

COUNTY OF ROCKBRIDGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, 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 Rockbridge, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockbridge, 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 Rockbridge, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the County of Rockbridge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistence 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 Rockbridge, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates
Verona, Virginia
November 30, 2011

Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of the County's financial activities for the fiscal year ending June 30, 2011.

Financial Highlights

The assets of the County of Rockbridge, Virginia exceeded its liabilities by \$33,389,029 (net assets) at the close of the most recent fiscal year. Of the total net assets, \$30,480,070 is associated with governmental activities and \$2,908,959 is associated with business-type activities. Of the net governmental activities assets \$17,653,362 may be used to meet the government's ongoing obligations to creditors and citizens. There is a restricted net asset of \$960,040 which meets the debt service reserve requirement for a \$15,000,000 revenue bond issued January 5, 2006. Within the \$17,653,362 in net unrestricted net assets, there is \$2,174,089 in net assets restricted by the County Board of Supervisors to ensure the availability of funds for specific functions, programs and for anticipated specific future liabilities. These restricted accounts are shown on the Balance Sheet of Government Funds. Of the business type activities net assets, \$1,570,098 is unrestricted and available to meet the business type's obligations. For the year ending June 30, 2011, the assets show \$9,141,770 in taxes receivable and \$7,203,679 in unearned revenues. This is shown as part of compliance with GASB. The \$9,141,770 in taxes receivable are booked in the first half of calendar year 2011, but because of twice a year tax billing, \$7,203,679 is not due until December 2011 and is shown as an unearned revenue. When compared to the net assets at years' end June 30, 2010, total net assets increased by \$991,589. This net asset increase is associated with the transfer to school board reduction of over \$1M based on the accrual process. The decrease in school requests is a result of the State's deferral of retirement payments, additional savings realized by closing an elementary school, and the reimbursement of \$500K from the refinancing of all Virginia Public School Authority loans by the Department of the Treasury.

At the fiscal year end, unassigned fund balance for the general fund was \$14,124,282 or 42.58% of total general fund expenditures. This is a 3.91% increase in fund balance to expenditure ratio compared to year ending June 30, 2010.

As of the close of the current fiscal year June 30, 2011, the County's governmental funds reported combined ending fund balance of \$17,548,980. This is an increase of \$1,100,239 as compared with the previous fiscal year. The increase in fund balance is associated with the increased revenues from the state of ~\$300K and the federal government by ~\$200K (Broadband Technology Opportunities Program). A decrease in transfers to the Rockbridge County School Board of ~\$1M+ is also related to the fund balance increase. The excess funds from school savings will be restricted in two accounts. One used for payment of future school retirement obligations and a second for school capital needs. The increase in temporary restricted funds is to ensure funding for high priority programs, future liabilities, capital improvements, and economic development. The remaining fund balance \$14,033,937 or 79.9% is available for spending at the government's discretion.

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 include 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.

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

Government-wide Financial Statements

Government-wide financial statements provide 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 reporting of 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 such as changes in restricted accounts 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 that are supported by general tax and other revenue. 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 in 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, community development, and transfers to other funds. The County also created the Rockbridge Area Net Authority fund to account for the activities of the federal American Recovery and Reinvestment Act Broadband Initiative. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows the Rockbridge County Service Authority as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, five component units: 1) the Rockbridge County School Board, 2) the Rockbridge County Service Authority, 3) the Rockbridge Regional Jail Commission, 4) the Rockbridge Area Social Services Board, and 5) the Rockbridge Solid Waste 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. 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.

Fund Financial Statements

The fund financial statements present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are 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, reconciliation between the two methods is provided at the bottom of 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 public and internal service funds that 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 Rockbridge County Service Authority is a component unit of the County of Rockbridge. The Authority's financial statements are shown as an enterprise fund in the County's fund financial statements. The Authority provides a centralized source for the provisions of water and sewer services to County residents. The Service Authority has a separate yearly financial report that provides more financial details.

The County of Rockbridge has two internal service funds: the Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and equipment, document management, telephone charges and other activities aimed at reducing cost of equipment, materials and supplies. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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.

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.

Government-wide Financial Analysis

As noted, net assets may serve as a useful indicator of a government's financial position. For the County of Rockbridge, assets exceeded liabilities by \$33,389,029 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. A comparative analysis has been provided on the next page:

COUNTY OF ROCKBRIDGE'S NET ASSETS

June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 27,413,534	\$ 26,059,927	\$ 3,542,319	\$ 3,208,683	\$ 30,955,853	\$ 29,268,610
Capital Assets	52,353,615	54,429,124	1,338,861	1,427,172	53,692,476	55,856,296
Total Assets	<u>\$ 79,767,149</u>	<u>\$ 80,489,051</u>	<u>\$ 4,881,180</u>	<u>\$ 4,635,855</u>	<u>\$ 84,648,329</u>	<u>\$ 85,124,906</u>
Long-term liabilities	\$ 40,838,571	\$ 42,402,846	\$ 1,863,151	\$ 1,841,048	\$ 42,701,722	\$ 44,243,894
Other liabilities	8,448,508	8,352,519	109,070	131,053	8,557,578	8,483,572
Total liabilities	<u>\$ 49,287,079</u>	<u>\$ 50,755,365</u>	<u>\$ 1,972,221</u>	<u>\$ 1,972,101</u>	<u>\$ 51,259,300</u>	<u>\$ 52,727,466</u>
Net Assets:						
Invest in capital assets						
Net of related debt	\$ 11,866,668	\$ 12,355,645	\$ 1,338,861	\$ 1,427,172	\$ 13,205,529	\$ 13,782,817
Unrestricted (deficit)	17,653,362	16,443,020	1,570,098	1,236,582	19,223,460	17,679,602
Restricted	960,040	935,021	-	-	960,040	935,021
Total net assets	<u>\$ 30,480,070</u>	<u>\$ 29,733,686</u>	<u>\$ 2,908,959</u>	<u>\$ 2,663,754</u>	<u>\$ 33,389,029</u>	<u>\$ 32,397,440</u>

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$13,205,529 which represents 39.55% of total net assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is of note that a portion of the capital assets is used to encourage economic development and in turn may produce revenue for operations in either fees or sale of property.

Restricted net assets represent resources that are subject to external or internal restrictions on how they may be used. The restricted net assets for year 2010 included assets restricted by the Board of Supervisors for a variety of purposes. For year 2011, the restricted assets only show assets restricted by external source. The restricted assets meet the reserve requirements from a county debt discussed earlier in this report.

The unrestricted assets are \$19,223,460 which is 57.57% of total net assets that may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report positive balances in all three categories of net assets. For the year ending June 30, 2011, the government's total net assets increased in value by \$991,589. This increase represents the additional revenues received from the state and federal sources along with reimbursement of debt service.

The changes in net assets show an increase in current and other assets of \$858,147 and an increase in Restricted Cash and Cash Equivalents of \$829,096. These changes are primarily related to smaller increases in funds from other units, components, and entities. This increase in restricted cash and cash equivalents is associated with Board of Supervisors restrictions of cash for future use. Additionally, the business-type activities restrict a yearly amount for closure and post closure of the landfill.

During the year ending June 2011, total County liabilities decreased by \$1,468,166. This overall decrease is linked to the pay down in debt service of \$1.6M. The budget plan for the year ending June 2011 emphasized debt reduction and limited borrowing for new projects or equipment replacement. During year 2011, \$425,870 was spent on the Broadband Technology Opportunities Program with a goal to bring in fiber-optic internet lines to the citizens of Rockbridge County.

Governmental Activities

Governmental activities accounted for an increase of \$746,384 in net assets for the year ending June 30, 2011. This increase in net assets is primarily associated with transfers to other government activities and the surpluses expenditures over revenues. The total results of this year's change are better than expected when considering the economic down turn we have experienced. The Board of Supervisors is committed to maintaining net assets at a level to ensure the availability of assets to provide required services and to have a reserve cash balance to fund emergencies or to fund opportunities that provide economic development or enhance the quality of life for county citizens.

For the year, revenues increased by \$420,548. Local revenue and taxes remained stable. The County received a slight increase in state and federal funding.

For the year, the Boards of Supervisors' expenditure priorities were to maintain support for improvements in education, public safety, and economic development. Other expenditures were to be held in control because of the declining economic environment. Expenses decreased by \$1,641,371 over the period which is 4.66% decrease. Key elements of the expenditures are as follows:

- Decrease in education funds to the Rockbridge County School Board of \$1,532,407 for debt and retirement
- Increase of \$425,870 in support of Rockbridge Area Network Authority capital project
- Other public assistance and welfare administration expenses exceeded by \$118,553

Business-type Activities

The business-type activities, enterprise fund (landfill and recycling) net assets increased by \$245,205. Revenues derived from fees for services decreased by \$123,828 during the year. Charges for services to the cities of Lexington and Buena Vista went down \$93,332 and \$37,369 respectively. The increase in net assets comes from reduced operating cost of \$78,962. The remaining increase is associated with a transfer of funds from the General Fund to support landfill and recycling activities.

The County of Rockbridge's Changes in Net Assets Chart on the next page shows these government activities changes.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET ASSETS

June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,704,531	\$ 1,824,032	\$ 1,194,132	1,317,960	\$ 2,898,663	\$ 3,141,992
Operating grants	2,426,783	2,165,017	21,503	18,913	2,448,286	2,183,930
Capital grants	303,653	-	-	-	303,653	-
General Revenues:	-	-	-	-	-	-
Property taxes	19,903,929	19,737,346	-	-	19,903,929	19,737,346
Other taxes	7,727,630	7,710,929	-	-	7,727,630	7,710,929
Use of money and property	145,518	240,641	4,938	6,505	150,456	247,146
Other	239,873	272,957	10,264	117	250,137	273,074
Grants and contributions not restricted to specific programs	2,706,042	2,786,489	-	-	2,706,042	2,786,489
Total Revenues	\$ 35,157,959	\$ 34,737,411	\$ 1,230,837	\$ 1,343,495	\$ 36,388,796	\$ 36,080,906
Expenses:						
General						
General Govt. Admin	\$ 2,333,275	\$ 2,332,278	\$ -	\$ -	\$ 2,333,275	\$ 2,332,278
Judicial administration	1,186,366	1,211,172	-	-	1,186,366	1,211,172
Public safety	5,160,253	5,364,665	-	-	5,160,253	5,364,665
Public works	2,824,461	3,040,215	1,845,403	1,924,365	4,669,864	4,964,580
Health and welfare	1,498,930	1,459,423	-	-	1,498,930	1,459,423
Education	13,085,583	14,437,698	-	-	13,085,583	14,437,698
Parks, recreation, and culture	1,267,868	1,361,665	-	-	1,267,868	1,361,665
Community development	2,585,270	2,109,085	-	-	2,585,270	2,109,085
Non-departmental	1,747,190	1,932,209	-	-	1,747,190	1,932,209
Interest on long-term debt	1,862,608	1,944,765	-	-	1,862,608	1,944,765
Total expenses	\$ 33,551,804	\$ 35,193,175	\$ 1,845,403	\$ 1,924,365	\$ 35,397,207	\$ 37,117,540
Increase (decrease) in net assets before transfers	\$ 1,606,155	(455,764)	\$ (614,566)	\$ (580,870)	\$ 991,589	\$ (1,036,634)
Transfers	(859,771)	(948,313)	859,771	948,313	-	-
Increase (decrease) net assets	746,384	(1,404,077)	245,205	367,443	991,589	(1,036,634)
Net assets - beginning	29,733,686	31,137,763	2,663,754	2,296,311	32,397,440	33,434,074
Fund balance - ending	\$ 30,480,070	\$ 29,733,686	\$ 2,908,959	\$ 2,663,754	\$ 33,389,029	\$ 32,397,440

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. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$17,548,980, an increase of \$1,100,239 over the prior year. The increase is associated with a reduction in overall expenditures, refinancing of some debt, and a slight increase in State and federal funding.

The general fund is the chief operating fund of the County. As of June 30, 2011, unassigned fund balance of the general fund was \$14,124,282. This is an increase in fund balance by \$521,419 as compared with the previous year. The total fund balance of the general fund was \$17,361,210. This is an increase over the previous year of \$1,227,130.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42.6 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$11,482,845. Total fund balance represents 52.3 percent of total general fund expenditures. The Board of Supervisors goal is to maintain the ratio of unassigned fund balance as high as possible.

Proprietary funds

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

Net assets of the landfill fund at the end of the year were \$2,661,183. The County owns and operates a permitted landfill which must close no later than December 2012. Part of the fund balance will be used to meet landfill closure requirements of the Virginia Department of Environmental Quality. The net assets associated with financing these requirements are restricted. The remaining fund balance will support landfill operating and consultant work planned to determine the future of trash handling by the County. 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

The difference between the original budgeted appropriations and the final amended budgeted appropriations was a \$1,222,779 increase. This is 3.55 percent of the total original budget. The actual expenditures were \$1,178,233 less than initially budgeted. This is a 3.4% decrease over the original budget. The major components of these changes are:

- Total health and welfare expenditures resulted in an increase of \$231,459 to support programs providing a safety net to County citizens in need.
- An increase of \$212,576 in the Industrial Development program generated positive results in bringing in some manufacturing businesses to our area.
- Actual contribution to the Rockbridge County School Board decreased by \$1,530,179 from original planning numbers.
- The E-911 system expenses were \$119,358 less than programmed.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2011 was \$52,353,615 (net of accumulated depreciation). This is a decrease of \$2,075,509 from the previous year. This investment in capital assets includes land, buildings and system, and machinery and equipment. The total net decrease in the County's investment in capital assets for the current fiscal year was 3.81 percent for government activities. The work associated with an agreement entered into by the Board of Supervisors last fiscal year to use capital assets for economic development produced positive results.

- A leading global business with expertise in energy recovery and producing heat exchangers broke ground in Rockbridge County in January 2011.
- A new brewery production center was constructed in Rockbridge County during 2011 by one of the country's fastest growing microbrewery companies.
- An approved ordinance to secure a 5-year lease brought a relocation and expansion of a lamination assembly business to Rockbridge County.

The remaining change in capital assets is the result of depreciation.

The County's investment in capital assets for its proprietary funds is \$1,338,861, a decrease of \$88,311 from the previous year. This is a result of the depreciation expense on the business-type activity capital assets for the year.

Additional information on the County's capital assets can be found in the notes to the financial statements.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS

Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,824,033	\$ 2,824,033	\$ 540,137	\$ 540,137	\$ 3,364,170	\$ 3,364,170
Buildings and systems	48,378,862	50,764,273	759,446	740,573	49,138,308	51,504,846
Machinery & equipment	724,850	840,818	39,278	146,462	764,128	987,280
Construction in progress	425,870	-	-	-	425,870	-
Total	<u>\$ 52,353,615</u>	<u>\$ 54,429,124</u>	<u>\$ 1,338,861</u>	<u>\$ 1,427,172</u>	<u>\$ 53,692,476</u>	<u>\$ 55,856,296</u>

Long-term debt

At the end of fiscal year 2011, the County had the following outstanding debt:

COUNTY OF ROCKBRIDGE'S LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 18,537,312	\$ 19,638,305	\$ -	\$ -	\$ 18,537,312	\$ 19,638,305
Revenue Bonds	19,523,530	19,967,851	-	-	19,523,530	19,967,851
Literary Loans	2,200,000	2,400,000	-	-	2,200,000	2,400,000
Capital Leases	226,105	67,323	-	-	226,105	67,323
OPEB Obligation	95,000	71,000	2,000	2,000	97,000	73,000
Landfill closure liability	-	-	1,840,133	1,818,313	1,840,133	1,818,313
Compensated Absences	256,624	258,367	21,018	22,735	277,642	281,102
Total long-term debt	<u>\$ 40,838,571</u>	<u>\$ 42,402,846</u>	<u>\$ 1,863,151</u>	<u>\$ 1,843,048</u>	<u>\$ 42,701,722</u>	<u>\$ 44,245,894</u>

The County's long-term debt includes the Rockbridge County Schools debt and the business type activities debt. For the year, the total long-term debt decreased by \$1,544,172. The OPEB obligation is included in the long term debt to meet GASB requirements. The obligation increased by \$24,000 for Government Activities and was unchanged for business type activities for the year. The landfill closure liability increased by an inflation factor used to accurately display estimated closure cost. A restricted cash account is designated to meet this long term obligation. The remaining change in long-term debt is because of debt service payments made during the year.

Economic Factors and Next Year's Budgets and Rates

- For the fiscal year ending June 30, 2011, the unemployment rate for the State and County were 6.3% and 6.2% respectively. During the progress of this management discussion and analysis report the November 2011 unemployment rates reflect a positive trend for both entities. The State unemployment rate dropped to 6.0% while the County rate lowered to 5.9%. Local efforts by the Board of Supervisors to fund a variety of economic development initiatives are bearing fruit.
- The economic factors affecting the County are expected to remain through the next fiscal year. Factors such as unexpected cuts along with announced State funding shortfalls resulting in reduced revenues were accounted for in the FY2012 budget. The anticipated revenues continue to be developed using conservative guidelines in light of the continued slow-growth economic outlook.
- The final six months of FY2011 involved changes to the County's real property tax rate. The 2010 reassessment of real estate property produced a 2.29% drop in the assessed value of taxable real estate. To offset the loss in revenues, the real property tax rate was set at \$0.61 per \$100.00 of assessed valuation to maintain revenues at previous levels. The personal property rate of \$4.25 remained at the prior year's levels.
- The Board of Supervisors budget priorities included reducing expenditures in all areas except education, health and human services, and public safety. Additionally, the Board's goals included meeting all mandates, debt services, and legal obligations.
- An Early Retirement Incentive Program was offered in the previous fiscal year. Several employees made the decision to participate in this program. As a result, some positions were eliminated while others were filled by employees at a lower compensation scale. Benefits from the program continue into the near future as personnel costs remain lower and the incentive plan is eliminated.
- The Board of Supervisors continued its commitment to the School Board to provide the greatest support they can during the slow-growth economic environment. The County school population reflects a downward trend. The strategy to maximize results in school programs has produced the decision to move forward with the expansion of Maury River Middle School. Once completed, students formerly served by Rockbridge Middle School will consolidate into the newly modified school. For the next two years, additional debt will be required to support this initiative. For the long term we expect stronger school curriculum and programs with eventual reduction in operating cost.
- The Board of Supervisors started negotiations with private industry to use a previously closed school facility for economic development. We fully expect to see these negotiations produce a performance agreement for a local business to expand their operations. The economic impact should be seen in the next fiscal year.
- The Rockbridge Area Network Authority was created through a partnership of Rockbridge County, the cities of Lexington and Buena Vista, and Washington & Lee University in 2009 to promote high-speed communication infrastructure for the area localities. The County's match to support construction of the high-speed "big broadband" fiber infrastructure and the initial administrations costs for the Authority is \$206,016. Using the calculations recommended by the Council of Economic Advisors, the Authority expects to see nearly 110 new jobs created, including 70 direct and indirect plus 36 induced job-years.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration, 150 S. Main Street, Lexington, Virginia 24450.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,571,061	\$ 898,034	\$ 12,469,095
Receivables (net of allowance for uncollectibles):			
Taxes receivable	9,141,770	-	9,141,770
Accounts receivable	489,582	34,316	523,898
Due from other funds	-	69,490	69,490
Due from component units	2,037,187	-	2,037,187
Due from other governmental units	873,527	-	873,527
Inventories	102,799	-	102,799
Advances to other entities	63,479	-	63,479
Prepaid expenses	-	-	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,134,129	2,540,479	5,674,608
Capital assets (net of accumulated depreciation):			
Land	2,824,033	540,137	3,364,170
Buildings and improvements	48,378,862	759,446	49,138,308
Machinery and equipment	724,850	39,278	764,128
Utility plant and equipment	-	-	-
Construction in progress	425,870	-	425,870
Total assets	<u>\$ 79,767,149</u>	<u>\$ 4,881,180</u>	<u>\$ 84,648,329</u>
LIABILITIES			
Accounts payable	\$ 379,562	\$ 34,778	\$ 414,340
Advances from participating entities	-	74,292	74,292
Accrued interest payable	795,777	-	795,777
Due to other funds	69,490	-	69,490
Due to primary government	-	-	-
Due to other governmental units	-	-	-
Unearned revenue	7,203,679	-	7,203,679
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	1,882,600	-	1,882,600
Due in more than one year	38,955,971	1,863,151	40,819,122
Total liabilities	<u>\$ 49,287,079</u>	<u>\$ 1,972,221</u>	<u>\$ 51,259,300</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,866,668	\$ 1,338,861	\$ 13,205,529
Restricted for:			
Debt service and bond covenants	960,040	-	960,040
Unrestricted (deficit)	17,653,362	1,570,098	19,223,460
Total net assets	<u>\$ 30,480,070</u>	<u>\$ 2,908,959</u>	<u>\$ 33,389,029</u>

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

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 379,700	\$ 505,994	\$ 31,467	\$ 3,965,746
-	-	-	-
311,594	6,859	11,714	371,039
-	-	-	-
-	-	-	-
1,043,563	378,480	231,271	-
39,664	-	-	56,155
-	-	-	-
331,317	-	-	-
-	-	-	29,569
117,555	-	-	369,989
13,985,208	-	1,391,818	-
976,702	20,812	22,253	-
-	-	-	24,939,814
47,222	-	151,053	249,761
<u>\$ 17,232,525</u>	<u>\$ 912,145</u>	<u>\$ 1,839,576</u>	<u>\$ 29,982,073</u>
\$ 279,077	\$ 178,701	\$ 15,099	\$ 242,657
-	-	-	-
-	-	-	-
-	-	-	-
1,390,110	647,077	-	-
-	66,555	-	-
-	-	-	-
-	-	-	29,607
-	11,441	-	910,172
692,483	139,106	160,730	12,236,727
<u>\$ 2,361,670</u>	<u>\$ 1,042,880</u>	<u>\$ 175,829</u>	<u>\$ 13,419,163</u>
\$ 15,126,687	\$ (10,475)	\$ 1,565,124	\$ 12,447,173
-	-	-	-
(255,832)	(120,260)	98,623	4,115,737
<u>\$ 14,870,855</u>	<u>\$ (130,735)</u>	<u>\$ 1,663,747</u>	<u>\$ 16,562,910</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,333,275	\$ 23,400	\$ 213,418	\$ -
Judicial administration	1,186,366	437,863	557,482	-
Public safety	5,160,253	5,840	1,410,179	-
Public works	2,824,461	958,805	1,847	-
Health and welfare	1,498,930	-	32,282	-
Education	13,085,583	-	-	-
Parks, recreation, and cultural	1,267,868	96,748	5,000	-
Community development	2,585,270	181,875	206,575	303,653
Nondepartmental	1,747,190	-	-	-
Interest on long-term debt	1,862,608	-	-	-
Total governmental activities	<u>\$ 33,551,804</u>	<u>\$ 1,704,531</u>	<u>\$ 2,426,783</u>	<u>\$ 303,653</u>
Business-type activities:				
Landfill Fund	\$ 862,292	\$ 1,116,260	\$ -	\$ -
Recycling Fund	983,111	77,872	21,503	-
Total business-type activities	<u>\$ 1,845,403</u>	<u>\$ 1,194,132</u>	<u>\$ 21,503</u>	<u>\$ -</u>
Total primary government	<u>\$ 35,397,207</u>	<u>\$ 2,898,663</u>	<u>\$ 2,448,286</u>	<u>\$ 303,653</u>
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 28,875,063	\$ 1,593,289	\$ 13,944,331	\$ -
Rockbridge Area Social Services Board	4,946,244	-	4,955,180	-
Rockbridge Regional Jail Commission	2,596,735	1,049,837	1,490,771	-
Business-type activities:				
Rockbridge Public Service Authority	2,523,069	2,096,962	185,858	286,549
Total component units	<u>\$ 38,941,111</u>	<u>\$ 4,740,088</u>	<u>\$ 20,576,140</u>	<u>\$ 286,549</u>
General revenues:				
General property taxes				
Local sales tax				
Consumers utility tax				
E-911 tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Unit	Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,096,457)	\$ -	\$ (2,096,457)	\$ -	\$ -	\$ -	\$ -
(191,021)	-	(191,021)	-	-	-	-
(3,744,234)	-	(3,744,234)	-	-	-	-
(1,863,809)	-	(1,863,809)	-	-	-	-
(1,466,648)	-	(1,466,648)	-	-	-	-
(13,085,583)	-	(13,085,583)	-	-	-	-
(1,166,120)	-	(1,166,120)	-	-	-	-
(1,893,167)	-	(1,893,167)	-	-	-	-
(1,747,190)	-	(1,747,190)	-	-	-	-
(1,862,608)	-	(1,862,608)	-	-	-	-
<u>\$ (29,116,837)</u>	<u>\$ -</u>	<u>\$ (29,116,837)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 253,968	\$ 253,968	\$ -	\$ -	\$ -	\$ -
-	(883,736)	(883,736)	-	-	-	-
<u>\$ -</u>	<u>\$ (629,768)</u>	<u>\$ (629,768)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (29,116,837)</u>	<u>\$ (629,768)</u>	<u>\$ (29,746,605)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	(13,337,443)	\$ -	\$ -	\$ -
-	-	-	-	8,936	-	-
-	-	-	-	-	(56,127)	-
-	-	-	-	-	-	46,300
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,337,443)</u>	<u>\$ 8,936</u>	<u>\$ (56,127)</u>	<u>\$ 46,300</u>
\$ 19,903,929	\$ -	\$ 19,903,929	\$ -	\$ -	\$ -	\$ -
2,226,190	-	2,226,190	-	-	-	-
1,541,967	-	1,541,967	-	-	-	-
777	-	777	-	-	-	-
775,021	-	775,021	-	-	-	-
1,212,424	-	1,212,424	-	-	-	-
542,034	-	542,034	-	-	-	-
1,145,622	-	1,145,622	-	-	-	-
283,595	-	283,595	-	-	-	-
145,518	4,938	150,456	198	-	164	13,812
239,873	10,264	250,137	697,991	-	558	-
2,706,042	-	2,706,042	13,017,199	-	-	-
(859,771)	859,771	-	-	-	-	-
<u>\$ 29,863,221</u>	<u>\$ 874,973</u>	<u>\$ 30,738,194</u>	<u>\$ 13,715,388</u>	<u>\$ -</u>	<u>\$ 722</u>	<u>\$ 13,812</u>
746,384	245,205	991,589	377,945	8,936	(55,405)	60,112
29,733,686	2,663,754	32,397,440	14,492,910	(139,671)	1,719,152	16,502,798
<u>\$ 30,480,070</u>	<u>\$ 2,908,959</u>	<u>\$ 33,389,029</u>	<u>\$ 14,870,855</u>	<u>\$ (130,735)</u>	<u>\$ 1,663,747</u>	<u>\$ 16,562,910</u>

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FUND FINANCIAL STATEMENTS

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

Exhibit 3

	General	Rockbridge Area Net Authority	School Capital Projects Fund	Courthouse Construction Fund	Total
ASSETS					
Cash and cash equivalents	\$ 11,291,109	\$ -	\$ 25,697	\$ 254,255	\$ 11,571,061
Receivables (net of allowance for uncollectibles):					
Taxes receivable	9,141,770	-	-	-	9,141,770
Accounts receivable	479,356	10,226	-	-	489,582
Advances to other entities	63,479	-	-	-	63,479
Due from other funds	87,798	-	-	-	87,798
Due from component units	2,037,187	-	-	-	2,037,187
Due from other governmental units	873,527	-	-	-	873,527
Inventories	102,799	-	-	-	102,799
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	3,134,129	-	-	-	3,134,129
Total assets	<u>\$ 27,211,154</u>	<u>\$ 10,226</u>	<u>\$ 25,697</u>	<u>\$ 254,255</u>	<u>\$ 27,501,332</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 364,952	\$ 14,610	\$ -	\$ -	\$ 379,562
Due to other funds	69,490	85,961	1,837	-	157,288
Deferred revenue	9,415,502	-	-	-	9,415,502
Total liabilities	<u>\$ 9,849,944</u>	<u>\$ 100,571</u>	<u>\$ 1,837</u>	<u>\$ -</u>	<u>\$ 9,952,352</u>
Fund balances:					
Nonspendable:					
Inventories	\$ 102,799	\$ -	\$ -	\$ -	\$ 102,799
Total nonspendable	<u>\$ 102,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,799</u>
Restricted for:					
Debt service and bond covenants	\$ 960,040	\$ -	\$ -	\$ -	\$ 960,040
Rental assistance	4,482	-	-	-	4,482
Fire program	53,912	-	-	-	53,912
Total restricted	<u>\$ 1,018,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,434</u>
Committed for:					
School retirement	\$ 856,172	\$ -	\$ -	\$ -	\$ 856,172
Total committed	<u>\$ 856,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856,172</u>
Assigned for:					
Garage	\$ 231,480	\$ -	\$ -	\$ -	\$ 231,480
Industrial property	261,989	-	-	-	261,989
School carryover	671,882	-	-	-	671,882
Convenience centers	12,075	-	-	-	12,075
Partnership	82,097	-	-	-	82,097
Capital projects funds	-	-	23,860	254,255	278,115
Total assigned	<u>\$ 1,259,523</u>	<u>\$ -</u>	<u>\$ 23,860</u>	<u>\$ 254,255</u>	<u>\$ 1,537,638</u>
Unassigned:					
General fund	\$ 14,124,282	\$ -	\$ -	\$ -	\$ 14,124,282
Special revenue funds	-	(90,345)	-	-	(90,345)
Total unassigned	<u>\$ 14,124,282</u>	<u>\$ (90,345)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,033,937</u>
Total fund balances	<u>\$ 17,361,210</u>	<u>\$ (90,345)</u>	<u>\$ 23,860</u>	<u>\$ 254,255</u>	<u>\$ 17,548,980</u>
Total liabilities and fund balances	<u>\$ 27,211,154</u>	<u>\$ 10,226</u>	<u>\$ 25,697</u>	<u>\$ 254,255</u>	<u>\$ 27,501,332</u>

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

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

Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 17,548,980
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	52,353,615
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,211,823
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(41,634,348)</u>
Net assets of governmental activities	\$ <u>30,480,070</u>

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

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

Exhibit 5

	General	Rockbridge Area Net Authority	School Capital Projects Fund	Courthouse Construction Fund	Total
REVENUES					
General property taxes	\$ 19,778,269	\$ -	\$ -	\$ -	19,778,269
Other local taxes	7,727,630	-	-	-	7,727,630
Permits, privilege fees, and regulatory licenses	181,875	-	-	-	181,875
Fines and forfeitures	223,673	-	-	-	223,673
Revenue from the use of money and property	145,387	-	110	21	145,518
Charges for services	1,298,983	-	-	-	1,298,983
Miscellaneous	208,001	31,872	-	-	239,873
Recovered costs	343,712	-	-	-	343,712
Intergovernmental revenues:					
Commonwealth	4,935,567	-	-	-	4,935,567
Federal	197,258	303,653	-	-	500,911
Total revenues	\$ 35,040,355	\$ 335,525	\$ 110	\$ 21	\$ 35,376,011
EXPENDITURES					
Current:					
General government administration	\$ 1,642,181	\$ -	\$ -	\$ -	1,642,181
Judicial administration	1,183,984	-	-	-	1,183,984
Public safety	5,198,378	-	-	-	5,198,378
Public works	2,944,557	-	-	-	2,944,557
Health and welfare	1,498,725	-	-	-	1,498,725
Education	11,514,555	-	-	-	11,514,555
Parks, recreation, and cultural	1,170,665	-	-	-	1,170,665
Community development	2,572,360	425,870	-	-	2,998,230
Nondepartmental	1,747,190	-	-	-	1,747,190
Capital projects	-	-	36,674	3	36,677
Debt service:					
Principal retirement	1,758,226	-	-	-	1,758,226
Interest and other fiscal charges	1,939,473	-	-	-	1,939,473
Total expenditures	\$ 33,170,294	\$ 425,870	\$ 36,674	\$ 3	\$ 33,632,841
Excess (deficiency) of revenues over (under) expenditures	\$ 1,870,061	\$ (90,345)	\$ (36,564)	\$ 18	\$ 1,743,170
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (859,771)	\$ -	\$ -	\$ -	(859,771)
Proceeds of capital leases	216,840	-	-	-	216,840
Total other financing sources (uses)	\$ (642,931)	\$ -	\$ -	\$ -	\$ (642,931)
Net change in fund balances	\$ 1,227,130	\$ (90,345)	\$ (36,564)	\$ 18	\$ 1,100,239
Fund balances - beginning	16,134,080	-	60,424	254,237	16,448,741
Fund balances - ending	\$ 17,361,210	\$ (90,345)	\$ 23,860	\$ 254,255	\$ 17,548,980

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

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

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 1,100,239
--	--------------

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.	(2,075,509)
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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.	125,660
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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.	1,586,532
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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.	<u>9,462</u>
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Change in net assets of governmental activities	<u>\$ 746,384</u>
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The notes to the financial statements are an integral part of this statement.

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

Exhibit 7

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 898,034	\$ -	\$ 898,034
Accounts receivable	29,804	4,512	34,316
Due from other funds	69,490	-	69,490
Total current assets	\$ 997,328	\$ 4,512	\$ 1,001,840
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents-landfill closure costs	\$ 2,540,479	\$ -	\$ 2,540,479
Total restricted assets	\$ 2,540,479	\$ -	\$ 2,540,479
Capital assets, net of accumulated depreciation:			
Land	\$ 540,137	\$ -	\$ 540,137
Buildings and improvements	506,216	253,230	759,446
Machinery and equipment	33,601	5,677	39,278
Total capital assets	\$ 1,079,954	\$ 258,907	\$ 1,338,861
Total noncurrent assets	\$ 3,620,433	\$ 258,907	\$ 3,879,340
Total assets	\$ 4,617,761	\$ 263,419	\$ 4,881,180
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 30,128	\$ 4,650	\$ 34,778
Advances from participating localities	74,292	-	74,292
Total current assets	\$ 104,420	\$ 4,650	\$ 109,070
Noncurrent liabilities:			
Compensated absences	\$ 10,025	\$ 10,993	\$ 21,018
Net OPEB obligation	2,000	-	2,000
Closure and post-closure liability	1,840,133	-	1,840,133
Total noncurrent liabilities	\$ 1,852,158	\$ 10,993	\$ 1,863,151
Total liabilities	\$ 1,956,578	\$ 15,643	\$ 1,972,221
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,079,954	\$ 258,907	\$ 1,338,861
Unrestricted (deficit)	1,581,229	(11,131)	1,570,098
Total net assets	\$ 2,661,183	\$ 247,776	\$ 2,908,959

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

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

Exhibit 8

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
OPERATING REVENUES			
Charges for services:			
Landfill Rockbridge County	\$ 774,463	\$ -	\$ 774,463
Landfill City of Lexington	200,891	-	200,891
Landfill City of Buena Vista	140,906	-	140,906
Sale of recycles	-	77,872	77,872
Miscellaneous	10,264	-	10,264
Total operating revenues	<u>\$ 1,126,524</u>	<u>\$ 77,872</u>	<u>\$ 1,204,396</u>
OPERATING EXPENSES			
Personal services	\$ 188,151	\$ 256,074	\$ 444,225
Fringe benefits	78,904	79,423	158,327
Contractual services	379,644	35,548	415,192
Other charges	104,803	19,967	124,770
Rent	36,375	-	36,375
Depreciation	74,415	26,480	100,895
Total operating expenses	<u>\$ 862,292</u>	<u>\$ 417,492</u>	<u>\$ 1,279,784</u>
Operating income (loss)	<u>\$ 264,232</u>	<u>\$ (339,620)</u>	<u>\$ (75,388)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 4,938	\$ -	\$ 4,938
Contribution-Maury Service Authority	-	(565,619)	(565,619)
Commonwealth of Virginia-litter control grant	-	21,503	21,503
Total nonoperating revenues (expenses)	<u>\$ 4,938</u>	<u>\$ (544,116)</u>	<u>\$ (539,178)</u>
Income before contributions and transfers	<u>\$ 269,170</u>	<u>\$ (883,736)</u>	<u>\$ (614,566)</u>
Transfers in	<u>\$ -</u>	<u>\$ 859,771</u>	<u>\$ 859,771</u>
Change in net assets	<u>\$ 269,170</u>	<u>\$ (23,965)</u>	<u>\$ 245,205</u>
Total net assets - beginning	<u>2,392,013</u>	<u>271,741</u>	<u>2,663,754</u>
Total net assets - ending	<u><u>\$ 2,661,183</u></u>	<u><u>\$ 247,776</u></u>	<u><u>\$ 2,908,959</u></u>

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

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

Exhibit 9

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,146,544	\$ 77,992	\$ 1,224,536
Payments to suppliers	(544,504)	(51,816)	(596,320)
Payments to employees	(268,746)	(335,523)	(604,269)
Net cash provided by (used in) operating activities	\$ 333,294	\$ (309,347)	\$ 23,947
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Commonwealth of Virginia-litter control grant	\$ -	\$ 21,503	\$ 21,503
Operating transfer from general fund	-	859,771	859,771
Net cash provided by (used in) noncapital financing activities	\$ -	\$ 881,274	\$ 881,274
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (6,276)	\$ (6,308)	\$ (12,584)
Contribution-Maury Service Authority	-	(565,619)	(565,619)
Landfill closure costs	21,820	-	21,820
Net cash provided by (used in) capital and related financing activities	\$ 15,544	\$ (571,927)	\$ (556,383)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 4,938	\$ -	\$ 4,938
Net increase (decrease) in cash and cash equivalents	\$ 353,776	\$ -	\$ 353,776
Cash and cash equivalents - beginning - including restricted	3,084,737	-	3,084,737
Cash and cash equivalents - ending - including restricted	\$ 3,438,513	\$ -	\$ 3,438,513
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 264,232	\$ (339,620)	\$ (75,388)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	74,415	26,480	100,895
(Increase) decrease in accounts receivable	44,583	120	44,703
Increase (decrease) in accounts payable	(23,682)	3,699	(19,983)
Increase (decrease) in compensated absences	(1,691)	(26)	(1,717)
Increase (decrease) in due to other funds	(24,563)	-	(24,563)
Net cash provided by (used in) operating activities	\$ 333,294	\$ (309,347)	\$ 23,947

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

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

Exhibit 10

	Primary Government Agency Funds	Component Unit Rockbridge Area Social Services Board Agency Funds	Component Unit Rockbridge Regional Jail Commission Agency Funds
ASSETS			
Cash and cash equivalents	\$ 65,152	\$ 5,813	\$ 17,780
Receivables:			
Accounts receivable	2,982	-	-
Total assets	<u>\$ 68,134</u>	<u>\$ 5,813</u>	<u>\$ 17,780</u>
LIABILITIES			
Accounts payable	\$ (63,357)	\$ -	\$ -
Amounts held for payroll deductions	63,357	-	-
Amounts held for veterans memorial	10,612	-	-
Amounts held for drug enforcement	52,515	-	-
Amounts held for employee benefits	2,249	-	-
Amounts held for commonwealth attorney forfeitures	2,758	-	-
Amounts held for social services clients	-	5,813	-
Amounts held for inmates/jail	-	-	17,780
Total liabilities	<u>\$ 68,134</u>	<u>\$ 5,813</u>	<u>\$ 17,780</u>

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements As of 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 Rockbridge, 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 - The Rockbridge Solid Waste Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Rockbridge County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Rockbridge County. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 150 South Main Street, Lexington, Virginia 24450.

Discretely Presented Component Units:

Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2011.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista and Rockbridge County. The Rockbridge County Board of Supervisors appoint one (1) member to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member respectively. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2011. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Commission, Route 7, Box 42, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

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

A. Reporting Entity (continued)

Discretely Presented Component Units: (Continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2011. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office, 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Board is a legally separate organization. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2011. The Board is included in these financial statements because of the Board's fiscal dependency on the County. Complete financial statements of the Rockbridge Area Social Services Board are available at the Board's office in Lexington, Virginia.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Industrial Development Authority:

The County created the Industrial Development Authority to attract industry to the County and to provide financing for such industries. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

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

B. Other Organizations (Continued)

Excluded from the County's Financial Report: (Continued)

Rockbridge Area Economic Development Commission:

The Rockbridge Area Economic Development Commission is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Complete financial statements can be obtained from the Rockbridge Area Economic Development Commission.

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

C. 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 are reported as separate columns in the fund financial statements.

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

D. 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the School Capital Projects Fund, Rockbridge Area Net Authority Fund and the Courthouse Construction Fund.

The government reports the following major proprietary funds:

The *landfill and recycling funds* account for the activities of the Rockbridge County Solid Waste Authority, a blended component unit of the government. The Authority operates the landfill and recycling operations of the County.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

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

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

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 Payroll Deduction, Drug, Veterans Memorial, Employee Benefits and the Commonwealth Attorney's Forfeitures Funds.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. 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)

E. Assets, liabilities, and net assets or equity

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.

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

3. *Inventory*

Inventory is valued using the *first in, first out* method. Inventories in the General Fund and Discretely Presented Component Unit - School Board consist of expendable supplies held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

4. *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 in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. *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 \$584,314 at June 30, 2011 and is comprised solely of property taxes.

6. *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.

7. *Restricted Assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. These funds are restricted for the payment of future closure and post-closure costs associated with the County's landfill. The Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

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

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

8. *Capital assets*

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

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

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

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
Machinery and equipment	5-10
Utility, plant and equipment	5-30

9. *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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting 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.

10. *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)

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

10. 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.

11. Fund equity

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

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

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

12. Net Assets

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$41,634,348) and (\$692,483) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds and loans payable	\$ (40,260,842)	\$ -
Accrued interest payable	(795,777)	-
Capital leases payable	(226,105)	-
Net OPEB liability	(95,000)	(596,000)
Compensated absences	(256,624)	(96,483)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ <u>(41,634,348)</u>	\$ <u>(692,483)</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

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

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 that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these (\$2,075,509) and \$543,681 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 640,386	\$ 432,676
Depreciation expense	(1,414,903)	(1,189,987)
Allocation of debt financed school assets based on current year repayments	(1,300,992)	1,300,992
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>	\$ (2,075,509)	\$ 543,681

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$1,586,532 difference in the primary government are as follows:

Issuances:	
Capital leases	\$ (216,840)
Principal repayments:	
General obligation debt	1,700,168
Capital leases	58,058
Premium on general obligation bonds	45,146
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>	\$ 1,586,532

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of 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 that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these \$9,462 and (\$180,930) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ 1,743	\$ 5,070
Net OPEB liability	(24,000)	(186,000)
Accrued interest	31,719	-
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>	\$ 9,462	\$ (180,930)

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

B. Excess of expenditures over appropriations:

For the year ended June 30, 2011, the following funds had expenditures exceeding appropriations:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Rockbridge Net Authority	\$ 425,870
School Capital Projects	36,674
Total	<u>462,544</u>

C. Deficit fund equity

At June 30, 2011, the Rockbridge Net Authority fund had deficit fund equity of (\$90,345).

NOTE 4—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington, Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2011 is provided below:

	<u>Maury Service Authority</u>	<u>Rockbridge Area Community Services Board</u>
Total assets	\$ 33,857,738	\$ 8,164,523
Total liabilities	16,254,652	4,974,142
Total net assets	17,603,086	3,190,381
For the year ended June 30, 2011:		
Operating revenue	2,342,657	4,636,093
Operating expenses	2,347,690	7,870,980
Change in net assets	5,273,054	102,033
Net assets at beginning of year	12,330,032	3,088,348
Net assets at end of year	17,603,086	3,190,381

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

	General	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 450,609	\$ -	\$ -
Local sales taxes	406,480	-	-	-
Public assistance grants	-	-	-	47,551
Comprehensive services act	-	-	-	258,769
Other	448,752	258,000	174,791	-
Federal Government:				
Federal funds	18,295	334,954	-	72,160
Other Governmental Units:				
City of Lexington	-	-	5,961	-
City of Buena Vista	-	-	13,620	-
County of Rockbridge	-	-	36,899	-
Totals	<u>\$ 873,527</u>	<u>\$ 1,043,563</u>	<u>\$ 231,271</u>	<u>\$ 378,480</u>

NOTE 6—INTERFUND OBLIGATIONS:

Fund	Due From Other Funds	Due To Other Funds	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General Fund	\$ 87,798	\$ 69,490	\$ 2,037,187	\$ -
Rockbridge Area Net Authority	-	85,961	-	-
Landfill Fund	69,490	-	-	-
School Capital Projects Fund	-	1,837	-	-
Component Unit Rockbridge Area Social Services	-	-	-	647,077
Component Unit School Board	-	-	-	1,390,110
Total	<u>\$ 157,288</u>	<u>\$ 157,288</u>	<u>\$ 2,037,187</u>	<u>\$ 2,037,187</u>

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—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,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 467,811	\$ 890,990	\$ 1,084,617	\$ 874,485
2013	491,016	871,938	876,190	822,219
2014	489,703	851,402	903,061	777,111
2015	480,000	831,896	945,038	729,985
2016	500,000	812,296	977,118	680,970
2017	520,000	792,234	1,089,658	629,311
2018	540,000	770,971	1,057,709	574,694
2019	565,000	747,946	1,100,553	518,755
2020	590,000	723,003	1,147,446	464,387
2021	615,000	696,101	1,189,438	407,915
2022	645,000	667,678	1,237,271	346,284
2023	670,000	637,834	1,100,253	283,127
2024	700,000	606,741	1,143,391	225,914
2025	735,000	573,825	890,000	174,844
2026	770,000	538,963	930,000	131,065
2027	805,000	502,475	690,000	92,468
2028	840,000	464,363	725,000	57,248
2029	885,000	424,388	760,000	19,380
2030	920,000	382,550	-	-
2031	970,000	338,738	-	-
2032	1,015,000	290,875	-	-
2033	1,060,000	239,000	-	-
2034	1,115,000	184,625	-	-
2035	1,175,000	127,375	-	-
2036	1,230,000	67,250	-	-
2037	355,000	27,625	-	-
2038	375,000	9,375	-	-
Total	\$ <u>19,523,530</u>	\$ <u>14,072,456</u>	\$ <u>17,846,743</u>	\$ <u>7,810,160</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Primary Government – Governmental Activity Indebtedness: (continued)

Year Ending June 30,	Literary Fund Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2012	\$ 200,000	\$ 88,000	\$ 85,027	\$ 5,479
2013	200,000	80,000	72,425	3,242
2014	200,000	72,000	68,653	1,067
2015	200,000	64,000	-	-
2016	200,000	56,000	-	-
2017	200,000	48,000	-	-
2018	200,000	40,000	-	-
2019	200,000	32,000	-	-
2020	200,000	24,000	-	-
2021	200,000	16,000	-	-
2022	200,000	8,000	-	-
Total	<u>\$ 2,200,000</u>	<u>\$ 528,000</u>	<u>\$ 226,105</u>	<u>\$ 9,788</u>

Changes in Long-Term Liabilities:

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

	Revenue Bonds	General Obligation Bonds	Unamortized Bond Premium	Literary Loans	Capital Leases	Net OPEB Obligation	Compensated Absences	Total
Balance payable at July 1, 2010	\$ 19,967,851	\$ 18,902,590	\$ 735,715	\$ 2,400,000	\$ 67,323	\$ 71,000	\$ 258,367	\$ 42,402,846
Issuances:								
Capital lease proceeds	-	-	-	-	216,840	-	-	216,840
Retirements:								
Revenue Bonds	(444,321)	-	-	-	-	-	-	(444,321)
General obligation bonds	-	(1,055,847)	-	-	-	-	-	(1,055,847)
Capital lease obligations	-	-	-	-	(58,058)	-	-	(58,058)
Premium on bond issues	-	-	(45,146)	-	-	-	-	(45,146)
Literary loans	-	-	-	(200,000)	-	-	-	(200,000)
Increase in OPEB obligation	-	-	-	-	-	24,000	-	24,000
Decrease in accrued leave liability	-	-	-	-	-	-	(1,743)	(1,743)
Balance payable at June 30, 2011	<u>\$ 19,523,530</u>	<u>\$ 17,846,743</u>	<u>\$ 690,569</u>	<u>\$ 2,200,000</u>	<u>\$ 226,105</u>	<u>\$ 95,000</u>	<u>\$ 256,624</u>	<u>\$ 40,838,571</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Primary Government – Governmental Activity Liabilities: (continued)

Details of Long-Term Liabilities:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bonds:		
\$1,299,514, issued March 15, 2001 payable in semi-annual installments of principal and interest on March 1, and September 1, interest at 4.8%	\$ 108,530	\$ 37,811
\$6,000,000 issued December 19, 2007 payable in annual installments of approximately \$383,000, maturing June 30, 2038	5,730,000	110,000
\$15,000,000, issued January 5, 2006 payable in semi-annual installments of principal and interest on February 1, and August 1, variable interest at 3.5%-5.0%	<u>13,685,000</u>	<u>320,000</u>
Total revenue bonds	\$ <u>19,523,530</u>	\$ <u>467,811</u>
School bonds:		
\$3,790,997, issue dated July 31, 1991 due in various annual principal installments, interest payable semi-annually at 6.7515%	\$ 245,547	\$ 245,547
\$1,500,000 issue dated May 17, 2001, payable in semi-annual installments of principal and interest on January 15, and July 15, through January 2022, interest at 4.79%	1,010,000	70,000
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95%	680,000	45,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	9,245,000	320,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	3,676,196	269,070

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
 As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)**Primary Government – Governmental Activity Liabilities: (continued)****Details of Long-Term Liabilities:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
School bonds: (continued)		
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	\$ 2,990,000	\$ 135,000
Total school bonds	\$ 17,846,743	\$ 1,084,617
Literary loans:		
\$4,000,000 issue dated January 1, 2002, payable in various annual principal and interest installments through January 1, 2022, interest at 4%	\$ 2,200,000	\$ 200,000
Capital lease obligations:		
\$157,000 issued June 30, 2008 for vehicles, due in quarterly payments of \$13,754 through August 30, 2011, interest at 3.11	\$ 14,726	\$ 14,726
\$66,840 issued April 24, 2011 for an excavator, due in monthly payments of \$1,982 through March 27, 2014, interest at 4.550	61,379	21,438
\$150,000 issued May 31, 2011 for vehicles for the police department, due in quarterly payments of \$12,970 through May 13, 2014, interest at 2.29%	150,000	48,863
Total capital lease obligations	\$ 226,105	\$ 85,027
Unamortized bond premium	\$ 690,569	\$ 45,145
Net OPEB obligation (payable from the General Fund)	\$ 95,000	\$ -
Accrued leave obligation (payable from the General Fund)	\$ 256,624	\$ -
Total general long-term indebtedness	<u>\$ 40,838,571</u>	<u>\$ 1,882,600</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Primary Government – Enterprise Activity Liabilities:

Changes in Long-Term Liabilities:

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

		Landfill Closure and Post-Closure Liability	Net OPEB Obligation	Accrued Leave	Total
Long-term debt July 1, 2010	\$	1,818,313	\$ 2,000	\$ 22,735	\$ 1,843,048
Decrease in accrued leave liability	\$	-	\$ -	\$ (1,717)	\$ (1,717)
Increase in net OPEB obligation		-	-	-	-
Landfill closure and post-closure liability		21,820	-	-	21,820
Long-term debt June 30, 2011	\$	<u>1,840,133</u>	<u>\$ 2,000</u>	<u>\$ 21,018</u>	<u>\$ 1,863,151</u>

Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Landfill closure and post-closure liability	\$ 1,840,133	\$ -
Net OPEB obligation	\$ 2,000	\$ -
Accrued leave obligation	\$ 21,018	\$ -
Total indebtedness	<u>\$ 1,863,151</u>	<u>\$ -</u>

Component Unit – Rockbridge County Public Service Authority:

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

Years Ending June 30,	Revenue Bonds	
	Principal	Interest
2012	\$ 875,664	\$ 76,133
2013	882,908	66,541
2014	895,305	56,183
2015	905,668	45,044
2016	918,514	33,420
2017-2021	3,846,256	50,085
2022-2026	3,520,584	-
2027	345,060	-
Total	<u>\$ 12,189,959</u>	<u>\$ 327,406</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit – Rockbridge County Public Service Authority: (continued)

Changes in Long-Term Liabilities:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Water Fund:				
Revenue Bonds	\$ 1,666,788	\$ -	\$ 173,640	\$ 1,493,148
Other Post-Employment Benefits	1,596	2,964	-	4,560
Compensated Absences	17,445	2,225	-	19,670
Total Water Fund	\$ 1,685,829	\$ 5,189	\$ 173,640	\$ 1,517,378
Sewer Fund:				
Revenue Bonds	\$ 11,386,928	\$ -	\$ 690,117	\$ 10,696,811
Other Post-Employment Benefits	1,204	2,236	-	3,440
Advances	309,862	604,570	-	914,432
Compensated Absences	13,160	1,678	-	14,838
Total Sewer Fund	\$ 11,711,154	\$ 608,484	\$ 690,117	\$ 11,629,521
Totals	\$ 13,396,983	\$ 613,673	\$ 863,757	\$ 13,146,899

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2001 Water Revenue Refunding Bond	\$ 133,640
Principal and interest payments on the Route 60 Project	52,218
Total	\$ 185,858

	Total Amount	Amount Due Within One Year
Water Fund:		
Revenue Bonds:		
\$1,266,223 Water Revenue Refunding Bond dated March 1, 2001, payable in semi-annual installments through October 1, 2016. Interest rate of 4.74%. Payments on this bond are anticipated to be made by Rockbridge County.	\$ 560,503	\$ 91,182
\$767,900 Water Revenue Obligation issued through the Buena Vista Industrial Development Authority (Authority portion of \$1,400,000 issue), dated August 1, 1996, payable semi-annually through July 14, 2016, average interest rate of approximately 6.3%. Payments on this bond are anticipated to be made by Rockbridge County.	312,645	49,365
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	620,000	45,000
Total Bonds	\$ 1,493,148	\$ 185,547

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit —Rockbridge County Public Service Authority: (continued)

	Total Amount	Amount Due Within One Year
Water Fund: (Continued)		
Compensated absences	\$ 19,670	\$ 19,670
Other post-employment benefits	4,560	-
Total Water Fund	\$ 1,517,378	\$ 205,217
Sewer Fund:		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	\$ 10,696,811	\$ 690,117
Notes:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	914,432	-
Compensated absences	14,838	14,838
Other post-employment benefits	3,440	-
Total Sewer Fund	\$ 11,629,521	\$ 704,955
Total	\$ 13,146,899	\$ 910,172

Component Unit – Rockbridge County Regional Jail Commission:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Net OPEB Obligation (payable from Rockbridge County Regional Jail Commission)	\$ 12,000	\$ 7,000	\$ -	\$ 19,000
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	166,408	-	24,678	141,730
Total Long-Term Liabilities	\$ 178,408	\$ 7,000	\$ 24,678	\$ 160,730

Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Net OPEB obligation	\$ 19,000	\$ -
Accrued compensated absences	\$ 141,730	\$ -
Total indebtedness	\$ 160,730	\$ -

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit – Rockbridge Area Social Services Board:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Capital leases	\$ 41,924	\$ -	\$ 10,637	\$ 31,287
Compensated Absences (payable from Rockbridge Area Social Services Board)	129,963	-	10,703	119,260
Total Long-Term Liabilities	<u>\$ 171,887</u>	<u>\$ -</u>	<u>\$ 21,340</u>	<u>\$ 150,547</u>

Component Unit – Rockbridge Area Social Services Board: (continued)

Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Capital Leases:		
\$15,620 capital lease, issued June, 10, 2009, payable in monthly installments of \$380, at 7.75% interest beginning July 2009 and ending June 2012	\$ 8,404	\$ 4,046
\$36,709 capital lease, issued May 27, 2009, payable in monthly installments of \$729, at 7% interest beginning June 2009 and ending May 2014	22,883	7,395
Accrued compensated absences	119,260	-
	<u>\$ 150,547</u>	<u>\$ 11,441</u>

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

Years Ending June 30,	Capital Leases	
	Principal	Interest
2012	\$ 11,441	\$ 1,868
2013	12,305	1,001
2014	7,541	246
Total	<u>\$ 31,287</u>	<u>\$ 3,115</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2011

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Compensated Absences	\$ 101,553	\$ -	\$ 5,070	\$ 96,483
Net OPEB Obligation	410,000	186,000	-	596,000
Total	<u>\$ 511,553</u>	<u>\$ 186,000</u>	<u>\$ 5,070</u>	<u>\$ 692,483</u>

Details of long-term liabilities:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	\$ 96,483	\$ -
Net OPEB obligation	<u>596,000</u>	<u>-</u>
Total long-term indebtedness	<u>\$ 692,483</u>	<u>\$ -</u>

NOTE 8—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

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

NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

A. Plan Description (continued)

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2011 were 10.91% and 4.44%, respectively of annual covered payroll.

The School Board's contributions for professional employees were \$577,090, \$976,426, and \$1,364,997, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009, respectively and these contributions represented 3.93%, 8.81%, for July 1, 2009 through March 2010 and zero (0.00%) for April through June 2010, and 8.81% respectively, of current covered payroll.

Component Unit - Rockbridge County Regional Jail Commission

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Commission is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended 2011 was 9.86% of annual covered payroll.

Component Unit - Rockbridge County Public Service Authority

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Authority is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2011 was 9.10% of annual covered payroll.

Component Unit - Rockbridge Area Social Services Board

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Board is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Board's contribution rate for the fiscal year ended 2011 was 7.25% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$588,669 was equal to the County's required and actual contributions.

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$65,169 which was equal to the Board's required and actual contributions.

For fiscal year 2011, the Rockbridge County Regional Jail Commission's annual pension cost for the board's non-professional employees was \$146,261 which was equal to the Commission's required and actual contributions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

C. Annual Pension Cost (Continued)

For fiscal year 2011, the Rockbridge County Public Service Authority's annual pension cost of \$27,440 was equal to the equal to the Authority's required and actual contributions.

For fiscal year 2011, the Rockbridge Area Social Services Board's annual pension cost of \$61,217 was equal to the equal to the Board's required and actual contributions.

Trend information for the Primary government and its discretely presented component units is as follows:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:			
Fiscal year ending June 30, 2011	\$ 588,669	100%	\$ -
Fiscal year ending June 30, 2010	555,926	100%	-
Fiscal year ending June 30, 2009	561,401	100%	-
Component Unit - School Board Non-Professional Employees:			
Fiscal year ending June 30, 2011	\$ 65,169	100%	\$ -
Fiscal year ending June 30, 2010	66,794	100%	-
Fiscal year ending June 30, 2009	71,210	100%	-
Component Unit - Rockbridge Regional Jail Commission:			
Fiscal year ending June 30, 2011	\$ 146,261	100%	\$ -
Fiscal year ending June 30, 2010	201,864	100%	-
Fiscal year ending June 30, 2009	201,402	100%	-
Component Unit - Rockbridge County Public Service Authority:			
Fiscal year ending June 30, 2011	\$ 27,440	100%	\$ -
Fiscal year ending June 30, 2010	26,457	100%	-
Fiscal year ending June 30, 2009	25,207	100%	-
Component Unit - Rockbridge Area Social Services Board:			
Fiscal year ending June 30, 2011	\$ 61,217	100%	\$ -
Fiscal year ending June 30, 2010	64,388	100%	-
Fiscal year ending June 30, 2009	63,321	100%	-

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 8—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 79.75% funded. The actuarial accrued liability for benefits was \$25,317,355, and the actuarial value of assets was \$20,189,345, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,128,010. The covered payroll (annual payroll of active employees covered by the plan) was \$5,498,053, and ratio of the UAAL to the covered payroll was 93.27%. The Rockbridge County Regional Jail Commission Participates in the County's plan and does not have a separate actuarial valuation.

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's non-professional plan was 92.69% funded. The actuarial accrued liability for benefits was \$6,637,912, and the actuarial value of assets was \$6,152,494, resulting in an unfunded actuarial accrued liability (UAAL) of \$458,418. The covered payroll (annual payroll of active employees covered by the plan) was \$1,537,350, and ratio of the UAAL to the covered payroll was 31.57%.

As of June 30, 2010, the most recent actuarial valuation date, the Rockbridge County Public Service Authority's plan was 82.49% funded. The actuarial accrued liability for benefits was \$1,298,027, and the actuarial value of assets was \$1,070,765, resulting in an unfunded actuarial accrued liability (UAAL) of \$227,262. The covered payroll (annual payroll of active employees covered by the plan) was \$301,331, and ratio of the UAAL to the covered payroll was 75.42%.

As of June 30, 2010, the most recent actuarial valuation date, the Rockbridge Area Social Services Board's plan was 87.63% funded. The actuarial accrued liability for benefits was \$4,714,077, and the actuarial value of assets was \$4,130,927, resulting in an unfunded actuarial accrued liability (UAAL) of \$583,150. The covered payroll (annual payroll of active employees covered by the plan) was \$869,236, and ratio of the UAAL to the covered payroll was 67.09%.

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

NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

County and Other Participating Entities:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

A. Plan Description

The Rockbridge County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits.

To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement. The Rockbridge Landfill and Component Units Rockbridge Regional Jail Commission and Rockbridge Public Service Authority (herein are referred to as Other Participating Entities) are included in this plan.

B. Funding Policy

The Rockbridge County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the County and Other Participating entities' annual OPEB cost for the year, the estimated contribution to the Plan, and changes in the County and Other Participating Entities' net OEPB obligation to the Plan:

	County	Rockbridge Regional Jail	Rockbridge Landfill	Rockbridge Public Service Authority
Annual Required Contribution (ARC)	\$ 43,000	\$ 14,000	\$ 1,000	\$ 3,000
Interest on OPEB Obligation	3,000	1,000	-	-
Adjustment to ARC	(3,000)	(1,000)	-	-
Annual OPEB Cost	\$ 43,000	\$ 14,000	\$ 1,000	\$ 3,000
Estimated Contributions Made				
During FY11	(19,000)	(7,000)	(1,000)	-
Increase in Net OPEB Obligation	\$ 24,000	\$ 7,000	\$ -	\$ 3,000
Net OPEB Obligation -beginning of year	71,000	12,000	2,000	5,000
Net OPEB Obligation - end of year	<u>\$ 95,000</u>	<u>\$ 19,000</u>	<u>\$ 2,000</u>	<u>\$ 8,000</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**C. Annual OPEB Cost and Net OPEB Obligation (continued)**

For fiscal year 2011, the County's expected cash payment of \$19,000 was \$24,000 short of the OPEB cost.

For fiscal year 2011, the Rockbridge Regional Jail Commission's expected cash payment of \$7,000 was \$7,000 short of the OPEB cost.

For fiscal year 2011, the Rockbridge Landfill's expected cash payment was equal to the OPEB cost.

For fiscal year 2011, the Rockbridge Public Service Authority's expected cash payment of \$0 was \$3,000 short of the OPEB cost.

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

Annual OPEB Cost:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County	June 30, 2011	\$ 43,000	44.19%	\$ 95,000
	June 30, 2010	52,000	36.54%	71,000
	June 30, 2009	50,000	28.40%	35,800
Rockbridge Regional Jail	June 30, 2011	14,000	50.00%	19,000
	June 30, 2010	17,000	82.35%	12,000
	June 30, 2009	17,000	28.82%	12,100
Rockbridge Landfill	June 30, 2011	1,000	100.00%	2,000
	June 30, 2010	1,000	0.00%	2,000
	June 30, 2009	1,000	30.00%	700
Rockbridge Public Service Authority	June 30, 2011	3,000	0.00%	8,000
	June 30, 2010	2,800	0.00%	2,800
	June 30, 2009	1,000	60.00%	400

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 547,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 547,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,387,000
UAAL as a percentage of covered payroll	8.56%

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

NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

D. Funded Status and Funding Progress (continued)

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce 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.

E. Actuarial Methods and Assumptions

Cost Method

The Entry Age Normal cost method is used to determine the Plan’s funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan’s provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan’s total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2010 was 20 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

School Board:

Health Insurance Plan

A. Plan Description

The Rockbridge County School Board Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board’s annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits.

To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 9—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

B. Funding Policy

The Rockbridge County School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$381,000 for fiscal year 2011. The School Board has elected not to pre-fund OPEB liabilities. The School Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the School Board's annual OPEB cost for the year, the estimated contributions to the Plan, and changes in the School Board's net OEPB obligation to the Plan:

	School Board
Annual Required Contribution (ARC)	\$ 388,000
Interest on OPEB Obligation	16,000
Adjustment to ARC	(17,000)
Annual OPEB Cost	\$ 387,000
Estimated Contributions Made	
During FY11	(201,000)
Increase in Net OPEB Obligation	\$ 186,000
beginning of year	410,000
Net OPEB Obligation - end of year	\$ 596,000

Annual OPEB Cost. For 2011, the School Board's expected cash payment of \$201,000 is \$186,000 less than the OPEB cost (expense) of \$387,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 387,000	52%	\$ 596,000
June 30, 2010	\$ 394,000	49%	\$ 410,000
June 30, 2009	\$ 381,000	45%	\$ 211,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 9—OTHER POST EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

C. Funded Status and Funding Progress.

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	4,406,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		4,406,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	16,143,000
UAAL as a percentage of covered payroll		27.29%

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

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce 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.

D. Actuarial Methods and Assumptions

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2010 was 20 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 9—OTHER POST EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

VRS Health Insurance Credit Program

A. Plan Description

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

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 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 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 as previously discussed in Note 9.

B. Funding Policy

The School board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .6% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$88,130, \$400,669, and \$593,483, respectively and equaled the required contributions for each year.

NOTE 10—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$7,203,679 is comprised of the following:

- A. Prepaid Property Taxes: Property taxes due to subsequent to June 30, 2011 but paid in advance by taxpayers totaled \$421,650 at June 30, 2011.
- B. Unbilled Property Taxes: Property taxes for the second half of 2011 that had not been billed as of June 30, 2011 amounted to \$6,782,029.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 11—CONTINGENT LIABILITIES:

Federal programs in which the County participates 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 12—DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

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

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

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

Locality's Rated Debt Investments' Values

	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 9,169,381	\$ -	\$ -	\$ -	\$ -
Total	\$ 9,169,381	\$ -	\$ -	\$ -	\$ -

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 12—DEPOSITS AND INVESTMENTS: (CONTINUED)

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

Interest Rate Risk

All County investments must be in securities maturing within five years.

NOTE 13—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2010 in the amount of \$1,728,590. The amount to be paid on January 1, 2011, and which is not included in the financial statements, totals \$1,718,455 for the fiscal year ended June 30, 2011.

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 14—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	\$ 2,824,033	\$ -	\$ -	\$ 2,824,033
Construction in progress	-	425,870	-	425,870
Total capital assets not being depreciated	\$ 2,824,033	\$ 425,870	\$ -	\$ 3,249,903
Capital assets being depreciated:				
Buildings and improvements	\$ 56,005,278	\$ -	\$ (1,300,992)	\$ 54,704,286
Machinery and equipment	3,300,522	214,516	-	3,515,038
Total capital assets being depreciated	\$ 59,305,800	\$ 214,516	\$ (1,300,992)	\$ 58,219,324
Less accumulated depreciation for:				
Buildings and improvements	\$ (5,241,005)	\$ (1,369,865)	\$ 285,446	\$ (6,325,424)
Machinery and equipment	(2,459,704)	(330,484)	-	(2,790,188)
Total accumulated depreciation	\$ (7,700,709)	\$ (1,700,349)	\$ 285,446	\$ (9,115,612)
Total capital assets being depreciated, net	\$ 51,605,091	\$ (1,485,833)	\$ (1,015,546)	\$ 49,103,712
Governmental activities capital assets, net	\$ 54,429,124	\$ (1,059,963)	\$ (1,015,546)	\$ 52,353,615
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 540,137	\$ -	\$ -	\$ 540,137
Total capital assets not being depreciated	\$ 540,137	\$ -	\$ -	\$ 540,137
Capital assets being depreciated:				
Buildings and improvements	\$ 1,408,673	\$ -	\$ -	\$ 1,408,673
Machinery and equipment	1,198,635	12,584	-	1,211,219
Total other capital assets	\$ 2,607,308	\$ 12,584	\$ -	\$ 2,619,892
Less accumulated depreciation for:				
Buildings and improvements	\$ (668,100)	\$ (65,398)	\$ -	\$ (733,498)
Machinery and equipment	(1,052,173)	(35,497)	-	(1,087,670)
Total accumulated depreciation	\$ (1,720,273)	\$ (100,895)	\$ -	\$ (1,821,168)
Total capital assets being depreciated, net	\$ 887,035	\$ (88,311)	\$ -	\$ 798,724
Business-type activities capital assets, net	\$ 1,427,172	\$ (88,311)	\$ -	\$ 1,338,861

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Primary Government :(continued)

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

Governmental activities:	
General government	\$ 804,266
Public safety	129,257
Public works	137,129
Parks, recreation, and cultural	100,429
Community Development	10,460
Education	518,808
Total depreciation expense-governmental activities	\$ <u>1,700,349</u>
Business-type activities:	
Solid Waste Authority	\$ 100,895
Total depreciation expense-business-type activities	\$ <u>100,895</u>

Discretely Presented Component Unit-School Board:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Construction in progress	-	47,222	-	47,222
Total capital assets not being depreciated	\$ 117,555	\$ 47,222	\$ -	\$ 164,777
Capital assets being depreciated:				
Buildings and improvements	\$ 25,524,556	\$ 1,320,256	\$ -	\$ 26,844,812
Machinery and equipment	3,861,090	366,190	(152,957)	4,074,323
Total capital assets being depreciated	\$ 29,385,646	\$ 1,686,446	\$ (152,957)	\$ 30,919,135
Less accumulated depreciation for:				
Buildings and improvements	\$ (12,007,894)	\$ (851,710)	\$ -	\$ (12,859,604)
Machinery and equipment	(2,912,301)	(338,277)	152,957	(3,097,621)
Total accumulated depreciation	\$ (14,920,195)	\$ (1,189,987)	\$ 152,957	\$ (15,957,225)
Total capital assets being depreciated, net	\$ 14,465,451	\$ 496,459	\$ -	\$ 14,961,910
School Board capital assets, net	\$ <u>14,583,006</u>	\$ <u>543,681</u>	\$ <u>-</u>	\$ <u>15,126,687</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board: (continued)

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$ 1,423,349
Transfer of accumulated depreciation from primary government for corresponding debt financed assets	(233,362)
Net increase in accumulated depreciation	<u>\$ 1,189,987</u>

- a. Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local government on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2011, is that school financed assets in the amount of \$20,737,315 are reported in the Primary Government for financial reporting purposes.

Discretely Presented Component Unit— Rockbridge Area Social Services Board:

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

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 69,693	\$ -	\$ 69,693
Vehicle	73,036	-	73,036
Furniture and fixtures	8,857	-	8,857
Total capital assets being depreciated	<u>\$ 151,586</u>	<u>\$ -</u>	<u>\$ 151,586</u>
Less: Accumulated depreciation			
Equipment	\$ (69,693)	\$ -	\$ (69,693)
Vehicle	(41,806)	(10,418)	(52,224)
Furniture and fixtures	(8,857)	-	(8,857)
Total accumulated depreciation	<u>\$ (120,356)</u>	<u>\$ (10,418)</u>	<u>\$ (130,774)</u>
Net capital assets	<u>\$ 31,230</u>	<u>\$ (10,418)</u>	<u>\$ 20,812</u>

Depreciation expense for the year ended June 30, 2011 was \$10,418.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 14—CAPITAL ASSETS: (CONTINUED)**Component Unit—Regional Jail Commission:**

A summary of capital assets is summarized below:

	Beginning Balance	Additions	Ending Balance
Capital assets not being depreciated			
Construction in progress	\$ 147,379	\$ 3,674	\$ 151,053
Capital assets being depreciated:			
Jail facility	\$ 3,711,513	\$ -	\$ 3,711,513
Food service equipment	67,907	5,263	73,170
Washers/dryers	11,028	9,225	20,253
Communications	7,106	-	7,106
Office equipment	98,157	-	98,157
Telephone system	13,771	-	13,771
Other equipment	229,857	-	229,857
Total capital assets being depreciated	\$ 4,139,339	\$ 14,488	\$ 4,153,827
Less: Accumulated depreciation	(2,637,093)	(102,663)	(2,739,756)
Net capital assets	\$ 1,649,625	\$ (84,501)	\$ 1,565,124

Depreciation expense for the fiscal year totaled \$102,663.

Component Unit—Rockbridge County Public Service Authority:

A summary of changes in capital assets for the year ended June 30, 2011 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 363,589	\$ 6,400	\$ -	\$ 369,989
Construction in progress	225,162	77,062	(52,463)	249,761
Total capital assets not being depreciated	\$ 588,751	\$ 83,462	\$ (52,463)	\$ 619,750
Capital assets being depreciated:				
Utility plant and equipment	\$ 34,559,948	\$ 131,705	\$ (30,629)	\$ 34,661,024
Less: Accumulated depreciation	(8,916,269)	(835,570)	30,629	(9,721,210)
Capital assets being depreciated, net	\$ 25,643,679	\$ (703,865)	\$ -	\$ 24,939,814
Net capital assets	\$ 26,232,430	\$ (620,403)	\$ (52,463)	\$ 25,559,564

Depreciation expense for the fiscal year totaled \$835,570.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2011

NOTE 15—ADVANCES FROM PARTICIPATING ENTITIES:

The Solid Waste Authority has established advances from participating localities as follows:

	Balance July 1, 2010	Increase (Decrease)	Balance June 30, 2011
City of Lexington	\$ 5,303	\$ -	\$ 5,303
City of Buena Vista	5,510	-	5,510
Rockbridge County	63,479	-	63,479
Total	<u>\$ 74,292</u>	<u>\$ -</u>	<u>\$ 74,292</u>

NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

The Solid Waste Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Solid Waste Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 60%, the City of Lexington's share has been approximately 15%, and Buena Vista approximately 25%.

State and federal laws and regulations require the Solid Waste Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and currently has an estimated capacity to last until the year 2012. The \$1,840,133 reported as accrued closure and postclosure liability at June 30, 2011 represents the cumulative amount reported based on the estimated number of years remaining (nine). The Authority expects to close the landfill in the year 2012. The estimated total current cost of the landfill closure and postclosure care of \$1,840,133 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Solid Waste Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2011

NOTE 17—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 18—SURETY BONDS:

	Amount
Fidelity and Deposit Company of Maryland - Surety	
D. Bruce Patterson, Clerk of the Circuit Court	\$ 25,000
Carol B. Hines, Treasurer	400,000
David Whitesell, Commissioner of the Revenue	3,000
R. W. Day, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
U.S. Fidelity and Guaranty Company - Surety, Board of Supervisors	1,000
St. Paul Fire and Marine Insurance - Surety	
Mary Fleshman, Clerk of the School Board	10,000
Travelers Indemnity Insurance Company - Surety	
Robert Claytor, County Administrator	2,000

NOTE 19—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 859,771
Recycling Fund	859,771	-
Total	\$ 859,771	\$ 859,771

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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2011

NOTE 20—LEASES:

The government has financed the acquisition of sheriff's vehicles and landfill equipment by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 315,570
Less: Accumulated depreciation	(123,983)
Total	<u>\$ 191,588</u>

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

Year Ended June 30,	Governmental Activities
2012	\$ 90,506
2013	75,667
2014	69,720
Total minimum lease payments	\$ 235,893
Less: Amount representing interest	(9,788)
Present value of minimum lease payments	<u>\$ 226,105</u>

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REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 19,521,300	\$ 19,511,539	\$ 19,778,269	\$ 266,730
Other local taxes	8,269,300	8,269,300	7,727,630	(541,670)
Permits, privilege fees, and regulatory licenses	239,900	239,900	181,875	(58,025)
Fines and forfeitures	151,950	151,950	223,673	71,723
Revenue from the use of money and property	205,464	205,464	145,387	(60,077)
Charges for services	1,341,577	1,341,577	1,298,983	(42,594)
Miscellaneous	151,962	150,780	208,001	57,221
Recovered costs	362,780	362,780	343,712	(19,068)
Intergovernmental revenues:				
Commonwealth	4,690,497	4,690,497	4,935,567	245,070
Federal	117,488	117,488	197,258	79,770
Total revenues	<u>\$ 35,052,218</u>	<u>\$ 35,041,275</u>	<u>\$ 35,040,355</u>	<u>\$ (920)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,673,967	\$ 1,750,525	\$ 1,642,181	\$ 108,344
Judicial administration	1,248,702	1,255,013	1,183,984	71,029
Public safety	5,264,890	5,524,954	5,198,378	326,576
Public works	2,697,744	3,037,089	2,944,557	92,532
Health and welfare	1,267,266	1,422,087	1,498,725	(76,638)
Education	15,370,115	15,389,379	11,514,555	3,874,824
Parks, recreation, and cultural	1,199,484	1,224,030	1,170,665	53,365
Community development	2,492,419	2,744,893	2,572,360	172,533
Nondepartmental	1,778,658	1,868,054	1,747,190	120,864
Debt service:				
Principal retirement	1,346,247	1,346,247	1,758,226	(411,979)
Interest and other fiscal charges	9,035	9,035	1,939,473	(1,930,438)
Total expenditures	<u>\$ 34,348,527</u>	<u>\$ 35,571,306</u>	<u>\$ 33,170,294</u>	<u>\$ 2,401,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 703,691</u>	<u>\$ (530,031)</u>	<u>\$ 1,870,061</u>	<u>\$ 2,400,092</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 148,660	\$ -	\$ -	-
Transfers out	(852,351)	(859,771)	(859,771)	-
Proceeds of capital leases	-	-	216,840	216,840
Total other financing sources and uses	<u>\$ (703,691)</u>	<u>\$ (859,771)</u>	<u>\$ (642,931)</u>	<u>\$ 216,840</u>
Net change in fund balances	\$ -	\$ (1,389,802)	\$ 1,227,130	\$ 2,616,932
Fund balances - beginning	-	1,389,802	16,134,080	14,744,278
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,361,210</u>	<u>\$ 17,361,210</u>

**Schedule of Pension Funding Progress
As of June 30, 2011**

**PRIMARY GOVERNMENT:
County Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ 20,189,345	\$ 25,317,355	\$ 5,128,010	79.75%	\$ 5,498,053	93.27%
06/30/09	19,740,598	22,860,428	3,119,830	86.35%	5,579,551	55.92%
06/30/08	19,014,389	21,165,702	2,151,313	89.84%	5,583,034	38.53%

DISCRETELY PRESENTED COMPONENT UNITS:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ 6,152,494	\$ 6,637,912	\$ 485,418	92.69%	\$ 1,537,350	31.57%
06/30/09	6,270,516	6,118,892	(151,624)	102.48%	1,428,289	-10.62%
06/30/08	6,336,897	6,030,145	(306,752)	105.09%	1,595,157	-19.23%

Component Unit-Rockbridge Area Social Services Board

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ 4,130,927	\$ 4,714,077	\$ 583,150	87.63%	\$ 869,236	67.09%
06/30/09	4,136,771	4,556,809	420,038	90.78%	867,390	48.43%
06/30/08	4,119,874	4,460,057	340,183	92.37%	838,282	40.58%

Schedule of Pension Funding Progress
As of June 30, 2011 (continued)

Component Unit Rockbridge County Public Service Authority

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ 1,070,765	\$ 1,298,027	\$ 227,262	82.49%	\$ 301,331	75.42%
06/30/09	1,083,167	1,190,172	107,005	91.01%	301,331	35.51%
06/30/08	1,094,463	1,138,924	44,461	96.10%	290,862	15.29%

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

PRIMARY GOVERNMENT:

**County Other Post-Employment Benefit Program (includes Rockbridge
 Regional Jail Commission, Landfill, and Rockbridge County Public
 Service Authority)**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ -	\$ 547,000	\$ 547,000	0.00%	\$ 6,387,000	8.56%
06/30/09	\$ -	\$ 630,000	\$ 630,000	0.00%	\$ 6,925,000	9.10%
06/30/08	\$ -	\$ 579,000	\$ 579,000	0.00%	\$ 6,756,000	8.57%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Post-Employment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/10	\$ -	\$ 4,406,000	\$ 4,406,000	0.00%	\$ 16,143,000	27.29%
06/30/09	\$ -	\$ 4,311,000	\$ 4,311,000	0.00%	\$ 17,687,000	24.37%
06/30/08	\$ -	\$ 4,098,000	\$ 4,098,000	0.00%	\$ 17,256,000	23.75%

Note:

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

OTHER SUPPLEMENTARY INFORMATION

School Capital Projects 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		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 110	\$ 110
Total revenues	\$ -	\$ -	\$ 110	\$ 110
EXPENDITURES				
Contribution to County School Board	\$ -	\$ -	\$ 36,674	\$ (36,674)
Total expenditures	\$ -	\$ -	\$ 36,674	\$ (36,674)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (36,564)	\$ (36,564)
Net change in fund balances	\$ -	\$ -	\$ (36,564)	\$ (36,564)
Fund balances - beginning	-	-	60,424	60,424
Fund balances - ending	\$ -	\$ -	\$ 23,860	\$ 23,860

Courthouse Construction 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		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 21	\$ 21
Total revenues	\$ -	\$ -	\$ 21	\$ 21
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 3	\$ (3)
Total expenditures	\$ -	\$ -	\$ 3	\$ (3)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 18	\$ 18
Net change in fund balances	\$ -	\$ -	\$ 18	\$ 18
Fund balances - beginning	-	-	254,237	254,237
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,255</u>	<u>\$ 254,255</u>

	Agency Funds					Total
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ 49,533	\$ 10,612	\$ 2,249	\$ 2,758	\$ 65,152
Receivables:						
Accounts receivable	-	2,982	-	-	-	2,982
Total assets	<u>\$ -</u>	<u>\$ 52,515</u>	<u>\$ 10,612</u>	<u>\$ 2,249</u>	<u>\$ 2,758</u>	<u>\$ 68,134</u>
LIABILITIES						
Accounts payable	\$ (63,357)	\$ -	\$ -	\$ -	\$ -	\$ (63,357)
Amounts held for payroll deduction	63,357	-	-	-	-	63,357
Amounts held for veterans memorial	-	-	10,612	-	-	10,612
Amounts held for drug enforcement	-	52,515	-	-	-	52,515
Amounts held for employee benefits	-	-	-	2,249	-	2,249
Amounts held for commonwealth attorney forfeitures	-	-	-	-	2,758	2,758
Total liabilities	<u>\$ -</u>	<u>\$ 52,515</u>	<u>\$ 10,612</u>	<u>\$ 2,249</u>	<u>\$ 2,758</u>	<u>\$ 68,134</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Payroll Deduction Fund				
LIABILITIES				
Accounts payable	\$ (63,291)	\$ 303,202	\$ 303,268	\$ (63,357)
Amounts held for payroll deduction	63,291	(303,202)	(303,268)	63,357
Total liabilities	\$ -	\$ -	\$ -	\$ -
Drug Fund				
ASSETS				
Cash and cash equivalents	\$ 39,567	\$ 19,273	\$ 9,307	\$ 49,533
Accounts receivable	-	2,982	-	2,982
Total assets	\$ 39,567	\$ 22,255	\$ 9,307	\$ 52,515
LIABILITIES				
Amounts held for drug enforcement	\$ 39,567	\$ 22,255	\$ 9,307	\$ 52,515
Total liabilities	\$ 39,567	\$ 22,255	\$ 9,307	\$ 52,515
Veterans Memorial Fund				
ASSETS				
Cash and cash equivalents	\$ 10,844	\$ -	\$ 232	\$ 10,612
Total assets	\$ 10,844	\$ -	\$ 232	\$ 10,612
LIABILITIES				
Amounts held for veterans memorial	\$ 10,844	\$ -	\$ 232	\$ 10,612
Total liabilities	\$ 10,844	\$ -	\$ 232	\$ 10,612
Employee Benefit Fund				
ASSETS				
Cash and cash equivalents	\$ 2,249	\$ -	\$ -	\$ 2,249
Total assets	\$ 2,249	\$ -	\$ -	\$ 2,249
LIABILITIES				
Amounts held for employee benefits	\$ 2,249	\$ -	\$ -	\$ 2,249
Total liabilities	\$ 2,249	\$ -	\$ -	\$ 2,249
Commonwealth Attorney Forfeitures Fund				
ASSETS				
Cash and cash equivalents	\$ 1,273	\$ 2,844	\$ 1,359	\$ 2,758
Total assets	\$ 1,273	\$ 2,844	\$ 1,359	\$ 2,758
LIABILITIES				
Amounts held for commonwelath's attorney forfeitures	\$ 1,273	\$ 2,844	\$ 1,359	\$ 2,758
Total liabilities	\$ 1,273	\$ 2,844	\$ 1,359	\$ 2,758
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 64,082	\$ 22,117	\$ 10,898	\$ 65,152
Accounts receivable	-	2,982	-	2,982
Total assets	\$ 64,082	\$ 25,099	\$ 10,898	\$ 68,134
LIABILITIES				
Accounts payable	\$ (63,291)	\$ 303,202	\$ 303,268	\$ (63,357)
Amounts held for payroll deduction	63,291	(303,202)	(303,268)	63,357
Amounts held for drug enforcement	39,567	22,255	9,307	52,515
Amounts held for veterans memorial	10,844	-	232	10,612
Amounts held for employee benefits	2,249	-	-	2,249
Amounts held for commonwelath's attorney forfeitures	1,273	2,844	1,359	2,758
Total liabilities	\$ 53,933	\$ 25,099	\$ 10,898	\$ 68,134

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

Exhibit 18

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Permanent Scholarship Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 200	\$ 339,121	\$ 40,379	\$ 379,700
Receivables (net of allowance for uncollectibles):				
Accounts receivable	299,582	12,012	-	311,594
Due from other governmental units	1,043,563	-	-	1,043,563
Inventories	-	39,664	-	39,664
Prepaid items	325,722	5,595	-	331,317
Total assets	<u>\$ 1,669,067</u>	<u>\$ 396,392</u>	<u>\$ 40,379</u>	<u>\$ 2,105,838</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 278,957	\$ 120	\$ -	\$ 279,077
Due to primary government	1,390,110	-	-	1,390,110
Total liabilities	<u>\$ 1,669,067</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 1,669,187</u>

Fund balances:

Nonspendable:

Inventory	\$ -	\$ 39,664	\$ -	\$ 39,664
Prepaid items	-	5,595	-	5,595
Endowments	-	-	40,379	40,379

Committed for:

Special revenue funds	-	351,013	-	351,013
Total fund balances	<u>\$ -</u>	<u>\$ 396,272</u>	<u>\$ 40,379</u>	<u>\$ 436,651</u>
Total liabilities and fund balances	<u>\$ 1,669,067</u>	<u>\$ 396,392</u>	<u>\$ 40,379</u>	<u>\$ 2,105,838</u>

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

Total fund balances per above \$ 436,651

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 15,126,687

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (692,483)

Net assets of governmental activities \$ 14,870,855

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

Exhibit 19

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 137	\$ 61	\$ 198
Charges for services	1,089,700	503,589	-	1,593,289
Miscellaneous	697,991	-	-	697,991
Intergovernmental revenues:				
Local government	11,482,845	-	-	11,482,845
Commonwealth	10,642,168	14,021	-	10,656,189
Federal	2,710,841	577,301	-	3,288,142
Total revenues	<u>\$ 26,623,545</u>	<u>\$ 1,095,048</u>	<u>\$ 61</u>	<u>\$ 27,718,654</u>
EXPENDITURES				
Current:				
Education	\$ 26,620,506	\$ 1,079,915	\$ -	\$ 27,700,421
Debt service:				
Interest and other fiscal charges	3,039	-	-	3,039
Total expenditures	<u>\$ 26,623,545</u>	<u>\$ 1,079,915</u>	<u>\$ -</u>	<u>\$ 27,703,460</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 15,133	\$ 61	\$ 15,194
Net change in fund balances	\$ -	\$ 15,133	\$ 61	\$ 15,194
Fund balances - beginning	-	381,139	40,318	421,457
Fund balances - ending	<u>\$ -</u>	<u>\$ 396,272</u>	<u>\$ 40,379</u>	<u>\$ 436,651</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	\$ 15,194
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.	543,681
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.	(180,930)
Change in net assets of governmental activities	<u>\$ 377,945</u>

County of Rockbridge, 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	\$ -	\$ -	\$ -	\$ -
Charges for services	1,088,500	1,088,500	1,089,700	1,200
Miscellaneous	12,000	12,000	697,991	685,991
Intergovernmental revenues:				
Local government	15,301,731	15,301,731	11,482,845	(3,818,886)
Commonwealth	10,644,712	10,644,712	10,642,168	(2,544)
Federal	80,000	80,000	2,710,841	2,630,841
Total revenues	\$ 27,126,943	\$ 27,126,943	\$ 26,623,545	\$ (503,398)
EXPENDITURES				
Current:				
Education	\$ 24,840,105	\$ 27,887,809	\$ 26,620,506	\$ 1,267,303
Debt service:				
Principal retirement	1,255,847	1,255,847	-	1,255,847
Interest and other fiscal charges	1,030,991	1,030,991	3,039	1,027,952
Total expenditures	\$ 27,126,943	\$ 30,174,647	\$ 26,623,545	\$ 3,551,102
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,047,704)	\$ -	\$ 3,047,704
Net change in fund balances	\$ -	\$ (3,047,704)	\$ -	\$ 3,047,704
Fund balances - beginning	-	3,047,704	-	(3,047,704)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 20

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 3,450	\$ 3,450	\$ 137	\$ (3,313)
679,000	679,000	503,589	(175,411)
-	-	-	-
-	-	-	-
14,700	14,700	14,021	(679)
447,161	447,161	577,301	130,140
<u>\$ 1,144,311</u>	<u>\$ 1,144,311</u>	<u>\$ 1,095,048</u>	<u>\$ (49,263)</u>
<u>\$ 1,144,311</u>	<u>\$ 1,144,311</u>	<u>\$ 1,079,915</u>	<u>\$ 64,396</u>
-	-	-	-
-	-	-	-
<u>\$ 1,144,311</u>	<u>\$ 1,144,311</u>	<u>\$ 1,079,915</u>	<u>\$ 64,396</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,133</u>	<u>\$ 15,133</u>
\$ -	\$ -	\$ 15,133	\$ 15,133
-	-	381,139	381,139
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,272</u>	<u>\$ 396,272</u>

County of Rockbridge, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2011

	Scholarship Private-Purpose Trust
ASSETS	
Cash and cash equivalents	\$ <u>34,333</u>
NET ASSETS	
Held in trust for scholarships	\$ <u>34,333</u>

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds - Discretely Presented Component Unit School Board

For the Year Ended June 30, 2011

	Scholarship Private-Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 525
Total contributions	\$ 525
Investment earnings:	
Interest	\$ 222
Total additions	\$ 747
DEDUCTIONS	
Scholarships	\$ (2,000)
Total deductions	\$ (2,000)
Change in net assets	\$ (1,253)
Net assets - beginning	35,586
Net assets - ending	\$ 34,333

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SUPPORTING SCHEDULES

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

Schedule 1
Page 1 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,207,000	\$ 14,207,000	\$ 14,227,548	\$ 20,548
Real and personal public service corporation taxes	545,000	545,000	652,758	107,758
Personal property taxes	4,119,800	4,110,039	4,265,420	155,381
Mobile home taxes	42,500	42,500	46,127	3,627
Machinery and tools taxes	287,000	287,000	234,853	(52,147)
Penalties	250,000	250,000	223,663	(26,337)
Interest	70,000	70,000	127,900	57,900
Total general property taxes	<u>\$ 19,521,300</u>	<u>\$ 19,511,539</u>	<u>\$ 19,778,269</u>	<u>\$ 266,730</u>
Other local taxes:				
Local sales and use taxes	\$ 2,450,000	\$ 2,450,000	\$ 2,226,190	\$ (223,810)
Consumers' utility taxes	1,574,000	1,574,000	1,541,967	(32,033)
E-911 telephone taxes	-	-	777	777
Business license taxes	855,000	855,000	775,021	(79,979)
Motor vehicle licenses	569,300	569,300	542,034	(27,266)
Bank stock taxes	110,000	110,000	101,321	(8,679)
Taxes on recordation and wills	220,000	220,000	182,274	(37,726)
Lodging tax	1,236,000	1,236,000	1,145,622	(90,378)
Meals tax	1,255,000	1,255,000	1,212,424	(42,576)
Total other local taxes	<u>\$ 8,269,300</u>	<u>\$ 8,269,300</u>	<u>\$ 7,727,630</u>	<u>\$ (541,670)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,800	\$ 8,800	\$ 8,344	\$ (456)
Land use application fees	3,000	3,000	1,910	(1,090)
Transfer fees	1,100	1,100	700	(400)
Permits and other licenses	227,000	227,000	170,921	(56,079)
Total permits, privilege fees, and regulatory licenses	<u>\$ 239,900</u>	<u>\$ 239,900</u>	<u>\$ 181,875</u>	<u>\$ (58,025)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 151,950	\$ 151,950	\$ 223,673	\$ 71,723
Revenue from use of money and property:				
Revenue from use of money	\$ 175,000	\$ 175,000	\$ 48,267	\$ (126,733)
Revenue from use of property	30,464	30,464	97,120	66,656
Total revenue from use of money and property	<u>\$ 205,464</u>	<u>\$ 205,464</u>	<u>\$ 145,387</u>	<u>\$ (60,077)</u>
Charges for services:				
Excess fees of clerk	\$ 10,000	\$ (20,000)	\$ -	\$ 20,000
Sheriff's fees	9,000	9,000	5,286	(3,714)
Charges for courthouse maintenance	59,000	89,000	53,367	(35,633)
Courthouse security fees	198,582	198,582	157,727	(40,855)
Consolidated share-Buena Vista	23,400	23,400	23,400	-
Charges for Commonwealth's Attorney	2,000	2,000	3,096	1,096
Charges for garage services	390,000	390,000	547,854	157,854
Charges for sanitation and waste removal	531,145	531,145	397,361	(133,784)
Charges for parks and recreation	107,600	107,600	96,748	(10,852)
Erosion Sediment Control Fee	10,000	10,000	13,590	3,590
DNA Fee	850	850	554	(296)
Total charges for services	<u>\$ 1,341,577</u>	<u>\$ 1,341,577</u>	<u>\$ 1,298,983</u>	<u>\$ (42,594)</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 151,962	\$ 150,780	\$ 208,001	\$ 57,221
Total miscellaneous revenue	\$ 151,962	\$ 150,780	\$ 208,001	\$ 57,221
Recovered costs:				
Joint services City of Lexington	\$ 204,000	\$ 204,000	\$ 169,925	\$ (34,075)
Charges for hazard materials cleanup	30,000	30,000	45,460	15,460
Fiscal agent fees	52,600	52,600	45,067	(7,533)
Other recovered costs	76,180	76,180	75,920	(260)
Total recovered costs	\$ 362,780	\$ 362,780	\$ 343,712	\$ (19,068)
Total revenue from local sources	\$ 30,244,233	\$ 30,233,290	\$ 29,907,530	\$ (325,760)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 10,552	\$ 10,552	\$ -	\$ (10,552)
Motor vehicle carriers' tax	60,000	60,000	64,017	4,017
Mobile home titling tax	24,000	24,000	18,093	(5,907)
Timber sales	2,000	2,000	1,455	(545)
Motor vehicle rental tax	35,000	35,000	27,279	(7,721)
State recordation tax	70,000	70,000	63,489	(6,511)
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,651,176	\$ 2,651,176	\$ 2,623,957	\$ (27,219)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 298,954	\$ 298,954	\$ 307,786	\$ 8,832
Sheriff	1,013,355	1,013,355	1,034,544	21,189
Commissioner of revenue	94,842	94,842	96,335	1,493
Treasurer	77,713	77,713	80,618	2,905
Registrar/electoral board	48,381	48,381	36,160	(12,221)
Clerk of the Circuit Court	235,595	235,595	249,696	14,101
Total shared expenses	\$ 1,768,840	\$ 1,768,840	\$ 1,805,139	\$ 36,299
Other categorical aid:				
Victim-witness grant	\$ 30,235	\$ 30,235	\$ 29,262	\$ (973)
Fire program	49,000	49,000	109,290	60,290
Soil erosion director	131,479	131,479	122,026	(9,453)
Other	59,767	59,767	245,893	186,126
Total other categorical aid	\$ 270,481	\$ 270,481	\$ 506,471	\$ 235,990
Total categorical aid	\$ 2,039,321	\$ 2,039,321	\$ 2,311,610	\$ 272,289
Total revenue from the Commonwealth	\$ 4,690,497	\$ 4,690,497	\$ 4,935,567	\$ 245,070

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 65,000	\$ 65,000	\$ 82,085	\$ 17,085
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 14,601	\$ 14,601
Homeland security grant	-	-	30,676	30,676
Rental assistance	52,488	52,488	63,049	10,561
DEQ mining rents and royalties	-	-	1,847	1,847
FEMA	-	-	5,000	5,000
Total categorical aid	\$ 52,488	\$ 52,488	\$ 115,173	\$ 62,685
Total revenue from the federal government	\$ 117,488	\$ 117,488	\$ 197,258	\$ 79,770
Total General Fund	\$ 35,052,218	\$ 35,041,275	\$ 35,040,355	\$ (920)
Special Revenue Fund:				
Rockbridge Area Net Authority				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 31,872	\$ 31,872
Total miscellaneous revenue	\$ -	\$ -	\$ 31,872	\$ 31,872
Revenue from the federal government:				
Categorical aid:				
Broadband grant	\$ -	\$ -	\$ 303,653	\$ 303,653
Total categorical aid	\$ -	\$ -	\$ 303,653	\$ 303,653
Total revenue from the federal government	\$ -	\$ -	\$ 303,653	\$ 303,653
Total Rockbridge Area Net Authority	\$ -	\$ -	\$ 335,525	\$ 335,525
Capital Projects Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 110	\$ 110
Total School Capital Projects Fund	\$ -	\$ -	\$ 110	\$ 110
Courthouse Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 21	\$ 21
Total revenue from use of money and property	\$ -	\$ -	\$ 21	\$ 21
Total revenue from local sources	\$ -	\$ -	\$ 21	\$ 21
Total Courthouse Construction Fund	\$ -	\$ -	\$ 21	\$ 21
Total Primary Government	\$ 35,052,218	\$ 35,041,275	\$ 35,376,011	\$ 334,736

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 4 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ 3,500	\$ 3,500	\$ 4,700	\$ 1,200
Tuition-City of Lexington, Buena Vista	1,085,000	1,085,000	1,085,000	-
Total charges for services	<u>\$ 1,088,500</u>	<u>\$ 1,088,500</u>	<u>\$ 1,089,700</u>	<u>\$ 1,200</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 12,000	\$ 12,000	\$ 697,991	\$ 685,991
Total revenue from local sources	<u>\$ 1,100,500</u>	<u>\$ 1,100,500</u>	<u>\$ 1,787,691</u>	<u>\$ 687,191</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 15,301,731	\$ 15,301,731	\$ 11,482,845	\$ (3,818,886)
Total revenues from local governments	<u>\$ 15,301,731</u>	<u>\$ 15,301,731</u>	<u>\$ 11,482,845</u>	<u>\$ (3,818,886)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,534,694	\$ 2,534,694	\$ 2,638,311	\$ 103,617
Basic school aid	5,087,887	5,087,887	4,930,658	(157,229)
Remedial summer education	51,010	51,010	21,084	(29,926)
Regular foster care	-	-	15,158	15,158
Gifted and talented	55,946	55,946	57,196	1,250
Remedial education	110,676	110,676	113,149	2,473
Special education	808,783	808,783	844,079	35,296
Textbook payment	63,900	63,900	65,328	1,428
Vocational standards of quality payments	201,892	201,892	206,404	4,512
Social security fringe benefits	345,405	345,405	353,126	7,721
Retirement fringe benefits	204,324	204,324	208,891	4,567
Early reading intervention	34,592	34,592	31,584	(3,008)
Dropout prevention	-	-	2,110	2,110
Homebound education	9,685	9,685	7,202	(2,483)
Virginia tobacco grant	-	-	49,442	49,442
Vocational education other	55,757	55,757	65,033	9,276
At risk payments	76,241	76,241	77,962	1,721
Composite index	534,184	534,184	479,382	(54,802)
Standards of learning algebra readiness	15,414	15,414	13,910	(1,504)
Reduced class size	56,095	56,095	63,530	7,435
Group life insurance	12,162	12,162	12,434	272
Technology grant	258,000	258,000	258,000	-
At risk four-year olds	93,000	93,000	93,000	-
English as a second language	11,489	11,489	10,421	(1,068)
Adult Ed GED	23,576	23,576	23,576	-
Other state funds	-	-	1,198	1,198
Total categorical aid	<u>\$ 10,644,712</u>	<u>\$ 10,644,712</u>	<u>\$ 10,642,168</u>	<u>\$ (2,544)</u>
Total revenue from the Commonwealth	<u>\$ 10,644,712</u>	<u>\$ 10,644,712</u>	<u>\$ 10,642,168</u>	<u>\$ (2,544)</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 1
Page 5 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 80,000	\$ 80,000	\$ 71,790	\$ (8,210)
Adult literacy	-	-	92,252	92,252
Title I	-	-	589,784	589,784
ARRA-Title I	-	-	163,192	163,192
Title VI-B, special education flow-through	-	-	632,433	632,433
ARRA-Title VI-B, special education flow-through	-	-	311,980	311,980
Vocational education	-	-	51,626	51,626
Title VI-B, special education pre-school	-	-	13,967	13,967
ARRA-Title VI-B, special education pre-school	-	-	14,904	14,904
Drug free schools	-	-	1,683	1,683
Title II, Part A	-	-	108,612	108,612
Title II Part D	-	-	165	165
ARRA-State fiscal stabilization funds	-	-	461,667	461,667
21st Century grant	-	-	158,061	158,061
Total action against poverty	-	-	38,725	38,725
Total categorical aid	\$ 80,000	\$ 80,000	\$ 2,710,841	\$ 2,630,841
Total School Operating Fund	\$ 27,126,943	\$ 27,126,943	\$ 26,623,545	\$ (503,398)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,450	\$ 3,450	\$ 137	\$ (3,313)
Charges for services:				
Cafeteria sales	\$ 679,000	\$ 679,000	\$ 503,589	\$ (175,411)
Total revenue from local sources	\$ 682,450	\$ 682,450	\$ 503,726	\$ (178,724)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,700	\$ 14,700	\$ 14,021	\$ (679)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 447,161	\$ 447,161	\$ 506,043	\$ 58,882
Total action against poverty	-	-	2,616	2,616
Commodities	-	-	68,642	68,642
Total categorical aid	\$ 447,161	\$ 447,161	\$ 577,301	\$ 130,140
Total revenue from the federal government	\$ 447,161	\$ 447,161	\$ 577,301	\$ 130,140
Total School Cafeteria Fund	\$ 1,144,311	\$ 1,144,311	\$ 1,095,048	\$ (49,263)
Total Discretely Presented Component Unit - School Board	\$ 28,271,254	\$ 28,271,254	\$ 27,718,593	\$ (552,661)

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

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 75,633	\$ 76,613	\$ 74,230	\$ 2,383
General and financial administration:				
County administrator	\$ 187,681	\$ 196,766	\$ 191,602	\$ 5,164
Legal services	142,780	196,307	196,580	(273)
Commissioner of revenue	250,127	253,112	237,400	15,712
Reassessment	143,200	143,900	86,625	57,275
Land use	1,350	1,350	672	678
Treasurer	268,472	265,487	253,682	11,805
Central accounting	118,818	129,537	117,325	12,212
Data processing	127,039	129,626	111,214	18,412
Director of fiscal affairs	224,149	225,696	209,631	16,065
Central stores	-	-	50,045	(50,045)
Total general and financial administration	\$ 1,463,616	\$ 1,541,781	\$ 1,454,776	\$ 87,005
Board of elections:				
Electoral board and officials	\$ 134,718	\$ 132,131	\$ 113,175	\$ 18,956
Total board of elections	\$ 134,718	\$ 132,131	\$ 113,175	\$ 18,956
Total general government administration	\$ 1,673,967	\$ 1,750,525	\$ 1,642,181	\$ 108,344
Judicial administration:				
Courts:				
Circuit court	\$ 57,909	\$ 57,909	\$ 53,723	\$ 4,186
County court	19,225	19,945	19,747	198
Victim witness coordinator	52,857	53,307	51,830	1,477
Clerk of the circuit court	356,026	361,119	344,867	16,252
Courthouse security	337,106	337,106	304,603	32,503
Total courts	\$ 823,123	\$ 829,386	\$ 774,770	\$ 54,616
Commonwealth's attorney:				
Commonwealth's attorney	\$ 425,579	\$ 425,627	\$ 409,214	\$ 16,413
Total commonwealth's attorney	\$ 425,579	\$ 425,627	\$ 409,214	\$ 16,413
Total judicial administration	\$ 1,248,702	\$ 1,255,013	\$ 1,183,984	\$ 71,029
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,979,864	\$ 2,112,373	\$ 2,010,294	\$ 102,079
Fire and rescue services:				
Fire prevention	\$ 855,500	\$ 914,255	\$ 911,455	\$ 2,800
Emergency services	99,914	113,060	111,575	1,485
Rescue services	539,236	575,422	554,312	21,110
E-911 system	570,063	570,063	450,705	119,358
Total fire and rescue services	\$ 2,064,713	\$ 2,172,800	\$ 2,028,047	\$ 144,753
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 766,144	\$ 766,144	\$ 690,226	\$ 75,918
Probation office	6,300	6,300	5,010	1,290
Juvenile probation and detention	41,155	41,156	41,156	-
Total correction and detention	\$ 813,599	\$ 813,600	\$ 736,392	\$ 77,208

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 261,264	\$ 271,232	\$ 269,987	\$ 1,245
Other protection:				
Other protective services	\$ 145,450	\$ 154,949	\$ 153,658	\$ 1,291
Total other protection	\$ 145,450	\$ 154,949	\$ 153,658	\$ 1,291
Total public safety	\$ 5,264,890	\$ 5,524,954	\$ 5,198,378	\$ 326,576
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 20,557	\$ 20,557	\$ 8,001	\$ 12,556
Total maintenance of highways, streets, bridges & sidewalks	\$ 20,557	\$ 20,557	\$ 8,001	\$ 12,556
Sanitation and waste removal:				
County pickup	\$ 1,047,885	\$ 1,283,105	\$ 1,273,723	\$ 9,382
Special enforcement-litter control	107,198	104,237	93,011	11,226
Other sanitation	17,464	17,464	60,895	(43,431)
Total sanitation and waste removal	\$ 1,172,547	\$ 1,404,806	\$ 1,427,629	\$ (22,823)
Maintenance of general buildings and grounds:				
General properties	\$ 513,799	\$ 529,368	\$ 467,967	\$ 61,401
Central garage	990,841	1,082,358	1,040,960	41,398
Total maintenance of general buildings and grounds	\$ 1,504,640	\$ 1,611,726	\$ 1,508,927	\$ 102,799
Total public works	\$ 2,697,744	\$ 3,037,089	\$ 2,944,557	\$ 92,532
Health and welfare:				
Health:				
Supplement of local health department	\$ 225,956	\$ 225,956	\$ 218,389	\$ 7,567
Other contributions	75,677	76,677	74,177	2,500
Total health	\$ 301,633	\$ 302,633	\$ 292,566	\$ 10,067
Mental health and mental retardation:				
Community services board	\$ 153,020	\$ 153,020	\$ 153,020	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 769,044	\$ 920,964	\$ 780,614	\$ 140,350
Other public assistance and welfare administration	43,569	45,470	164,023	(118,553)
Tax relief for the elderly	-	-	108,502	(108,502)
Total welfare	\$ 812,613	\$ 966,434	\$ 1,053,139	\$ (86,705)
Total health and welfare	\$ 1,267,266	\$ 1,422,087	\$ 1,498,725	\$ (76,638)
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 68,384	\$ 68,384	\$ 68,384	\$ -
Contribution to County School Board	15,301,731	15,320,995	11,446,171	3,874,824
Total education	\$ 15,370,115	\$ 15,389,379	\$ 11,514,555	\$ 3,874,824

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 2
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 546,786	\$ 570,970	\$ 516,621	\$ 54,349
Preschool	98,441	98,803	99,787	(984)
Total parks and recreation	\$ 645,227	\$ 669,773	\$ 616,408	\$ 53,365
Library:				
Contribution to county libraries	\$ 554,257	\$ 554,257	\$ 554,257	-
Total parks, recreation, and cultural	\$ 1,199,484	\$ 1,224,030	\$ 1,170,665	\$ 53,365
Community development:				
Planning and community development:				
Planning and zoning	\$ 264,503	\$ 265,978	\$ 255,471	\$ 10,507
Geographic information system	139,972	139,972	135,741	4,231
Rental assistance	69,975	69,975	67,995	1,980
Industrial development	797,858	1,046,893	1,010,434	36,459
Other community development	100,788	100,788	135,420	(34,632)
Contribution to Public Service Authority	807,078	807,107	721,436	85,671
Total planning and community development	\$ 2,180,174	\$ 2,430,713	\$ 2,326,497	\$ 104,216
Environmental management:				
Agriculture and home economics	\$ 90,892	\$ 90,892	\$ 58,745	\$ 32,147
Other environmental management	76,166	78,101	74,563	3,538
Total environmental management	167,058	168,993	133,308	35,685
Cooperative extension program:				
Extension office	\$ 145,187	\$ 145,187	\$ 112,555	\$ 32,632
Total community development	\$ 2,492,419	\$ 2,744,893	\$ 2,572,360	\$ 172,533
Nondepartmental:				
Miscellaneous	\$ 4,865	\$ 94,261	\$ 18,600	\$ 75,661
Annexation payment	1,773,793	1,773,793	1,728,590	45,203
Total nondepartmental	\$ 1,778,658	\$ 1,868,054	\$ 1,747,190	\$ 120,864
Debt service:				
Principal retirement	\$ 1,346,247	\$ 1,346,247	\$ 1,758,226	\$ (411,979)
Interest and other fiscal charges	9,035	9,035	1,939,473	(1,930,438)
Total debt service	\$ 1,355,282	\$ 1,355,282	\$ 3,697,699	\$ (2,342,417)
Total General Fund	\$ 34,348,527	\$ 35,571,306	\$ 33,170,294	\$ 2,401,012
Special Revenue Fund:				
Rockbridge Area Net Authority				
Health and welfare:				
Planning and community development:				
Capital projects	\$ -	\$ -	\$ 425,870	\$ (425,870)
Total planning and community development	\$ -	\$ -	\$ 425,870	\$ (425,870)
Total Rockbridge Area Net Authority	\$ -	\$ -	\$ 425,870	\$ (425,870)
Capital Projects Funds:				
School Capital Projects Fund:				
Capital projects expenditures:				
Contribution to County School Board	\$ -	\$ -	\$ 36,674	\$ (36,674)
Total School Capital Projects Fund	\$ -	\$ -	\$ 36,674	\$ (36,674)
Courthouse Construction Fund:				
Capital projects expenditures:				
Courthouse construction	\$ -	\$ -	\$ 3	\$ (3)
Total capital projects	\$ -	\$ -	\$ 3	\$ (3)
Total Courthouse Construction Fund	\$ -	\$ -	\$ 3	\$ (3)
Total Primary Government	\$ 34,348,527	\$ 35,571,306	\$ 33,632,841	\$ 1,938,465

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Schedule 2
Page 4 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 18,851,601	\$ 21,708,695	\$ 20,396,957	\$ 1,311,738
Administration, attendance and health	1,213,178	1,256,424	1,192,787	63,637
Pupil transportation	1,771,248	1,881,248	1,874,305	6,943
Operation and maintenance	2,833,413	2,833,413	2,982,919	(149,506)
Facilities	170,665	208,029	173,538	34,491
Total education	\$ 24,840,105	\$ 27,887,809	\$ 26,620,506	\$ 1,267,303
Debt service:				
Principal retirement	\$ 1,255,847	\$ 1,255,847	\$ -	\$ 1,255,847
Interest and other fiscal charges	1,030,991	1,030,991	3,039	1,027,952
Total debt service	\$ 2,286,838	\$ 2,286,838	\$ 3,039	\$ 2,283,799
Total School Fund	\$ 27,126,943	\$ 30,174,647	\$ 26,623,545	\$ 3,551,102
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,144,311	\$ 1,144,311	\$ 1,079,915	\$ 64,396
Total Cafeteria Fund	\$ 1,144,311	\$ 1,144,311	\$ 1,079,915	\$ 64,396
Total Discretely Presented Component Unit - School Board	\$ 28,271,254	\$ 31,318,958	\$ 27,703,460	\$ 3,615,498

OTHER STATISTICAL INFORMATION

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 885,374	\$ 811,714	\$ 2,664,635	\$ 1,034,139	\$ 4,760,174
Restricted	526,198	526,198	572,094	1,597,814	1,990,486
Unrestricted	<u>5,393,210</u>	<u>7,862,482</u>	<u>7,031,749</u>	<u>10,533,679</u>	<u>12,595,832</u>
Total governmental activities net assets	<u>\$ 6,804,782</u>	<u>\$ 9,200,394</u>	<u>\$ 10,268,478</u>	<u>\$ 13,165,632</u>	<u>\$ 19,346,492</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 1,469,140	\$ 1,522,102	\$ 1,319,499	\$ 1,445,213	\$ 1,458,874
Unrestricted	<u>(254,566)</u>	<u>(193,120)</u>	<u>285,740</u>	<u>344,247</u>	<u>400,752</u>
Total business-type activities net assets	<u>\$ 1,214,574</u>	<u>\$ 1,328,982</u>	<u>\$ 1,605,239</u>	<u>\$ 1,789,460</u>	<u>\$ 1,859,626</u>
Primary government					
Invested in capital assets, net of related debt	\$ 2,354,514	\$ 2,333,816	\$ 3,984,134	\$ 2,479,352	\$ 6,219,048
Restricted	526,198	526,198	572,094	1,597,814	1,990,486
Unrestricted	<u>5,138,644</u>	<u>7,669,362</u>	<u>7,317,489</u>	<u>10,877,926</u>	<u>12,996,584</u>
Total primary government net assets	<u>\$ 8,019,356</u>	<u>\$ 10,529,376</u>	<u>\$ 11,873,717</u>	<u>\$ 14,955,092</u>	<u>\$ 21,206,118</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

Table 1

Fiscal Year			
2008	2009	2010	2011
\$ 9,678,247	\$ 12,942,462	\$ 12,355,645	\$ 11,866,668
1,441,943	935,021	935,021	960,040
<u>13,004,039</u>	<u>17,260,280</u>	<u>16,443,020</u>	<u>17,653,362</u>
<u>\$ 24,124,229</u>	<u>\$ 31,137,763</u>	<u>\$ 29,733,686</u>	<u>\$ 30,480,070</u>
\$ 1,373,896	\$ 1,421,280	\$ 1,427,172	\$ 1,338,861
<u>575,480</u>	<u>875,031</u>	<u>1,201,435</u>	<u>1,570,098</u>
<u>\$ 1,949,376</u>	<u>\$ 2,296,311</u>	<u>\$ 2,628,607</u>	<u>\$ 2,908,959</u>
\$ 11,052,143	\$ 14,363,742	\$ 13,782,817	\$ 13,205,529
1,441,943	935,021	935,021	960,040
<u>13,579,519</u>	<u>18,135,311</u>	<u>17,644,455</u>	<u>19,223,460</u>
<u>\$ 26,073,605</u>	<u>\$ 33,434,074</u>	<u>\$ 32,362,293</u>	<u>\$ 33,389,029</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 1,189,853	\$ 1,111,450	\$ 1,500,137	\$ 925,309
Judicial administration	503,983	536,139	225,334	1,070,338
Public safety	3,635,384	3,689,644	4,084,091	4,108,605
Public works	2,109,129	1,975,258	2,454,678	2,558,759
Health and welfare	690,819	696,286	1,128,269	1,021,507
Education	10,297,276	10,412,045	12,086,002	12,660,147
Parks, recreation and cultural	906,708	1,100,441	991,522	1,089,369
Community development	1,211,548	1,078,395	1,393,738	2,136,809
Interest on long-term debt	749,371	1,091,455	1,280,603	2,082,251
Nondepartmental	1,068,892	1,111,003	1,138,150	1,227,014
Total governmental activities expenses	\$ 22,362,963	\$ 22,802,116	\$ 26,282,524	\$ 28,880,108
Business-type activities:				
Landfill	\$ 856,163	\$ 909,617	\$ 959,640	\$ 1,106,115
Recycling	754,216	745,718	762,301	770,109
Total business-type activities expenses	\$ 1,610,379	\$ 1,655,335	\$ 1,721,941	\$ 1,876,224
Total primary government expenses	\$ 23,973,342	\$ 24,457,451	\$ 28,004,465	\$ 30,756,332
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 566,799	\$ 397,816	\$ 472,096	\$ 501,055
Judicial administration	111,828	201,399	155,163	294,156
Public safety	6,424	12,075	3,510	14,876
Public works	329,251	414,127	475,341	537,203
Parks, recreation and cultural	66,899	72,386	71,357	71,673
Community development	8,964	243,994	449,386	428,816
Operating grants and contributions	1,683,566	2,136,026	1,918,191	2,346,099
Capital grants and contributions	-	144,064	-	778,179
Total governmental activities program revenues	\$ 2,773,731	\$ 3,621,887	\$ 3,545,044	\$ 4,972,057

Table 2

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 1,516,336	\$ 1,398,329	\$ 2,170,904	\$ 2,332,278	\$ 2,333,275	
573,554	4,699,190	2,725,181	1,211,172	1,186,366	
4,518,686	4,658,008	4,926,453	5,364,665	5,160,253	
2,547,356	3,001,287	2,856,775	3,040,215	2,824,461	
1,429,744	1,471,189	1,527,149	1,459,423	1,498,930	
12,426,048	14,126,792	14,178,044	14,437,698	13,085,583	
1,131,484	1,236,686	1,358,529	1,361,665	1,267,868	
2,250,998	1,699,223	1,831,694	2,109,085	2,585,270	
1,469,578	2,087,610	1,733,021	1,932,209	1,862,608	
2,035,190	1,698,751	2,060,962	1,944,765	1,747,190	
<u>\$ 29,898,974</u>	<u>\$ 36,077,065</u>	<u>\$ 35,368,712</u>	<u>\$ 35,193,175</u>	<u>\$ 33,551,804</u>	
\$ 1,336,355	\$ 1,215,648	\$ 1,058,560	\$ 969,972	\$ 862,292	
871,600	1,059,036	1,001,618	954,393	983,111	
<u>\$ 2,207,955</u>	<u>\$ 2,274,684</u>	<u>\$ 2,060,178</u>	<u>\$ 1,924,365</u>	<u>\$ 1,845,403</u>	
<u>\$ 32,106,929</u>	<u>\$ 38,351,749</u>	<u>\$ 37,428,890</u>	<u>\$ 37,117,540</u>	<u>\$ 35,397,207</u>	
\$ 17,550	\$ 23,400	\$ 35,100	\$ 11,700	\$ 23,400	
264,441	443,137	388,462	346,456	437,863	
13,424	17,878	16,838	15,584	5,840	
793,320	1,153,570	1,028,928	1,154,832	958,805	
84,576	113,061	84,892	90,891	96,748	
390,853	350,169	190,262	204,569	181,875	
2,550,447	2,416,922	2,398,519	2,165,017	2,426,783	
53,776	46,189	4,260,000	-	303,653	
<u>\$ 4,168,387</u>	<u>\$ 4,564,326</u>	<u>\$ 8,403,001</u>	<u>\$ 3,989,049</u>	<u>\$ 4,434,967</u>	

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Landfill	\$ 938,382	\$ 998,041	\$ 1,185,681	\$ 1,185,380
Recycling	54,220	72,938	77,592	66,982
Operating grants and contributions	61,431	16,789	16,393	23,975
Total business-type activities program revenues	\$ 1,054,033	\$ 1,087,768	\$ 1,279,666	\$ 1,276,337
Total primary government program revenues	\$ 3,827,764	\$ 4,709,655	\$ 4,824,710	\$ 6,248,394
Net (expense) / revenue				
Governmental activities	\$ (19,589,232)	\$ (19,180,229)	\$ (22,737,480)	\$ (23,908,051)
Business-type activities	(556,346)	(567,567)	(442,275)	(599,887)
Total primary government net expense	\$ (20,145,578)	\$ (19,747,796)	\$ (23,179,755)	\$ (24,507,938)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 12,649,577	\$ 13,190,248	\$ 15,058,380	\$ 15,762,626
Local sales and use taxes	1,849,373	2,021,305	2,317,974	2,401,773
Motor vehicle licenses taxes	412,176	423,550	545,606	556,542
Consumer utility taxes	816,324	854,444	963,485	1,130,956
Business licenses taxes	570,442	597,177	665,463	733,059
Other local taxes	2,293,043	2,227,495	2,823,964	3,107,199
Unrestricted grants and contributions	7,342,188	2,651,634	2,520,022	2,836,695
Unrestricted revenues from use of money and property	180,966	191,814	423,668	729,779
Miscellaneous	286,465	75,420	78,567	180,730
Transfers	(635,811)	(657,216)	(657,299)	(634,154)
Total governmental activities	\$ 25,764,743	\$ 21,575,871	\$ 24,739,830	\$ 26,805,205
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 33,014	\$ 24,132	\$ 57,820	\$ 125,164
Miscellaneous	-	627	3,413	24,790
Transfers	635,811	657,216	657,299	634,154
Total business-type activities	\$ 668,825	\$ 681,975	\$ 718,532	\$ 784,108
Total primary government	\$ 26,433,568	\$ 22,257,846	\$ 25,458,362	\$ 27,589,313
Change in Net Assets				
Governmental activities	\$ 6,175,511	\$ 2,395,642	\$ 2,002,350	\$ 2,897,154
Business-type activities	112,479	114,408	276,257	184,221
Total primary government	\$ 6,287,990	\$ 2,510,050	\$ 2,278,607	\$ 3,081,375

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

Table 2

Fiscal Year				
2007	2008	2009	2010	2011
\$ 1,261,870	\$ 1,184,892	\$ 1,266,573	\$ 1,213,411	\$ 1,116,260
85,533	189,307	101,959	104,549	77,872
19,626	23,798	23,013	18,913	21,503
\$ 1,367,029	\$ 1,397,997	\$ 1,391,545	\$ 1,336,873	\$ 1,215,635
\$ 5,535,416	\$ 5,962,323	\$ 9,794,546	\$ 5,325,922	\$ 5,650,602
\$ (25,730,587)	\$ (31,512,739)	\$ (26,965,711)	\$ (31,204,126)	\$ (29,116,837)
(840,926)	(876,687)	(668,633)	(587,492)	(629,768)
\$ (26,571,513)	\$ (32,389,426)	\$ (27,634,344)	\$ (31,791,618)	\$ (29,746,605)
\$ 17,743,425	\$ 19,225,297	\$ 20,100,078	\$ 19,737,346	\$ 19,903,929
2,486,192	2,484,176	2,337,807	2,238,747	2,226,190
567,994	565,841	556,865	547,407	542,034
1,326,139	1,616,873	1,529,343	1,538,143	1,541,967
740,306	831,582	855,953	723,687	775,021
3,057,021	2,777,979	2,579,150	2,662,945	2,642,418
2,822,212	2,669,612	2,895,242	2,766,489	2,706,042
1,467,557	1,461,742	462,662	240,641	145,518
1,962,010	8,211,798	3,643,804	272,957	239,873
(767,116)	(890,124)	(981,659)	(948,313)	(859,771)
\$ 31,405,740	\$ 38,954,776	\$ 33,979,245	\$ 29,780,049	\$ 29,863,221
\$ 143,976	\$ 76,310	\$ 32,743	\$ 6,505	\$ 4,938
-	3	1,166	117	10,264
767,116	890,124	981,659	948,313	859,771
\$ 911,092	\$ 966,437	\$ 1,015,568	\$ 954,935	\$ 874,973
\$ 32,316,832	\$ 39,921,213	\$ 34,994,813	\$ 30,734,984	\$ 30,738,194
\$ 5,675,153	\$ 7,442,037	\$ 7,013,534	\$ (1,424,077)	\$ 746,384
70,166	89,750	346,935	367,443	245,205
\$ 5,745,319	\$ 7,531,787	\$ 7,360,469	\$ (1,056,634)	\$ 991,589

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 3,949,197	\$ 526,198	\$ 526,198	\$ 572,094	\$ 1,597,814
Unreserved	1,416,668	6,042,606	7,756,750	9,181,652	10,578,376
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ 5,365,865	\$ 6,568,804	\$ 8,282,948	\$ 9,753,746	\$ 12,176,190
All other governmental funds					
Restricted					
Assigned, reported in:					
Capital projects funds	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	7	1,203,706	11,193,011	4,946,271	14,314,160
Total all other governmental funds	\$ 7	\$ 1,203,706	\$ 11,193,011	\$ 4,946,271	\$ 14,314,160

(1) The County implemented GASB 54 in fiscal year 2011, the fund balances for previous years have not been restated per GASB 54 classifications.

Table 3

2007	2008	2009	2010	2011 (1)
\$ 1,549,574	\$ 1,404,760	\$ 1,863,469	\$ 2,531,217	\$ -
13,409,914	14,292,634	15,037,799	13,602,863	-
-	-	-	-	102,799
-	-	-	-	1,018,434
-	-	-	-	856,172
-	-	-	-	1,259,523
-	-	-	-	14,124,282
<u>\$ 14,959,488</u>	<u>\$ 15,697,394</u>	<u>\$ 16,901,268</u>	<u>\$ 16,134,080</u>	<u>\$ 17,361,210</u>
\$ -	\$ -	\$ -	\$ -	\$ 278,115
-	-	-	-	(90,345)
<u>10,582,108</u>	<u>6,620,625</u>	<u>535,995</u>	<u>314,661</u>	<u>-</u>
<u>\$ 10,582,108</u>	<u>\$ 6,620,625</u>	<u>\$ 535,995</u>	<u>\$ 314,661</u>	<u>\$ 187,770</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
General property taxes	\$ 10,994,864	\$ 12,215,031	\$ 13,468,616	\$ 14,703,809	\$ 15,926,023
Other local taxes	5,430,043	5,941,358	6,123,971	7,316,492	7,929,529
Permits, privilege fees and regulatory licenses	324,327	223,126	251,559	449,386	437,233
Fines and forfeitures	38,604	32,965	40,230	66,080	71,574
Revenue from use of money and property	151,901	180,966	191,814	423,668	729,779
Charges for services	990,331	834,074	1,050,008	1,111,387	1,338,972
Miscellaneous	57,092	96,132	75,420	78,567	162,730
Recovered costs	207,642	190,333	490,319	502,562	974,760
Intergovernmental:					
Commonwealth	4,188,513	3,983,568	4,549,699	4,160,230	4,864,082
Federal	232,345	282,401	382,025	277,983	1,096,891
Total revenues	\$ 22,615,662	\$ 28,739,739	\$ 26,623,661	\$ 29,090,164	\$ 33,531,573
Expenditures					
General government administration	\$ 1,794,126	\$ 1,162,054	\$ 1,316,118	\$ 1,486,047	\$ 1,623,703
Judicial administration	516,669	503,983	610,563	605,384	1,068,975
Public safety	3,413,052	3,540,944	3,960,581	4,088,831	4,273,230
Public works	999,418	2,065,034	1,985,848	3,144,564	2,506,206
Health and welfare	523,438	690,819	696,286	1,128,269	1,021,506
Education	14,911	9,382,117	10,187,881	10,547,631	10,974,800
Parks, recreation and cultural	741,249	903,723	1,097,492	1,011,319	1,087,400
Community development	1,052,945	1,207,784	1,086,868	1,392,441	2,131,787
Non-Departmental	941,166	1,070,839	1,117,968	1,145,122	1,227,971
Capital projects	-	4,590,930	2,557,207	12,496,492	6,801,707
Debt service					
Principal	741,294	997,242	7,086,362	2,376,378	2,487,469
Interest and other fiscal charges	542,325	743,435	644,397	1,440,657	1,746,288
Total expenditures	\$ 11,280,593	\$ 26,858,904	\$ 32,347,571	\$ 40,863,135	\$ 36,951,042
Excess of revenues over (under) expenditures	\$ 11,335,069	\$ 1,880,835	\$ (5,723,910)	\$ (11,772,971)	\$ (3,419,469)
Other financing sources (uses)					
Transfer (to) from primary government	\$ (9,871,373)	\$ -	\$ -	\$ -	\$ -
Transfers in	-	(635,811)	278,708	84,940	1,059,250
Transfers out	(653,164)	-	(935,924)	(742,239)	(1,693,404)
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	1,000,000	17,878,104	6,469,871	15,620,130
Capital leases	163,591	161,614	206,471	970,780	223,826
Total other financing sources (uses)	\$ (10,360,946)	\$ 525,803	\$ 17,427,359	\$ 6,997,029	\$ 15,209,802
Net change in fund balances	\$ 974,123	\$ 2,406,638	\$ 11,703,449	\$ (4,775,942)	\$ 11,790,333
Debt service as a percentage of noncapital expenditures	11.38%	6.48%	23.90%	9.34%	11.46%

Table 4

2007	2008	2009	2010	2011
\$ 17,167,695	\$ 19,267,635	\$ 19,905,850	\$ 19,568,375	\$ 19,778,269
8,177,652	8,276,451	7,859,118	7,710,929	7,727,630
377,199	335,529	188,491	202,087	181,875
80,978	196,529	177,259	153,837	223,673
1,467,557	1,461,742	462,662	240,641	145,518
1,105,987	1,569,157	1,378,732	1,468,108	1,298,983
537,870	657,112	363,416	257,616	239,873
1,748,308	8,187,010	3,798,055	359,866	343,712
5,038,154	4,904,117	4,686,608	4,652,229	4,935,567
388,281	228,606	607,153	299,277	500,911
\$ 36,089,681	\$ 45,083,888	\$ 39,427,344	\$ 34,912,965	\$ 35,376,011
\$ 1,609,206	\$ 1,592,669	\$ 1,592,002	\$ 1,774,607	\$ 1,642,181
1,156,273	1,149,258	1,292,358	1,199,478	1,183,984
4,863,985	5,081,176	5,144,522	5,334,327	5,198,378
2,413,698	2,853,198	2,709,261	2,911,708	2,944,557
1,429,744	1,471,189	1,527,091	1,459,363	1,498,725
10,596,063	12,166,930	12,259,269	12,565,769	11,514,555
1,124,798	1,230,352	1,248,904	1,257,674	1,170,665
2,258,256	2,093,877	1,838,680	2,101,876	2,998,230
1,469,578	1,698,751	1,733,021	1,932,209	1,747,190
5,056,909	17,915,845	9,482,489	62,263	36,677
2,795,373	3,923,340	2,326,302	2,320,388	1,758,226
2,153,457	2,040,141	2,172,542	2,033,512	1,939,473
\$ 36,927,340	\$ 53,216,726	\$ 43,326,441	\$ 34,953,174	\$ 33,632,841
\$ (837,659)	\$ (8,132,838)	\$ (3,899,097)	\$ (40,209)	\$ 1,743,170
\$ -	\$ -	\$ -	\$ -	\$ -
750,000	1,750,000	-	175,135	-
(1,517,116)	(2,640,124)	(981,659)	(1,123,448)	(859,771)
-	-	-	-	-
-	6,000,000	-	-	-
150,314	157,000	-	-	216,840
\$ (616,802)	\$ 5,266,876	\$ (981,659)	\$ (948,313)	\$ (642,931)
\$ (1,454,461)	\$ (2,865,962)	\$ (4,880,756)	\$ (988,522)	\$ 1,100,239
13.40%	11.21%	10.38%	12.46%	10.99%

COUNTY OF ROCKBRIDGE, 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		Public Service		Total Taxable Assessed Value
2011	\$	2,381,260,966	\$	168,167,630	\$	9,112,766	\$	10,822,737	\$	113,384,467	\$	2,682,748,566
2010		2,436,189,073		161,297,226		9,172,343		11,287,004		92,656,310		2,710,601,956
2009		2,403,426,774		185,101,529		9,042,587		11,098,157		85,950,278		2,694,619,325
2008		2,361,326,219		178,824,784		9,418,745		11,110,174		99,002,561		2,659,682,483
2007		2,329,760,003		176,096,685		9,629,610		10,784,021		104,485,747		2,630,756,066
2006		1,925,857,100		161,836,619		9,040,714		9,153,108		76,590,621		2,182,478,162
2005		1,508,942,650		144,732,914		9,500,275		8,822,636		87,857,810		1,759,856,285
2004		1,474,592,453		111,618,056		9,428,608		18,327,547		98,018,619		1,711,985,283
2003		1,446,606,884		106,425,748		9,541,883		19,184,532		108,463,349		1,690,222,396
2002		1,400,236,275		101,505,719		8,836,002		19,177,919		109,150,847		1,638,906,762

Source: Commissioner of Revenue

Real estate is assessed at 100% of market value.

Table 5

	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	2,682,748,566	100.00%
	2,710,601,956	100.00%
	2,694,619,325	100.00%
	2,659,682,483	100.00%
	2,630,756,066	100.00%
	2,182,478,162	100.00%
	1,759,856,285	100.00%
	1,711,985,283	100.00%
	1,690,222,396	100.00%
	1,638,906,762	100.00%

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

Fiscal Years	Direct Rates					
	Real Estate		Personal Property	Mobile Homes	Machinery and Tools	
	1st Half	2nd Half				
2011	\$ 0.61	\$ 0.61	\$ 4.25	\$ 0.59	\$ 2.55	
2010	0.59	0.59	4.25	0.59	2.55	
2009	0.59	0.59	4.25	0.59	2.55	
2008	0.55	0.59	4.25	0.55	2.55	
2007	0.55	0.55	4.25	0.55	2.35	
2006	0.73	0.55	3.75	0.73	2.35	
2005	0.685	0.73	3.75	0.685	2.35	
2004	0.64	0.685	3.25	0.64	2.35	
2003	0.64	0.64	3.25	0.64	2.55	
2002	0.57	0.64	3.25	0.64	2.55	

(1) Per \$100 of assessed value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 21,983,597	\$ 21,203,088	96.45%	\$ -	\$ 21,203,088	96.45%
2010	21,601,653	20,791,246	96.25%	460,920.00	21,252,166	98.38%
2009	22,272,956	21,510,651	96.58%	548,082.00	22,058,733	99.04%
2008	21,315,874	20,582,879	96.56%	308,766.00	20,891,645	98.01%
2007	20,300,479	18,785,345	92.54%	1,270,532	20,055,877	98.80%
2006	18,873,765	17,083,003	90.51%	1,629,302	18,712,305	99.14%
2005	16,929,945	15,896,003	93.89%	852,826	16,748,829	98.93%
2004	15,006,213	14,438,618	96.22%	511,082	14,949,700	99.62%
2003	14,378,001	13,677,633	95.13%	664,216	14,341,849	99.75%
2002	13,522,486	12,731,046	94.15%	760,560	13,491,606	99.77%

Source: Commissioner of Revenue, County Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2011		Fiscal Year 2002	
		2011 Assessed Valuation	% of Total Assessed Valuation	2002 Assessed Valuation	% of Total Assessed Valuation
Lexington Retirement Community, Inc.	Health Provider	27,726,900	1.023%	11,138,500	0.806%
Stonewall/Medusa/CWB&S/Barger	Real Estate & Indust	20,980,790	0.774%	14,319,700	1.036%
White's/Lee Hi/Berkstresser	Industry & Service	17,850,100	0.659%	10,913,600	0.790%
Natural Bridge of Virginia, LLC	Hospitality	17,138,400	0.632%	8,431,700	0.610%
Wal-Mart Real Estate Business Trust	Retail	8,992,900	0.332%	7,586,200	0.549%
Aladdin Manufacturing Corporation	Industry	8,979,700	0.331%	14,705,600	1.064%
Elmech, Inc. (Wingate Hotel)	Hospitality	8,415,600	0.310%	3,009,000	0.218%
Lowe's Home Center	Retail	7,912,500	0.292%	413,800	0.030%
West Airlie Farms, LLC	Agriculture	3,795,700	0.140%	5,310,200	0.384%
Laurie Jeanne Landeau	Individual	3,634,600	0.134%	6,716,700	0.486%
		<u>125,427,190</u>	<u>4.627%</u>	<u>82,545,000</u>	<u>5.972%</u>

Source: Commissioner of Revenue

COUNTY OF ROCKBRIDGE, VIRGINIA
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Table 9

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2001-02	20,800	1,400,236,275	16,338,114	-	16,338,114	1.17%	785
2002-03	21,100	1,446,606,884	16,597,755	-	16,597,755	1.15%	787
2003-04	21,200	1,474,592,453	28,411,746	-	28,411,746	1.93%	1,340
2004-05	21,336	1,508,942,650	31,977,315	-	31,977,315	2.12%	1,499
2005-06	21,888	1,925,857,100	46,363,901	-	46,363,901	2.41%	2,118
2006-07	21,745	2,329,760,003	43,845,628	-	43,845,628	1.88%	2,016
2007-08	21,801	2,361,326,219	46,190,760	-	46,190,760	1.96%	2,119
2008-09	21,905	2,403,426,774	44,154,212	-	44,154,212	1.84%	2,016
2009-10	21,905	2,436,189,073	42,006,156	-	42,006,156	1.72%	1,918
2010-11	21,570	2,381,260,966	40,486,647	-	40,486,947	1.70%	1,877

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

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes landfill closure/post-closure care liability, capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	21,570	\$ N/A	\$ 28,442	40	2,498	5.90%
2010	21,905	N/A	N/A	40	2,650	6.30%
2009	21,905	N/A	N/A	40	2,677	6.70%
2008	21,801	N/A	32,348	40	2,801	4.10%
2007	21,745	N/A	31,546	40	2,714	2.90%
2006	21,888	28,442	30,457	40	2,748	2.70%
2005	21,336	27,523	28,446	N/A	2,724	3.10%
2004	21,200	26,170	27,445	N/A	2,765	3.20%
2003	21,100	24,693	25,766	N/A	2,927	3.70%
2002	20,800	23,584	24,302	N/A	2,800	3.50%

Source: Weldon Cooper Center, Annual school report - prepared by the County, www.fedstats.gov.

This is the only information currently available, as the personal income information available is combined for Rockbridge County, and the Cities of Lexington and Buena Vista.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2011			Fiscal Year 2002		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk (Lees Carpet in 2001)	950	1	15.32%	1,000	n/a	0.00%
Walmart*	275	2	4.44%	n/a	n/a	0.00%
Carilion Stonewall Jackson Hospital	241	3	3.89%	n/a	n/a	0.00%
Kendall	140	4	2.26%	120	n/a	0.00%
Whites Travel Center	132	5	2.13%	n/a	n/a	0.00%
Vesuvius Corporation	108	6	1.74%	n/a	n/a	0.00%
Lowes	105	7	1.69%	n/a	n/a	0.00%
Natural Bridge Hotel (off season)	75	8	1.21%	75	n/a	0.00%
Fitzgerald Lumber	80	9	1.29%	n/a	n/a	0.00%
Stella Jones (Burke Parsons Bowlby Corp)**	64	10	1.03%	85	n/a	0.00%
Totals	2,170		35.00%	n/a		n/a

*last year's figures included seasonal employees

**reduction in employees due to efficiency upgrades

Sources: Individual company human resource departments & Virginia Workforce Connection - www.vawc.virginia.gov

Note: Excludes govt. schools

COUNTY OF ROCKBRIDGE, VIRGINIA

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

Function	Fiscal Year				
	2002	2003	2004	2005	2006
General government	23	23	24	24	25
Judicial administration	10	11	11	12	12
Public safety					
Sheriffs department	30	30	36	36	36
Fire & rescue					
Building inspections	4	4	4	4	4
Animal control	1	1	2	2	2
Public works					
General maintenance	6	6	6	6	6
Landfill	14	14	14	14	14
Engineering	1	1	1	1	1
Health and welfare					
Department of social services	26	26	26	25	25
Culture and recreation					
Parks and recreation	3	3	3	3	3
Community development					
Planning	2	3	3	3	4
Totals	120	122	130	130	132

Source: Individual county departments

Table 12

Fiscal Year				
2007	2008	2009	2010	2011
25	25	22	22	21
13	13	12	12	12
38	38	36	38	38
				-
4	4	5	4	4
2	2	2	2	2
6	6	6	6	6
16	16	15	15	10
1	1	1	-	-
25	25	25	25	25
3	3	3	3	3
4	4	5	5	5
137	137	132	132	126

COUNTY OF ROCKBRIDGE, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Fire and rescue:						
Number of calls answered	4,405	4,540	4,549	2,443	1,671	3,829
Building inspections:						
Permits issued	522	631	724	589	535	688
Landfill:						
Refuse collected (tons/day)*	-	144	142	140	160	167
Recycling (tons/day)*	6	8	9	12	14	15
Health and welfare						
Department of Social Services:						
Caseload	1,176	687	717	1,495	2,342	2,412

*Tons/day based on 287 work days

**Includes cities of Buena Vista and Lexington, excludes private enterprises

Source: Individual county departments--only information that is currently available.

Table 13

Fiscal Year			
2008	2009	2010	2011
4,962	4,876	4,876	4,983
409	281	251	473
113	110	97	138
15	16	13	11**
2,850	2,931	3,622	6,714

COUNTY OF ROCKBRIDGE, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General government						
Administration buildings	1	1	1	1	1	1
Building inspections:						
Vehicles	3	3	3	3	3	4
Animal control:						
Vehicles	1	1	2	2	2	2
Landfill:						
Sites	1	1	1	1	1	1
Health and welfare						
Department of Social Services:						
Vehicles	-	-	-	1	1	1
Culture and recreation						
Parks and recreation:						
Vehicles	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2
Community development						
Planning:						
Vehicles	2	2	3	3	3	3

Source: Individual county departments--only information that is currently available

Table 14

Fiscal Year			
2008	2009	2010	2011
1	1	1	1
4	4	4	4
2	2	2	2
1	1	1	1
1	1	1	1
3	3	3	3
2	2	2	2
3	3	3	3

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2011

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 344,867	\$ 249,696	\$ 95,171	24.95%	\$ 23,745
Circuit Court - Expenses	53,723	-	53,723	24.95%	13,404
General District and J&D Court	19,747	-	19,747	24.95%	4,927
Courthouse Maintenance	242,493	-	242,493	24.95%	60,502
Administration Building, 150 S. Main Street	108,675	-	108,675	5.90%	6,412
25th Court Services Unit-Juvenile Probation	5,010	-	5,010	20.37%	1,021
Commonwealth's Attorney	409,214	307,786	101,428	24.95%	25,306
Sheriff's Salary	108,080	88,656	19,424	24.95%	4,846
Advancement of Agriculture (City Agent)	112,555	-	112,555	15.00%	16,883
Totals	\$ 1,404,364	\$ 646,138	\$ 758,226		\$ 157,046

Table 15

City of Buena Vista Share	
% Used	Total Cost
\$ -	\$ -
-	-
-	-
-	-
-	-
18.34%	919
-	-
-	-
-	-
\$	919

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COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

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

Internal Control Over Financial Reporting:

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

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

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

Compliance and Other Matters:

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

We noted certain matters that we reported to management of the County of Rockbridge, Virginia in a separate letter dated November 30, 2011.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 30, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

Compliance

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

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

Internal Control Over Compliance

Management of County of Rockbridge, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Rockbridge, 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 purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Rockbridge, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 30, 2011

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556		\$ 15,138
Temporary assistance to needy families (TANF)	93.558		216,025
Refugee and entrant assistance - state administered programs	93.566		450
Low income home energy assistance	93.568		15,326
Stephanie Tubbs Jones child welfare services program	93.645		892
Foster care - Title IV-E	93.658		109,332
ARRA - Foster care - Title IV-E	93.658		3,724
Total foster care - Title IV-E			\$ 113,056
Adoption assistance	93.659		51,410
ARRA - Adoption assistance	93.659		3,310
Total adoption assistance			\$ 54,720
Social services block grant	93.667	86667	138,451
Chaffee foster care independence program	93.674		2,312
State children's health insurance program	93.767		6,853
Medical assistance program (Title XIX)	93.778		131,452
Child care cluster:			
Child care and development block grant	93.575		42,815
Child care and development fund-mandatory and matching funds	93.596		41,520
ARRA - Child care and development block grant	93.713		5,698
Total Department of Health and Human Services			\$ 784,708
Department of the Interior:			
Direct Payments			
Payment in Lieu of Taxes	15.226		\$ 82,085
Department of Agriculture:			
Pass Through Payments:			
Child nutrition cluster			
Department of Agriculture:			
Food distribution	10.555	40623	\$ 68,642
Department of Education:			
National school lunch program	10.555	40623	409,989
Total school lunch program			\$ 478,631
National school breakfast program	10.553	40591	\$ 96,054
Schools and roads - grants to states	10.665	43841	71,790
Department of Social Services:			
State administrative matching grants for supplemental nutrition assistance program	10.561		\$ 216,213
ARRA - State administrative matching grants for supplemental nutrition assistance program	10.561		13,516
Total state administrative matching grants for supplemental nutrition assistance program			\$ 229,729
Total Department of Agriculture			\$ 876,204
Department of Commerce:			
Pass Through Payments:			
Department of Commerce:			
Broadband technology opportunities program	11.557		\$ 303,653
Department of Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ royalty grants	66.000		\$ 1,847
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Hazard mitigation grant	97.039		\$ 5,000

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Section 8 housing assistance payments	14.195		\$ 63,049
Department of Justice: Pass Through Payments: Department of Criminal Justice Service: ARRA - Violence against women formula grants	16.588	2009-WF-AX0037	\$ 30,676
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: State and community highway safety program	20.600	SC-2010 50364 3984	\$ 14,601
Department of Education: Pass Through Payments: Department of Education: Adult education-basic grants to states Title I, part A cluster Title I: Grants to local educational agencies ARRA - Title I: Grants to local educational agencies Special education cluster Title VI-B: Special education grants to states ARRA - Title VI-B: Special education grants to states Title VI-B: Special education preschool incentive grant ARRA - Title VI-B: Special education preschool incentive grant ARRA - State fiscal stabilization funds education state grants Career and technical education - basic grants to states School improvement Improving teacher quality state grants 21st Century community learning centers Action against poverty Safe and drug free schools and communities state grants Education technology	84.002 84.010 84.389 84.027 84.391 84.173 84.392 84.394 84.048 84.377 84.367 84.287 84.000 84.186 84.318	42801 42901 42913 43071 61245 61095 43040 61480 60565	\$ 92,252 574,880 141,680 632,433 311,980 13,967 14,904 461,667 51,626 36,416 108,612 158,061 41,341 1,683 165
Total Department of Education			\$ 2,641,667
Total Expenditures of Federal Awards			\$ 4,803,490

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2011, the County had food commodities totaling \$20,724 in inventory.

NOTE 4 - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	
General fund	\$ 197,258
Rockbridge Area Net Authority	303,653
Total primary government	\$ 500,911
Discretely presented component unit - School Board:	
School operating fund	\$ 2,710,841
School cafeteria fund	577,301
Total discretely presented component unit - School Board	\$ 3,288,142
Rockbridge Area Social Services Board	\$ 1,014,437
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 4,803,490

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561 SNAP Cluster
11.557 Broadband Technology Opportunities Program
84.394 State Fiscal Stabilization Fund - Education State Grants - recovery act
93.558 Temporary Assistance to Needy Families
93.667 Social Services Block Grant
	Title I, Part A Cluster
84.010 Title I-Grants to Local Educational Agencies
84.389 ARRA - Title I Grants to Local Educational Agencies
	Special Education Cluster (IDEA)
84.027 Title VI-B Special Education State Grants
84.391 Title VI-B Special Education State Grants-recovery act
84.173 Title VI-B-Special Education Preschool Incentive Grant-recovery act
84.392 Title VI-B-Special Education Preschool Incentive Grant

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

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

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.

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