonwealth	7,607,489	7,211,333	7,663,789	9,041,764	13,444,276	9,677,832	12,947,156	9,827,831	10,278,579	10,151,813
Federal	1,000,360	872,352	995,927	995,981	1,112,318	959,582	878,363	2,080,046	1,217,686	1,301,226
Total revenues	\$ 34,204,249	\$ 36,871,552	\$ 38,652,116	\$ 41,616,468	\$ 49,369,857	\$ 50,726,488	\$ 52,819,789	\$ 51,126,092	\$ 49,005,318	\$ 52,537,137
Expenditures										
General government administration	\$ 2,018,660	\$ 1,889,219	\$ 2,060,828	\$ 2,350,299	\$ 2,591,998	\$ 2,666,089	\$ 2,896,922	\$ 3,133,423	\$ 3,217,633	\$ 2,946,149
Judicial administration	567,154	601,548	843,482	891,129	1,006,931	1,253,243	1,288,367	1,281,196	1,276,576	1,224,399
Public safety	6,578,673	6,691,120	7,003,462	7,382,662	8,199,518	9,814,152	11,782,509	12,709,074	12,621,652	11,570,131
Public works	1,376,391	1,590,427	1,435,431	1,677,815	1,571,094	1,724,833	1,625,801	1,699,314	1,729,418	1,670,355
Health and welfare	2,565,915	2,548,996	2,957,939	3,135,064	3,127,959	3,219,915	3,569,914	3,427,105	3,770,875	3,639,024
Education	10,830	15,901,919	16,194,823	16,226,404	18,428,189	18,248,597	19,060,764	21,712,253	19,021,824	20,401,136
Parks, recreation and cultural	1,326,099	1,414,061	1,563,106	1,685,404	1,733,989	2,268,455	2,812,653	2,986,515	2,972,332	2,850,141
Community development	355,147	467,517	799,379	1,020,840	731,012	603,682	1,778,813	496,566	625,127	600,861
Capital projects	808,094	744,708	239,276	1,429,944	10,802,412	31,516,911	4,916,928	3,067,114	1,014,166	1,016,336
Debt service	-	1,905,688	1,905,711	1,891,773	1,898,541	1,898,887	2,377,691	2,762,390	2,798,024	2,784,220
Principal	-	-	-	-	157,398	-	-	-	-	31,266
Bond issuance cost	-	-	-	-	-	-	-	-	-	-
Interest and other fiscal charges	57,194	1,113,506	1,050,735	987,125	951,619	2,355,943	2,652,279	2,223,760	2,061,502	1,972,381
Total expenditures	\$ 15,664,157	\$ 34,868,709	\$ 36,054,172	\$ 38,678,459	\$ 51,200,660	\$ 75,570,707	\$ 54,762,641	\$ 55,498,710	\$ 51,109,129	\$ 50,706,399
Excess of revenues over (under) expenditures	\$ 18,540,092	\$ 2,002,843	\$ 2,597,944	\$ 2,938,009	\$ (1,830,803)	\$ (24,844,219)	\$ (1,942,852)	\$ (4,372,618)	\$ (2,103,811)	\$ 1,830,738
Other financing sources (uses)										
Transfers in	\$ 843,413	\$ 250	\$ 175,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,282
Transfers out	(16,803,800)	(271,103)	(99,900)	(30,875)	(14,489)	(69,880)	(343,649)	(911,991)	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	-	-	2,074,298
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	(2,015,000)
Proceeds of general obligation bonds	-	-	-	-	33,460,000	-	-	-	-	-
Proceeds of literary loans	-	611,600	-	-	-	-	-	-	-	-
Proceeds of revenue anticipation notes	-	-	-	-	825,621	-	-	-	-	-
Premium on bonds issued	-	-	-	-	978,795	-	-	-	-	-
Total other financing sources (uses)	\$ (15,960,387)	\$ 340,747	\$ 75,120	\$ 794,746	\$ 34,424,306	\$ (69,880)	\$ (343,649)	\$ (911,991)	\$ -	\$ 65,580
Net change in fund balances	\$ 2,579,705	\$ 2,343,590	\$ 2,673,064	\$ 3,732,755	\$ 32,593,503	\$ (24,914,099)	\$ (2,286,501)	\$ (5,284,609)	\$ (2,103,811)	\$ 1,896,318
Debt service as a percentage of noncapital expenditures	0.38%	8.85%	8.25%	7.73%	7.06%	9.66%	10.18%	9.51%	9.70%	9.57%

Table 6

COUNTY OF BOTETOURT, VIRGINIA
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property		Local sales and use		Consumer		Motor		Record- ation and		Business		Other		Total
	Tax	Tax	Tax	Tax	Utility	Tax	Vehicle License	Tax	Wills Tax	License	Tax	Local Taxes			
2011	\$ 30,156,224	\$ 2,028,548	\$ 551,977	\$ 632,926	\$ 263,973	\$ 745,256	\$ 1,851,403	\$ 36,230,307							
2010	28,265,340	1,873,975	549,266	627,860	285,530	779,757	1,682,978	34,064,706							
2009	28,472,840	1,930,445	546,232	587,147	296,613	788,003	2,477,737	35,099,017							
2008	27,365,128	2,102,537	539,236	25,815	405,937	828,183	2,593,170	33,860,006							
2007	26,407,115	2,120,627	787,430	718,797	453,586	780,498	2,292,446	33,560,499							
2006	22,902,166	2,043,136	959,263	715,817	610,881	761,213	1,984,514	29,976,990							
2005	21,996,002	1,907,016	948,046	694,280	345,583	717,265	1,797,690	28,405,882							
2004	21,469,051	1,902,149	722,673	672,656	269,075	591,582	1,743,015	27,370,201							
2003	21,108,596	1,627,979	496,838	654,769	226,569	479,334	1,702,697	26,296,782							
2002	18,529,587	1,649,981	483,091	651,120	210,008	502,783	1,236,424	23,262,994							

Note: The motor vehicle license tax was not collected in FY08, as the County eliminated vehicle decals. The tax will be a fee collected with the personal property taxes due each December.

Table 7

COUNTY OF BOTETOURT, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2011	\$ 3,550,427,445	\$ 300,246,831	\$ 7,491,117	\$ 194,707,052	\$ n/a	\$ 198,117,207	\$ 0.852	\$ 4,250,989,652	\$ 4,250,989,652	100.00%
2010	2,988,312,115	283,659,315	7,399,339	193,749,235	n/a	174,383,239	0.859	3,647,503,243	3,647,503,243	100.00%
2009	2,959,128,712	333,396,867	7,345,446	192,402,843	n/a	163,592,256	0.884	3,655,866,124	3,655,866,124	100.00%
2008	2,895,743,670	308,999,319	7,808,357	172,799,915	n/a	156,941,049	0.872	3,542,292,310	3,542,292,310	100.00%
2007	2,833,082,150	310,621,094	7,700,260	151,870,890	n/a	133,877,838	0.873	3,437,152,232	3,437,152,232	100.00%
2006	2,186,686,112	289,638,810	8,033,414	153,638,605	n/a	135,301,326	0.954	2,773,298,267	2,773,298,267	100.00%
2005	2,139,938,316	256,968,546	8,158,314	146,973,693	n/a	142,625,259	0.936	2,694,664,128	2,694,664,128	100.00%
2004	2,085,489,629	257,232,958	8,321,274	136,994,597	n/a	153,383,435	0.937	2,641,421,893	2,641,421,893	100.00%
2003	2,035,695,125	280,283,007	9,730,292	130,338,657	n/a	160,027,136	0.953	2,616,074,217	2,616,074,217	100.00%
2002	1,712,528,114	237,877,380	9,907,597	124,340,420	n/a	135,333,628	0.960	2,219,987,139	2,219,987,139	100.00%

Source: Commissioner of Revenue
Tax rate is per \$100 of assessed value.

Table 8

COUNTY OF BOTETOURT, VIRGINIA
Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Years	Direct Rates						Overlapping Rates Town of Buchanan	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property
2011	\$ 0.65	2.55	0.65	1.80	n/a	0.852	\$ 0.19	0.32
2010	0.65	2.55	0.65	1.80	n/a	0.859	0.19	0.32
2009	0.65	2.55	0.65	1.80	n/a	0.884	0.19	0.32
2008	0.65	2.55	0.65	1.80	n/a	0.872	0.19	0.32
2007	0.65	2.55	0.65	1.80	n/a	0.873	0.19	0.32
2006	0.70	2.55	0.70	1.80	n/a	0.954	0.19	0.32
2005	0.70	2.55	0.70	1.80	n/a	0.936	0.19	0.32
2004	0.70	2.55	0.70	1.80	n/a	0.937	0.19	0.32
2003	0.70	2.55	0.70	1.80	n/a	0.953	0.19	0.32
2002	0.70	2.55	0.70	1.80	n/a	0.960	0.19	0.32

(1) Per \$100 of assessed value

Total Direct Tax Rate is for County only; information to develop direct rate inclusive of Town was not readily available.

Table 9

COUNTY OF BOTETOURT, VIRGINIA

Principal Property Taxpayers

Current Year and the Period Nine Years Prior
(dollars in millions)

Taxpayer	Type Business	Fiscal Year 2011			Fiscal Year 2012		
		2010	Assessed Valuation	% of Total Assessed Valuation	2011	Assessed Valuation	% of Total Assessed Valuation
American Electric Power	Utility	\$	79.4	1.87%		50.2	2.26%
Roanoke Cement	Manufacturing		45.4	1.07%		44.7	2.01%
Ntelos/R&B	Communications		32.2	0.76%		24.1	1.09%
Metalsa Roanoke	Manufacturing		17.9	0.42%		8.4	0.38%
Roanoke Gas	Utility		15.0	0.35%		9.2	0.41%
CSX	Railroad		15.0	0.35%		8.0	0.36%
Norfolk Sothern Railway	Railroad		13.9	0.33%		8.7	0.39%
Dynax America Corporation	Manufacturing		12.6	0.30%		9.7	0.44%
JTEKT Automotive Virginia	Manufacturing		12.4	0.29%		11.8	0.53%
Virginia Electric Power	Utility		10.5	0.25%		8.4	0.38%
Totals		\$	254.3	5.98%		183.2	8.25%

Source: Commissioner of Revenue

Table 10

COUNTY OF BOTETOURT, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Total Collections		Percentage of Levy
			Amount	
2011	\$ 33,029,510	\$	32,608,101	98.72%
2010	31,335,867		31,422,171	100.28%
2009	32,319,345		31,669,893	97.99%
2008	30,889,723		30,683,398	99.33%
2007	30,308,125		29,797,613	98.32%
2006	26,240,340		26,107,882	99.50%
2005	25,088,385		24,910,666	99.29%
2004	24,770,764		24,498,317	98.90%
2003	24,046,201		23,934,427	99.54%
2002	21,153,271		21,271,228	100.56%

Historical information is not readily available; all delinquent collections are not categorized by year.

Table 11

COUNTY OF BOTETOURT, VIRGINIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other		Revenue Bonds	Capital Leases					
			Bonds	Notes/ Bonds			Capital Leases				
2011	\$ 35,345,895	\$ 6,073,160	\$ -	-	\$ 7,653,375	\$ -	-	\$ 49,072,430	3.52%	\$ 1,478	
2010	37,375,656	6,768,321	-	-	7,622,008	-	-	51,765,985	3.72%	1,562	
2009	39,424,338	7,517,663	-	-	8,086,437	-	-	55,028,438	3.89%	1,649	
2008	41,428,198	8,276,193	-	-	8,537,017	-	-	58,241,408	4.27%	1,755	
2007	43,032,759	9,049,323	7,000,000	-	8,901,138	-	-	67,983,220	5.42%	2,081	
2006	45,137,311	9,822,453	6,166,948	-	8,686,912	-	-	69,813,624	5.93%	2,126	
2005	11,823,927	10,595,583	825,621	-	7,986,472	-	-	31,231,603	2.99%	982	
2004	12,942,570	11,368,713	-	-	7,834,606	-	-	32,145,889	3.18%	1,023	
2003	14,075,151	12,141,843	-	-	7,385,311	-	-	33,602,305	3.43%	1,081	
2002	13,079,762	12,311,843	-	-	7,611,356	-	-	33,002,961	3.39%	1,073	

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 16

Table 12

COUNTY OF BOTETOURT, VIRGINIA
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	\$	41,419,055	-	\$	41,419,055	0.97%	\$ 1,247
2010		44,143,977	-		44,143,977	1.21%	1,332
2009		46,942,001	-		46,942,001	1.28%	1,407
2008		49,704,391	-		49,704,391	1.40%	1,498
2007		52,082,082	-		52,082,082	1.52%	1,594
2006		54,959,764	-		54,959,764	1.98%	1,673
2005		23,245,131	-		23,245,131	0.86%	731
2004		24,311,283	-		24,311,283	0.92%	774
2003		26,216,994	-		26,216,994	1.00%	844
2002		27,511,082	-		27,511,082	1.24%	894

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16

(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.

Table 13

COUNTY OF BOTETOURT, VIRGINIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Town of Fincastle	5,397	100%	5,397
County of Botetourt, direct debt			\$ 41,419,055
Total direct and overlapping debt			<u>\$ 41,424,452</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the County of Botetourt. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the Town's total taxable assessed value.

Table 14

COUNTY OF BOTETOURT, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 221,998,714	\$ 261,607,422	\$ 264,142,189	\$ 269,466,413	\$ 277,329,827	\$ 343,715,223	\$ 354,229,231	\$ 365,586,612	\$ 364,750,324	\$ 425,098,965
Total net debt applicable to limit	27,511,082	26,216,994	24,311,283	23,245,131	54,959,764	52,082,082	49,704,391	46,942,001	44,143,977	41,419,055
Legal debt margin	\$ 194,487,632	\$ 235,390,428	\$ 239,830,906	\$ 246,221,282	\$ 222,370,063	\$ 291,633,141	\$ 304,524,840	\$ 318,644,611	\$ 320,606,347	\$ 383,679,910
Total net debt applicable to the limit as a percentage of debt limit	12.39%	10.02%	9.20%	8.63%	19.82%	15.15%	14.03%	12.84%	12.10%	9.74%
Legal Debt Margin Calculation for Fiscal Year 2011										
Total assessed value	\$ 4,250,989,652									
Debt limit (10% of total assessed value)	\$ 425,098,965									
Net debt applicable to limit	41,419,055									
Legal debt margin	\$ 383,679,910									

Table 15

COUNTY OF BOTETOURT, VIRGINIA

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Water/Sewer Revenue Bonds					Special Assessment Bonds			
	Water/ Sewer Charges and Other(1)	Less: Operating Expenses	Net Available Revenue	Debt Service		Special Assessment Collections	Principal	Interest	Coverage
				Principal	Interest				
2011	5,647,072	1,546,418	4,100,654	478,632	288,574	n/a	n/a	n/a	n/a
2010	5,038,229	1,749,040	3,289,189	464,429	295,806	n/a	n/a	n/a	n/a
2009	4,623,658	1,637,099	2,986,559	450,580	311,427	n/a	n/a	n/a	n/a
2008	3,656,258	1,537,690	2,118,568	437,042	234,817	n/a	n/a	n/a	n/a
2007	3,695,574	1,274,548	2,421,026	308,340	297,595	n/a	n/a	n/a	n/a
2006	3,686,707	1,165,587	2,521,120	179,807	194,610	n/a	n/a	n/a	n/a
2005	4,154,552	658,558	3,495,994	1,014,542	355,444	n/a	n/a	n/a	n/a
2004	3,243,629	623,053	2,620,576	309,805	354,306	n/a	n/a	n/a	n/a
2003	2,903,111	797,004	2,106,107	253,044	380,907	n/a	n/a	n/a	n/a
2002	3,165,592	626,156	2,539,436	238,090	395,225	n/a	n/a	n/a	n/a

Note: The County has had no special assessment bonds activity during this period.

1. Other includes cash and cash equivalents and contributions available for funding debt service.

Table 16

COUNTY OF BOTETOURT, VIRGINIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2011	33,209	\$ 1,394,778	\$ 42,000	44.9	4,943	5.80%
2010	33,148	1,390,559	41,950	44.9	4,977	6.40%
2009	33,374	1,416,226	42,435	44.8	4,864	5.00%
2008	33,177	1,363,276	41,091	44.8	4,921	2.93%
2007	32,674	1,253,538	38,365	44.8	4,867	2.53%
2006	32,844	1,176,833	35,831	44.8	4,819	2.60%
2005	31,799	1,043,071	32,802	44.8	4,782	3.00%
2004	31,423	1,010,061	29,693	44.0	4,736	2.90%
2003	31,079	979,921	30,416	43.2	4,700	3.40%
2002	30,763	973,680	28,807	42.3	4,697	3.30%

Population Source: Weldon Cooper Center (most recent year not available; estimate used)

Income Source: U.S. Census Bureau (most recent year not available)

Median Age figures are estimates using year 2000 (provided by U.S. Census Bureau) as benchmark

School enrollment is derived from March ADM (Average Daily Membership) figures

Unemployment Rate Source: Virginia Employment Commission

Table 17

COUNTY OF BOTETOURT, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2011			Fiscal Year 2002	
	Employees	Rank	% of Total County Employment	Employees	% of Total County Employment
Botetourt County Public Schools	752	1	8.38%	703	8.60%
Dynax America Corporation	399	2	4.44%	227	2.78%
Altec Industries	282	3	3.14%	50	0.61%
Lanford Brothers	268	4	2.99%	216	2.64%
Botetourt County Government	264	5	2.94%	187	0.23%
Lawrence Transportation System	227	6	2.53%	145	1.77%
Metalsa Roanoke	206	7	2.29%	153	1.87%
Gala Industries	197	8	2.19%	212	2.59%
Pepsi Cola Bottling Company	190	9	2.12%	200	2.45%
Roanoke Cement	189	10	2.11%	204	2.50%
Arkay Packaging	189	1	2.11%	100	1.22%
Tread Corporation	175	12	1.95%	86	1.05%
Virginia Truck Center	150	13	1.67%	105	1.28%
nTelos	149	14	1.66%	104	1.27%
Loomis Fargo	88	15	0.98%	90	1.10%
Bank of Botetourt	89	16	0.99%	68	0.83%
Bank of Fincastle	65	17	0.72%	53	0.65%
Carmeuse Lime & Stone - James River	64	18	0.71%	116	1.42%
Virginia Forge	62	19	0.69%	51	0.62%
Howell's Motor Freight	59	20	0.66%	32	0.39%
Totals	4,064		45.27%	3,102	37.96%

Source: Individual companies. Total number employed in County supplied by employers. Estimates used as necessary.

Table 18

COUNTY OF BOTETOURT, VIRGINIA
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	25	25	26	26	26	28	29	30	31	31
Judicial administration	7	7	12	12	13	17	17	17	17	16
Public safety:										
Sheriffs department	83	87	87	87	87	103	116	115	108	109
Fire & rescue	2	2	4	5	9	10	14	15	17	25
Building inspections	6	6	6	6	6	6	5	5	4	4
Animal control	2	2	2	3	3	3	3	4	4	4
GIS / Communications	1	1	2	2	2	2	2	3	0	0
Public works:										
Utilities	6	7	7	8	8	8	10	11	11	11
General maintenance	4	5	5	5	5	5	6	7	7	7
Landfill	6	6	6	6	6	5	4	5	4	4
Engineering	3	3	4	4	4	4	4	4	4	4
Health and welfare:										
Department of social services	18	18	18	18	18	18	18	16	16	14
Comprehensive Services	0	0	0	1	1	1	1	1	1	1
Culture and recreation:										
Parks and recreation	10	11	12	13	13	16	18	17	15	16
Library	11	11	12	12	12	13	13	13	14	14
Tourism / Marketing	0	0	0	0	1	1	1	1	1	1
Community development:										
Planning	3	3	3	3	4	4	4	4	4	3
Totals	<u>187</u>	<u>194</u>	<u>206</u>	<u>211</u>	<u>218</u>	<u>244</u>	<u>265</u>	<u>268</u>	<u>258</u>	<u>264</u>

Source: Individual county departments

Note: GIS employees have been reallocated to General Government.

COUNTY OF BOTETOURT, VIRGINIA
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	1,880	1,887	2,162	2,565	2,756	2,612	2,422	1,768	1,845	2,402
Traffic violations	3,183	2,838	3,082	3,582	3,494	3,219	2,697	2,330	2,698	3,232
Civil papers	7,871	8,057	8,244	7,906	7,770	6,905	7,298	7,301	7,187	6,955
Fire and rescue:										
Number of calls answered	n/a	4,211	4,673	4,186	4,582	4,956	4,965	5,131	4,615	4,057
Building inspections:										
Permits issued (same as Planning)	663	634	789	627	740	667	598	462	475	424
Animal control:										
Number of calls answered	1,634	1,815	2,507	3,079	3,118	3,484	4,965	6,872	6,082	6,035
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	3	3	3	3	3	3
Landfill:										
Refuse collected (tons/day)	95	90	95	99	107	110	33	6.5	6.8	7.1
Recycling (tons/day)	n/a	n/a	n/a	29	33	21	17	8.1	9.7	9.5
Health and welfare										
Department of Social Services:										
Caseload	n/a	n/a	1,786	2,300	2,585	2,389	2,448	2,702	3,493	4,125
Culture and recreation										
Parks and recreation:										
Recreation permits issued	n/a	n/a	n/a	70	71	78	69	85	86	93
After-school program participants	-	-	-	-	-	-	-	-	-	-
Youth sports participants	2,976	2,898	2,924	2,717	2,953	3,311	3,511	3,594	3,863	3,960
Community development										
Planning:										
Zoning permits issued	663	634	789	627	740	667	598	462	475	424
Component Unit - School Board										
Education:										
School age population (per census)	6,028			6,224	n/a	n/a	n/a	n/a	n/a	n/a
Number of teachers	371	371	376	375	387	400	401	409	405	405
Local expenditures per pupil	3,766	3,535	3,573	3,601	3,788	3,885	4,075	4,369	4,222	4,349

Source: Individual county departments. Prior year information provided to the extent available.

Note: Landfill - Reduction in tons collected per day beginning in FY08 is due to the diversion of refuse from contracted trash haulers to another locality's transfer station site.

Table 20

COUNTY OF BOTETOURT, VIRGINIA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Administration buildings	3	3	3	3	3	3	4	4	4	4
Vehicles	4	4	3	3	4	4	4	5	7	7
Public safety										
Sheriffs department:										
Patrol units	49	48	48	48	48	49	51	51	50	51
Other vehicles	8	11	12	10	12	12	13	14	15	16
Development Services / Building inspections:										
Vehicles	4	4	4	4	4	4	3	4	4	4
Animal control:										
Vehicles	2	2	3	3	3	3	3	4	4	4
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	3	3	4	4	4	4
Landfill:										
Vehicles	12	12	12	12	12	11	11	11	8	6
Equipment	7	9	9	9	9	9	9	9	9	9
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services:										
Vehicles	-	-	-	-	-	-	-	-	-	-
Culture and recreation										
Parks and recreation:										
Community centers	3	3	2	2	2	2	2	2	2	2
Vehicles	11	11	11	12	12	11	12	13	13	13
Parks acreage	20	20	20	20	158	158	158	158	158	158
Swimming pools	-	-	-	-	-	-	-	-	-	-
Tennis courts	2	2	2	2	2	2	4	4	4	4
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	2	2	1	2
Component Unit - School Board										
Education:										
Schools	12	12	12	12	12	12	12	12	12	12
School buses	75	75	74	79	77	82	85	89	93	94

Source: Individual county departments. Prior year information provided to the extent available.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Members of the Board of Supervisors
County of Botetourt, Virginia
Fincastle, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Botetourt, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Botetourt, Virginia's basic financial statements and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 14, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

- Independent Auditors' Report -

To the Members of the Board of Supervisors
County of Botetourt, Virginia
Fincastle, Virginia

Compliance

We have audited the County of Botetourt, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Botetourt, Virginia's major federal programs for the year ended June 30, 2011. The County of Botetourt, 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 Botetourt, Virginia's management. Our responsibility is to express an opinion on the County of Botetourt, 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 Botetourt, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Botetourt, Virginia's compliance with those requirements.

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

opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Botetourt, 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, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 14, 2011

COUNTY OF BOTETOURT, VIRGINIA

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	
DEPARTMENT OF AGRICULTURE:				
Pass through payments from:				
<i>Department of Social Services:</i>				
<i>SNAP Program Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	\$ 136,388	
ARRA -State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	<u>7,610</u>	143,998
<i>Department of Education:</i>				
Secure Payments for States and Counties Containing Federal Lands	10.665	43841		60,419
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	40591		96,915
<i>State Department of Agriculture:</i>				
<i>Child Nutrition Cluster:</i>				
Food Distribution-Schools (Note C) (Child Nutrition Cluster)	10.555	NA	\$ 164,072	
<i>Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
National School Lunch Program (Child Nutrition Cluster)	10.555	40623	<u>471,605</u>	<u>635,677</u>
Total Department of Agriculture			<u>\$ 937,009</u>	
DEPARTMENT OF THE INTERIOR:				
Direct payments:				
Payments in Lieu of Taxes	15.226	NA		<u>137,476</u>
Total Department of the Interior			<u>\$ 137,476</u>	
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass through payments from:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families	93.556	0950110/0950111	\$ 12,443	
Temporary Assistance for Needy Families	93.558	0400111		124,015
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111		263
Low Income Home Energy Assistance	93.568	0600410/0600411		9,984
Social Services Block Grant	93.667	1000110/1000111		119,030
Chafee Foster Care Independence	93.674	9150110/9150111		3,899
ARRA - Child Care and Development Block Grant (CCDF Cluster)	93.713	0740109/0780109		16,070
Children's Health Insurance Program	93.767	0540110/0540111		4,048
Medical Assistance Program	93.778	1200110/1200111		82,283
Chafee Education & Training Vouchers Program	93.599	9160110		1,408
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110/0900111		553
<i>Child Care and Development Funds Cluster:</i>				
Child Care and Development Block Grant	93.575	0770110		116,364
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111		106,151
<i>Foster Care Cluster:</i>				
Foster Care - Title IV E	93.658	1100110/1100111	\$ 41,666	
ARRA - Foster Care	93.658	1100110/1100111	<u>8</u>	<u>41,674</u>
<i>Adoption Assistance Cluster:</i>				
Adoption Assistance	93.659	1120110/1120111	\$ 57,048	
ARRA - Adoption Assistance	93.659	1120110/1120111	<u>3,137</u>	<u>60,185</u>
Total Department of Health and Human Services			<u>\$ 698,370</u>	

COUNTY OF BOTETOURT, VIRGINIA

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HOMELAND SECURITY:			
Pass through payments from:			
<i>Department of Emergency Management:</i>			
Law Enforcement Terrorism Prevention	97.074	52749	\$ 14,170
State Homeland Security Grant Program	97.073	52709	296,263
Total U. S. Department of Homeland Security			<u>\$ 310,433</u>
DEPARTMENT OF TRANSPORTATION:			
Pass through payments from:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50326	\$ 2,576
Alcohol Open Container Requirements	20.607	154AL-2010	8,373
Total Department of Transportation			<u>\$ 10,949</u>
DEPARTMENT OF EDUCATION:			
Pass through payments from:			
<i>Department of Education:</i>			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recove	84.394	62532	739,672
Career and Technical Education -- Basic Grants to States	84.048	61095	45,245
Adult Education - Basic Grants to States	84.002	42801	20,656
Improving Teacher Quality State Grants	84.367	61480	113,670
Education Jobs Fund, Recovery Act	84.410	62700	110,133
Safe and Drug-Free Schools and Communities_State Grants	84.186	60511	10,475
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies (Title 1 - Part A Cluster)	84.010	42901	\$ 293,865
Title I Grants to Local Educational Agencies, Recovery Act (Title 1 - Pa	84.389	42913	202,795
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States (Special Education Cluster (IDEA)	84.027	73071	942,076
Special Education Grants to States, Recovery Act (Special Education C	84.391	61245	220,999
Special Education - Preschool Grants (Special Education Cluster (IDEA)	84.173	62521	27,456
Special Education - Preschool Grants, Recovery Act (Special Educatior	84.392	61247	50,032
<i>Education Technology Cluster:</i>			
Educational Technology State Grants	84.318	61600	5,389
Educational Technology State Grants, Recovery Act	84.386	60897	10,856
Total Department of Education			<u>\$ 2,793,319</u>
Total Expenditures of Federal Awards			<u>\$ 4,887,556</u>

Note A--Basis of Presentation:

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

COUNTY OF BOTETOURT, VIRGINIA

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

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 State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity indentifying number 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.

Note D--Relationship to the Financial Statements:

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

Primary government:	
General Fund	\$ 1,301,226
Component Unit Schools:	
School Operating Fund	<u>\$ 3,586,330</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,887,556</u></u>

County of Botetourt, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173/84.391/84.392	Special Education Cluster (IDEA)
84.010/84.389	Title 1 , Part A Cluster
84.394	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
10.553/10.555	Child Nutrition Cluster

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

County of Botetourt, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2011

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior audit findings related to federal awards.