# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



County of Scott, Virginia

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

# YEAR ENDED JUNE 30, 2011

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#### BOARD OF SUPERVISORS

#### David S. Redwine, Chairman

Paul S. Fields
Danny S. Parks

Randall S. "Buck" Kinkead

D. Joe Horton
Joe W. Herron

Chad E. Hood

#### COUNTY SCHOOL BOARD

#### James K. Jessee, Chairman

Lowell S. Campbell

Joe D. Meade

Kathy J. McClelland

Dennis Templeton

Gloria E. "Beth" Blair

#### COUNTY WELFARE BOARD

Joe Horton, Chairman

Mitzi Owens

Brenda Parks

#### OTHER OFFICIALS

Judge of the Circuit Court Clerk of the Circuit Court Commonwealth's Attorney Commissioner of the Revenue Treasurer Sheriff Superintendent of Schools Director of Social Services County Administrator John C. Kilgore
Mark A. "Bo" Taylor
Marcus McClung
Gary Baker
Kevin Helms
John Puckett
John Ferguson
Gary Blankenbecler
Kathie Noe

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Certified Public Accountants

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

#### INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Board of Supervisors County of Scott, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, 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's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, 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 discussed with Note to the basic financial statements, the County implemented Governmental Accounting Standards Board (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 a report dated January 30, 2012 on our consideration of the County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 13-23 and 64-72 and 78-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical We have applied certain limited procedures to the required supplementary information in accordance with auditing generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Scott's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, 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 if the financial The combining and individual nonmajor fund financial statements. statements and the schedule of expenditures of federal awards are the responsibility of management are were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements

and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respected 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 basis financial statements and, accordingly, we do not express an opinion or provide assurance on them.

# Bostic, Tucker & Company, PC

Lebanon, Virginia January 30, 2012

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RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIALSTATEMENTS PERFORMED IN ACCORDANCE WITH

GOVERNMENT AUDITING STANDARDS

The Honorable Members of the Board of Supervisors County of Scott, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

# Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's

financial statements will not be prevented, or detected and corrected on a timely basis.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, Board members, 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 the specified parties.

# Bostic, Tucker & Company, PC

Lebanon, Virginia January 30, 2012 RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

January 30, 2012

To the Scott County Board of Supervisors County of Scott, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Scott, Virginia for the year ended June 30, 2011, and have issued our report thereon dated January 30, 2012. Professional standards require that we provide you with the following information related to our audit.

# Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our audit contract dated July 10, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

# Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our audit contract letter dated July 10, 2007 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered County of Scott, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether County of Virginia's financial statements free are of misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about County of Scott, Virginia's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on County of Scott, Virginia's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on County of Scott, Virginia's compliance with those requirements.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 26, 2011.

#### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Scott, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts of the primary government, as well as the component units, is based on historical revenues. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation of property, plant, and equipment of the primary government, as well as the

component units, is based on the estimated useful lives ranging from five to eighty years. We evaluated the key factors and assumptions used to develop the allowance in determining it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 12 to the financial statements identifies state and federal laws requiring the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. county reports a portion of these closure and care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Actual costs may be higher due to inflation, changes in technology, These estimated amounts are based changes in regulations. on what it would cost to perform all closure and post closure care in 2011.

## Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

# Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Scott County Board of Supervisors and management of County of Scott, Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bostic, Tucker & Company, PC

Bostic, Tucker and Company, P.C.

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

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-133

The Honorable Members of the Board of Supervisors County of Scott, Virginia:

#### Compliance

We have audited the County of Scott, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. The County'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 County's management. Our responsibility is to express an opinion on the County'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'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's compliance with those requirements.

In our opinion, the County of Scott, 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

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

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

# Bostic, Tucker & Company, PC

January 30, 2012 Lebanon, Virginia

#### **BOARD OF SUPERVISORS**

PAUL S. FIELDS
D. JOE HORTON
DANNY S. PARKS
JOE W. HERRON
RANDALL S. "Buck" KINKEAD
CHAD E. HOOD
DAVID S. REDWINE, DVM

# We're a Vatural



336 Water Street GATE CITY, VIRGINIA 24251 PHONE: (276) 386-6521 FAX: (276) 386-9198

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of Scott County County of Scott, Virginia

As management of the County of Scott, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

#### Financial Highlights:

- The assets of the County exceeded it's liabilities at the close of the most recent fiscal year by \$11,385,092 (net assets). Of this amount, \$1,114,638 may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$2,455,893, a decrease of \$181,231 in comparison with the prior year. Approximately 100% of this total amount, \$2,455,893 is available for spending for the various functions of the County as indicated.
- At the end of the current fiscal year, fund balance for the general fund was \$2,413,284, or 15% of total general fund expenditures.

#### Overview of the Financial Statements:

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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) functions that are intended to recover all significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the include general government, courts, police sanitation, social services, education, cultural events, recreation.

The Government-wide financial statements include not only the County of Scott, Virginia itself (known as the primary

government), but also a legally separate school board (for which the County of Scott, Virginia is financially accountable), Public Services Authority and Economic Development Authority.

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

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

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

The County maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Law Library Fund, and Coal Road Improvement Fund, of which only the General Fund is considered to be a major fund.

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

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units. The School Board does not issue separate financial statements.

#### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceed liabilities by \$11,385,092 at the close of the most recent fiscal year.

The largest portion of the County's net assets (90%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# Government-wide Financial Analysis (Continued)

2011	2010
\$ 17,178,612	\$15,780,720
10,554,304	10,591,458
\$ 27,732,916	\$26,372,178
\$ 2,575,304	\$ 2,245,735
13,772,520	12,359,747
\$ 16,347,824	\$14,605,482
	·
\$ 10,270,454	\$10,507,493
1,114,638	1,259,203
\$ 11,385,092	\$11,766,696
	\$ 17,178,612 10,554,304 \$ 27,732,916 \$ 2,575,304 13,772,520 \$ 16,347,824 \$ 10,270,454 1,114,638

At the end of the current fiscal year, the County is able to report positive balances in net assets.

During the current fiscal year, the County's (including component unit's) net assets increased by \$2,539,186.

# Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities decreased the County's net assets by \$381,604. Key elements of this increase are as follows:

County of Scott, Virginia's Change in Net Assets

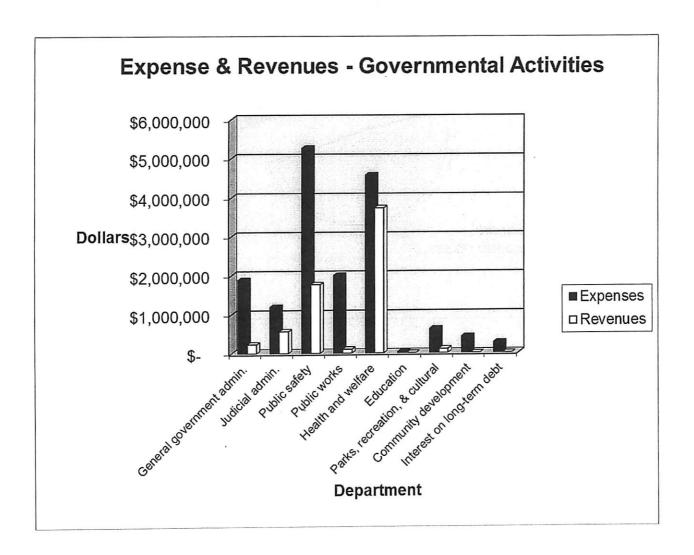
	Governmental Activities			
•	2011	2010		
Revenues:				
Program revenues:				
Charges for services	\$ 452,612	\$ 459,203		
Operating grants and	6 000 045	5 050 000		
contributions	6,039,317	5,850,809		
General revenues:				
Property taxes	10,291,624	8,169,974		
Other local taxes ·	3,190,210	3,119,899		
Other	1,304,377	1,440,604		
Total revenues	\$21,278,140	\$19,040,489		
Expenses:				
General government	\$ 1,883,287	\$ 1,674,034		
Judicial administration	1,191,161	1,233,475		
Public safety	5,256,784	5,233,135		
Public works	1,996,368	2,836,582		
Health and welfare	4,572,927	4,328,650		
Education	5,449,152	4,580,149		
Parks, recreation and culture	620,533	646,810		
Community development	421,772	425,029		
Interest	267,760	8,520		
Total expenses	\$21,659,744	\$20,966,384		
Increase in net assets	\$ (381,604)	\$(1,925,895)		
Net assets - beginning	11,766,696	13,692,591		
Net assets - ending	\$11,385,092	\$11,766,696		

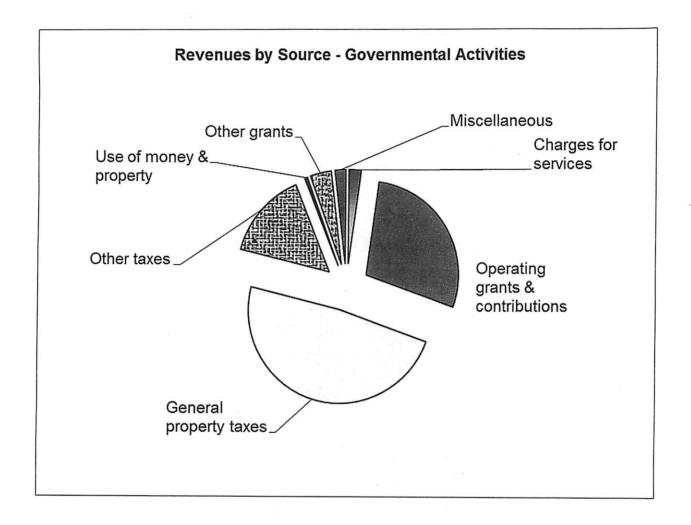
#### Government-wide Financial Analysis (Continued)

Operating grants and contributions remained consistent during the year.

For the most part, increases in expense closely paralleled inflation of services.

The following graphs illustrate expense and program revenues for each of the functional areas of governmental activities as well as illustrating revenues by source for governmental activities:





# Financial Analysis of the County's Funds

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

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

### Financial Analysis of the County's Funds (Continued)

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$2,455,893 a decrease of \$181,231 in comparison with the prior year. Approximately 100% of this total amount, \$2,455,893 constitutes fund balance which is available for spending by the County for the various functions as indicated.

The general fund is the operating fund of the County. At the end of the current fiscal year fund balance of the general fund was \$2,413,284. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 15% of total general fund expenditures.

The general fund balance decreased \$184,849 during the current year.

The special revenue funds have a total fund balance of \$42,609, all of which is committed. The fund balance increased \$3,618 during the current year.

# General Fund Budgetary Highlights

During the 2011 fiscal year the County had no amendments to its original budget.

# Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2011 amounts to \$10,554,304 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was \$37,154.

## Capital Assets and Debt Administration (Continued)

#### County of Scott, Virginia's Net Assets

	Governmental Activities			
	2011	2010		
Land	\$ 1,105,829	\$ 1,053,829		
Buildings and improvements	7,644,239	7,572,495		
Equipment	8,554,693	7,787,356		
Tenancy in common		35,045		
Total capital assets	\$17,304,761	\$16,448,725		
Less: accumulated depreciation	6,750,457	5,857,267		
Net capital assets	\$10,554,304	\$10,591,458		

Additional Information on the County's capital assets can be found in Note 5.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$15,000. Of this amount \$15,000 comprises debt backed by the full faith and credit of the County.

During the fiscal year, the County's total debt increased by \$326,800.

Additional information on the County of Scott, Virginia's long-term debt can be found in Note 6 of this report.

## Economic Factors and Next Year's Budgets and Rates

- The June 2011 unemployment rate for the County of Scott, Virginia is 8.4%, which is a decrease from a rate of 9.0% in June 2010. This exceeds the state's average unemployment rate by 2.4% while the rate compares below the national average rate of 9.2%.
- Inflationary trends in the region compare equally to national indices.

#### Economic Factors and Next Year's Budgets and Rates (Continued)

These factors were considered in preparing the County's budget for the 2012 fiscal year.

#### Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the County Administrator, 112 Water Street, Gate City, Virginia 24251.

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Basic Financial Statements

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June 30, 2011		Component Units		
	Primary Government Governmental Activities	School Board	Other Component Units	
Assets:				
Current Assets Cash & cash equivalents	\$ 4,295,080	\$ 578,580	\$ 1,491,152	
Receivables (net of allowance):	3 4,273,000	370,300	0 1,4,1,102	
Property taxes	11,918,135	-	-	
Consumer utility taxes	199.961	-	265,502	
Accounts receivable Due from component unit	199,961	2,523,329	205,502	
Inventory	<del>-</del>	-	71,703	
Other current assets	-	153,110	277,936	
Due from other governments	765,436	732,051	569,992	
Total current assets	17,178,612	3,987,070	2,676,285	
Noncurrent assets				
Capital assets:		4 888 646	E 9// 49^	
Land	1,105,829 9,448,475	1,577,912 35,340,650	5,766,172 54,146,640	
Buildings & equipment, net of depreciation	7,440,475	35,340,030	34,140,040	
Total noncurrent assets	10,554,304	36,918,562	59,912,812	
Other assets:			450 845	
Restricted cash in bank	-	-	459,767 103,333	
Notes receivable Unamortized bond costs	<u>-</u>	<del>-</del>	217,702	
Total other assets			780,802	
Total assets	s 27 732 916	\$ 40,905,632	\$ 63,369,899	
Iutai assets				
Liabilities:				
Current Liabilities	s 214,003	\$ 662,717	\$ 1,350,419	
Accounts payable & accrued expenses Salaries payable	\$ 214,003	2,588,318	7 1,330,417	
Health insurance payable	-	8,904	-	
Due to component unit	2,523,329	_	-	
Deferred revenue	10,835,570	15,915	<del>-</del>	
Prepaid taxes	133,422	-	_	
Current portion of long-term obligations	66,196		1,013,175	
-	10 770 500	2 225 054	2,363,594	
Total current liabilities	13,772,520	3,275,854	2,363,374	
Noncurrent liabilities			.==.	
Accrued leave	445,324	594,765	152,371	
Amounts held for others	1.529.994	_	173,313	
Landfill closure Other Post - Employment Benefits	382,332	1,187,456	136,497	
Noncurrent portion of	000,000			
long-term obligations	217,654		20,512,551	
Total noncurrent liabilities	2,575,304	1,782,221	20,974,732	
Total liabilities	16,347,824	5,058,075	23,338,326	
Invested in annital assets				
Invested in capital assets, net of related debt	10,270,454	36,918,562	38,387,086	
Other net assets	1,114,638	(1,071,005)	1,644,487	
Total net assets	11,385,092	35,847,557	40,031,573	
m . 1 12-121212 C				
Total liabilities & net assets	\$ 27,732,916	\$ 40,905,632	\$ 63,369,899	
The accompanying notes to financial statements as	re an integral part of	f this statement.		

		Program Revenues			and Changes in Net Accore		lue Isets
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government Governmental Activities	School Board	Discretely Presented Component
Primary Government: Governmental activities: General government administration Judicial administration Public safety Public works	\$ 1,883,287 1,191,161 5,256,784 1,996,368	\$ 768 4,171 196,399	\$ 231,008 557,161 1,566,291	\$ - - -	\$ (1,651,511) (629,829) (3,494,094)	\$ -	<u>Units</u> \$ -
Health and welfare Education Parks, recreation, and cultural Community development Interest on long-term debt Total government activities	4,572,927 5,449,152 620,533 421,772 267,760 21,659,744	88,096 57,504 - 105,674 - - 452,612	12,169 3,672,688 - - - - - - - - - - - - - - - - - -	- - - - -	(1,896,103) (842,735) (5,449,152) (514,859) (421,772) (267,760) (15,167,815)	- - - - - - - - -	- - - - -
Total primary government	21,659,744	452,612	6,039,317		(15,167,815)		
Component units:     School board     Other component units Total component units Total	41,424,306 4,414,784 \$ 45,839,090	4,134,647 2,611,267 S 6,745,914	30,652,606 1,471,948 \$ 32,124,554	4,194,463 \$ 4,194,463	- - -	(6,637,053) \$ (6,637,053)	3,862,894 \$ 3,862,894
	money and pr Miscellaneous Grants and con to specific	rty ixes revenues from us reperty itributions not programs intion to School sets jinning	restricted		\$ (15,167,815) 10,291,624 3,190,210 104,252 407,103 793,022 (381,604) 11,766,696 \$ 11,385,092	\$ (6,637,053)  433 172,127  5,423,493 (1,041,000) 36,888,557 \$ 35,847,557	\$ 3,862,894 - - 12,141 86,755 - 3,961,790 36,069,783 \$ 40,031,573

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

Fund Financial Statements

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COUNTY OF SCOTT, VIRGINIA BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2011

the statement of net assets.

Fund balance of General Government Activities

EXHIBIT 3

(2,641,500)

\$ 11,385,092

Other

	General Fund	General Funds	Total
Assets: Cash & cash equivalents Receivables (net of allowance):	\$ 4.252,614	\$ 42,466	\$ 4,295,080
Property taxes	11,918,135	-	11,918,135
Consumer utility taxes Accounts receivable	199,714	247	199,961
Due from other funds Due from other governments	765,436		765,436
Total assets	\$ 17,135,899	\$ 42,713	\$ 17.178.612
Liabilities: Accounts payable & accrued expenses Due to other funds	\$ 213,899	\$ 104	\$ 214,003
Component unit	2,523,329	-	2,523,329
Deferred taxes Prepaid taxes	11,851,965 133,422		11,851,965 133,422
Total liabilities Fund Balance:	14,722,615	104	14,722,719
Restricted	40.743	_	40,743
Committed	22,564	42,609	65,173 170,172
Assigned Unassigned	170,172 2,179, <u>805</u>	_	2,179,805
Total fund balances	2,413,284	42.609	2,455,893
Total liabilities & fund balances	\$ 17.135,899	\$ 42.713	=
Detailed explanation of adjustments from government-wide statement of net assets	om fund statement s:	s to	
When capital assets (land, buildings, of be used in governmental activities are the costs of those assets are reported governmental funds. However, the state includes those capital assets among the as a whole.	purchased or con as expenditures ement of net asse	nstructed, in ets	10,554.304
Because the focus of governmental funds financing, some assets will not be available period expenditures. Those assets (reddeferred revenues in the governmental fund balance.	ilable to pay for ceivables) are of	r current ffset by	1,016,395
Long-term liabilities applicable to the activities are not due and payable in accordingly are not reported as fund liabilities - both current and long-terms.	the current periodabilities. All	od and	
the statement of mot aggets			(2.641.500)

COUNTY OF SCOTT, VIRGINIA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	Governmental		
	General	Other Funds	Total Governmental Funds
Revenues:			
General property taxes	\$ 10,048,135	\$ -	\$ 10,048,135
Other local taxes	3,185,252	4.958	3,190,210
Permits, privilege fees &			
regulatory licenses	57,986	-	57,986
Fines and forfeitures	139,181	-	139,181
Revenue from use of	104.050		
money & property Charges for services	104,252	2 082	104,252
Miscellaneous	251,472 341,449	3,973	255,445
Recovered costs	145,582	-	341,449
Intergovernmental:	143,362	-	145,582
Commonwealth	5,187,736	_	5,187,736
Federal	1,644,603	_	1,644,603
			1,044,000
Total revenues	21,105,648	8,931	21,114,579
When you did have a			
Expenditures: Current:			
	1 500 005		
General government administration Judicial administration	1,720,085	-	1,720,085
Public safety	1,139,551	2,608	1,142,159
Public works	5.074.851	2 705	5,074,851
Health and welfare	2,286,135 4,559,638	2,705	2,288,840
Education	4,559,658 25,659	-	4,559,638
Parks, recreation, and cultural	603,510	<del>-</del>	25,659
Community development	424,745	-	603,510
Debt service:	101,,145	_	424,745
Principal retirement	65,000	_	65,000
Interest and other fiscal charges	2,875	_	2,875
Makal and Ma			
Total expenditures	15,902,049	5.313	15,907,362
Excess (deficiency) of revenues			
over (under) expenditures	5,203,599	3,618	5,207,217
Other financing sources (uses):			
Operating transfers in	-	-	_
Operating transfers out	(5,388,448)	-	(5,388,448)
Proceeds from debt			
Total other financing sources (uses)	(5,388,448)		(5.388,448)
Net changes in fund balances	(184,849)	3,618	(181,231)
Fund balances at beginning of year	2.598,133	38,991	2,637,124
Fund balances at end of year	\$ 2.413,284	\$ 42.609	\$ 2,455,893

EXHIBIT 5

COUNTY OF SCOTT, 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

	Gov	ernmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	(181,231)
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 exceed depreciation in the		
current period.		(2,028)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		163,561
School component unit general obligation debt guaranteed by the County is reported in governmental activities in statement of net assets. County has a tenancy-in-common for school assets with outstanding debt. This is the amount of debt that was paid for the year.		(35,045)
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 issuance of long-term debt and related items.		(199.417)
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.		(127,444)
Change in net assets of governmental activities	\$	(381,604)

EXHIBIT 6 COUNTY OF SCOTT, VIRGINIA STATEMENT OF NET ASSETS -PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS June 30, 2011 Discretely Presented Component Units Assets: Current assets \$ 1,491,152 Cash and cash equivalents Receivables (net of allowance for uncollectibles): 265,502 Accounts receivable 71,703 Inventory 277,936 Other current assets 569.992 Due from other governments Total current assets 2,676,285 Noncurrent assets Capital assets: Land 5,766,172 Buildings and equipment, net of depreciation 54,146,640 Total noncurrent assets 59,912,812 Other assets: Restricted cash in bank 459,767 Notes receivable 103,333 217,702 Unamortized bond costs Total other assets 780,802 Total assets \$ 63,369,899 Liabilities: Current liabilities Accounts payable and accrued expenses \$ 1,350,419 Current portion of long-term obligations 1,013,175 Total current liabilities 2,363,594 Noncurrent liabilities Compensated absences 152,371 Other post employement benefits 136,497 Amounts held for others 173,313 Noncurrent portion of long-term obligations 20,512,551 Total noncurrent liabilities 20,974,732 Total liabilities 23,338,326 Net assets: Invested in capital assets, net of related debt 38,387,086 Unrestricted assets 1,644,487 Total net assets 40,031,573 Total liabilities and net assets \$ 63,369,899

EXHIBIT 7

COUNTY OF SCOTT, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2011

	Discretely Presented Component Units
Operating revenues:	
Charges for services	\$ 2,611,267
Rental income	251,531
Grants	1,179,971
Miscellaneous	40,446
Total operating revenue	4,083,215
Operating expenses:	
Employee benefits	1,212,055
Materials and supplies	2.781.614
Total operating expense	3,993,669
Operating income (loss)	89,546
Nonoperating revenues (expenses):	
Interest earned	12,141
Connection fees	83,370
Other nonoperating revenues/expenses	3,385
Interest expense	(421,115)
Total nonoperating	
revenues (expenses)	(322,219)
Capital contributions	4,194,463
Increase (decrease) in net assets	3,961,790
Net assets at beginning of year	36,069,783
Net assets at end of year	\$ 40,031,573

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2011

EXHIBIT 8

	Discretely Presented Component Units
Cash flows from operating activities:	
Receipts from customers & users	\$ 4,270,876
Payments to suppliers Payments to employees	(1,404,465)
rayments to emproyees	(1,030,344)
Net cash provided(used) by operating activities	1,836,067
Cash flows from capital & related financing activities: Connection fee	95,890
Other nonoperating revenues	-
Purchase of fixed assets	(8,361,367)
Principal on debt	(5,138,994)
Proceeds from indebtness	8,390,100
Interest on debt	(360,365)
Proceeds from grants	3,989,488
Net cash used in capital & related financing activities	(1,385,248)
Cash flows from investing activities:	
Interest earned	3,321
Net cash provided by investing activities	3,321
Increase in cash & cash equivalents	364,249
Cash & cash equivalents at beginning of year	1,753,760
Cash & cash equivalents at end of year	\$ 2,118,009
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 20,217
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation	1,700,278
Imputed interest	20,599
Donations	~
Loss on debt refinance	9,135
Changes in operating assets & liabilities:	
Accounts receivable	169,378
Inventory Other assets	(54,054)
Accounts payable	- (86,373)
Customer deposits	9,463
Accrued leave & benefits	47,424
Total adjustments	1,815,850
Net cash provided (used) by operating activities	\$ 1,836,067
, , , , , , , , , , , , , , , , , , , ,	

## COUNTY OF SCOTT, VIRGINIA STATEMENT OF FIDUCIARY NET ASSETS June 30, 2011

	<del></del>	Agency Funds	
Assets:			
Cash and cash equivalents	\$	38,279	
Due from other government units		238,263	
Investments		2,244,126	
Total assets	_ \$	2,520,668	
Liabilities:			
Due to primary government	\$	219,655	
Amounts held for others		2,301,013	
Total liabilities	_ \$	2,520,668	

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Notes to Financial Statements

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Note 1 - Summary of Significant Accounting Policies

The County of Scott, Virginia is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Scott, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

#### Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion & Analysis - for State & Local Governments. This statement, known as the "Reporting Model", affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

#### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statement (i.e. the statement of net assets and the statement of changes in net assets) reports information on all of the nonfiduciary activities of the primary government and its components units. For the most part, effect of interfund activity has been removed from these statements. Governmental activities,

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)
Government-wide financial statements (Continued)

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.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and it's discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Assets, and will report depreciation expense - the cost of "using up" capital assets - in the Statements of Activities. The net assets of a government will be broken down into two categories - 1) invested in capital assets, net of related debt; and 2) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 and fiduciary funds, even though the latter are excluded from the governmental-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)

Budgetary comparison schedules - Demonstrating compliance with the adopted component of a government's budget is an important accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

#### A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary unit's reporting entity for basic financial governmental statements is financial accountability. Financial accountability appointment of a voting majority of includes the organization's governing body and the ability of the primary government to impose it's will on the organization or if there is financial benefit/burden relationship. In addition. fiscally dependent on the primary organization which is government should be included in its reporting entity. financial statements present the County of Scott, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. discretely presented component unit, on the other hand, separate column in the combined financial reported in a separate from the statements to emphasize it is legally government.

## B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

Discretely Presented Component Units - The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a

Note 1 - Summary of Significant Accounting Policies (Continued)

## B. Individual Component Unit Disclosures (Continued)

separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2011.

The Scott County Public Service Authority was created by the Board of Supervisors of Scott County to acquire, finance and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority are appointed by the Scott County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County.

The Scott County Economic Development Authority promotes industrial development in the County. The Authority is financially dependent upon the County. In addition, the Authority's Board is appointed by the County's Board.

Other Related Organizations Included in the County's Comprehensive Annual Financial Report

None

# C. <u>Measurement Focus</u>, <u>Basis of Accounting and Financial Statement</u> Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before July 1, 2002, unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Note 1 - Summary of Significant Accounting Policies (Continued)

# C. <u>Measurement Focus</u>, <u>Basis of Accounting and Financial Statement</u> Presentation (Continued)

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are to pay liabilities of the current period. For this purpose, government considers revenues to be available if they collected within 60 days of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual However, debt service expenditures as well accounting. expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of

Note 1 - Summary of Significant Accounting Policies (Continued)

# C. <u>Measurement Focus, Basis of Accounting and Financial Statement</u> Presentation (Continued)

carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The government reports the following major governmental funds.

#### General Fund:

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenue is used principally to finance the operations of the Component Unit School Board.

Additionally, Scott County reports the following fund types:

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

#### D. Budget and Budgetary Accounting

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

- 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### D. Budgets and Budgetary Accounting (Continued)

- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- The Appropriations Resolution places legal restrictions on 4. expenditures at the departmental level. The appropriation for each department or category can be revised only by the County Administrator Board Supervisors. The of authorized to transfer budgeted amounts within general departments. However, the School Board government 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, School Fund, and the Capital Projects 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. Several supplemental appropriations were necessary during the year and at year-end.
- 8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

#### E. Cash and Cash Equivalents

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

State statues authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The 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.

#### F. Investments

Investments are stated at fair value, which approximates market; no investments are valued at cost. Certificates of deposit and

Note 1 - Summary of Significant Accounting Policies (Continued)

#### F. Investments (Continued)

short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

#### G. Receivable and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$266,023 at June 30, 2011, and is composed solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable November  $20^{th}$ . The County bills and collects its own property taxes.

#### H. Capital Assets

Capital assets, which include property, plant and equipment, are reported inthe applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 and an estimated useful life in excess Such assets are recorded at historical cost or of one year. estimated historical cost if purchased or constructed. capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributed to capitalized assets as of June 30, 2011 was immaterial.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### H. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	80
Building improvements	40-80
Vehicles	5
Office & computer equipment	7
Buses	12

#### I. Compensated Absences

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets.

#### J. Long-term Obligations

In the government-wide 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. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statement, 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### K. Fund Balances

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, or assigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Supervisors through approval of resolution. Assigned fund balance is a limitation imposed by a designee of the Board of Supervisors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four Negative unassigned fund balance categories. governmental funds represents excess expenditures incurred over the amount restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for the purposes for which amounts in any of those unrestricted fund balance classification can be used.

#### L. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

#### M. Use of Estimates

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

Note 1 - Summary of Significant Accounting Policies (Continued)

## N. Jointly Governed Organizations

The County and the Counties of Wise and Lee, along with the City of Norton, participate in supporting the Planning District One Community Service Board. The governing body of this organization is supported by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2011, the County contributed \$65,404.

The County and the Counties of Wise, Dickenson, and Lee, along with the Towns of Wise, Big Stone Gap, Coeburn, St. Paul and the City of Norton participate in supporting the Lonesome Pine Regional Library. For the year ended June 30, 2011, the County contributed \$206,444.

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2011, the County Contributed \$1,089,710.

## Note 2 - Deposits and Investments

Deposits - All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. Of the Code of Virginia or covered by federal depository insurance.

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

The County's and its component unit's investments at June 30, 2011 were held by the County or its component unit or in the name of the County or its component units by the custodial banks; \$6,640 in U.S. Government Securities where the underlying securities were uninsured

## Note 2 - Deposits and Investments (Continued)

and held by the investment's counterparty, not in the name of the County or its component unit.

Note 3 - Due To/From Primary Government/Component Units:

	Due To Component	Due From
	Unit School	Primary
Fund	Board	Government
General	\$ 2,523,329	\$ -
School	-	2,523,329
Totals	\$ 2,523,329	\$ 2,523,329

Note 4 - Due From Other Governmental Units

At June 30, 2011, the County and School Board had receivables from other governments as follows:

	<u> </u>	Primary Government	Discretely Presented Component Unit School Board	. c	Other omponent Units
Local Governments:					
Other Misc. Funds	\$	-	\$ -	\$	569,992
Commonwealth of Virginia:					
State sales taxes		-	554,361		-
Local sales taxes		219,655	-		-
Social service		100,755	-		-
CMPT		73,058	_		-
Shared expenses		253,079	-		_
Federal Government:					
School funds		_	177,690		_
Social service		118,889			
Total	\$	765,436	<u>\$ 732,051</u>	<u>\$</u>	569,992

# Note 5 - Capital Assets

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2011.

General Government:	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land & land improvements Buildings &	\$ 1,053,829	\$ 52,000	\$ -	\$ 1,105,829
improvements Equipment Construction Tenancy in common	7,558,406 7,787,356 14,089 35,045	30,461 805,627 102,115	38,290 60,832 35,045	7,588,867 8,554,693 55,372
Totals	\$16,448,725	\$ 990,203	<u>\$ 134,167</u>	\$17,304,761
Accumulated Depreciation	(5,857,267)			(_6,750,457)
Net capital assets primary governmen	t <u>\$10,591,458</u>		•	\$10,554,304
Component Unit Scho	ol Board:			
	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land & land improvements Buildings &	\$ 1,577,912	\$ -	\$ -	\$ 1,577,912
improvements Equipment Construction	49,004,773 20,703,088 1,154,171	249,323 679,940 981,366	42,686 115,735	49,254,096 21,340,342 2,019,802
Tenancy in common Totals	\$72,439,944	<u>\$1,910,629</u>	<u>\$ 158,421</u>	\$74,192,152
Accumulated depreciation	( <u>35,091,599</u> )			( <u>37,273,590</u> )
Net capital assets School Board	\$37,348,345			<u>\$36,918,562</u>

Note 5 - Capital Assets (Continued)

Proprietary Funds:	Public Service Authority	Economic Development Authority	Total
Land & Improvements Building & Water Lines	\$ 853,104 46,932,699	\$ 5,279,419 10,012,089	\$ 6,132,523 56,944,788
Equipment & Vehicles Construction in Progress	1,011,770 7,926,580	1,227,001	2,238,771 8,433,444
Total	56,724,153	17,025,373	73,749,526
Less: Accumulated Depreciation	(12,700,227)	(1,136,487)	(13,836,714)
Totals	<u>\$ 44,023,926</u>	<u>\$15,888,886</u>	<u>\$ 59,912,812</u>

Legislation enacted during the year ended June 30, 2004, 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 governments "on behalf" of school boards was reported in the school board's discrete column along with the related capital assets. the 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 potential financial obligation, eliminating any deficit capitalizing assets financed with debt. The effect on the County of Scott, Virginia for the year ended June 30, 2011, is that assets and debt in the amount of \$35,045 have been transferred to the primary Government from the Component Unit School Board for financial reporting purposes.

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# Note 5 - Capital Assets (Continued)

Depreciation expenses were charged to functions/programs of the primary government as follows:

	Amount
Governmental activities:	
General government	\$ 72,511
Judicial administration	59,089
Public safety	383,744
Public works	319,480
Health and welfare	15,738
Parks, recreation and cultural	42,076
Community development	552
Total	<u>\$ 893,190</u>
Component Unit School Board: Education	<u>\$ 2,181,991</u>

Depreciation expenses for the year ending June 30, 2011, for the Economic Development Authority amounted to \$443,928.

Depreciation expenses for the year ending June 30, 2011, for the Public Service Authority amounted to \$1,256,350.

## Note 6 - Long-term Obligations

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2011:

#### Primary Government:

General Long-term Obligations: Obligation payable at July 1, 2010		\$ Amount 2,314,701
Retirements:		
Bonds	\$ 50,000	
State Literacy Fund Loans	15,000	
Decrease in compensated absenses	9,561	
Payments on Capital Lease	8,156	
Total retirements		(82,717)
Additions:		
Capital leases	273,040	
Increase in other post-employee benefits	127,444	
Increase in landfill closure		
postclosure monitoring estimates	9,032	
Total additions		409,516
Long-term Obligations payable at June 30,	2011	\$ 2,641,500

Note 6 - Long-term Obligations (Continued)

Long-term Obligations:

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

	General Long-Te	rm Debt			
Year	State	State			
Ending	Literary Fund	Loans			
June 30,	Principal	Interest			
2012	\$ 15,000	\$300			
Total	<u>\$ 15,000</u>	\$ 300			

Primary Government:

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

Year Ending June 30,	<u>P:</u>	Capital rincipal		ase Interest
2012 2013 2014 2015 2016	\$	51,119 52,918 54,698 56,539 53,576	\$	8,138 6,417 4,637 2,795 891
Total	<u> </u>	268,850	<u> </u>	22,878

Amount Outstanding

#### Capital Leases:

\$82,999 capital lease issued April 1, 2011 for the purchase of a 2011 international Roll Off Truck, due in monthly installments of \$1,525.52, principal and interest through June 13, 2016, interest payable at 3.05%.

\$ 81,745

\$190,041 capital lease issued April 28, 2011 for the purchase of a 2012 Mack Refuse Packer, due in monthly installments of \$3,419.01, principal and interest through May 28, 2016, interest payable at 3.00%.

187,105

Total Capital Leases

\$ 268,850

Note 6 - Long-term Obligations (Continued)

Primary Government: State Literary Fund Loans:

\$300,000 State Literary Fund Loan issued May 15, 1992 due in annual installments of \$15,000.00 through	
2012; interest payable annually ay 2.00%.	\$ 15,000
Total State Literary Fund Loans	\$ 15,000
Accrued compensated absences	\$ 445,324
Landfill closure and post-closure care	<u>\$ 1,529,994</u>
Other post employee benefits	<u>\$ 382,332</u>
Total long-term obligations	\$ 2,641,500

(1) Note: Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2004, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Component Unit School Board

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2011:

Obligation payable at July 1, 2010 Additions:	* 1,439,354
Increase in other post employee benefits \$ 396,546  Decrease in compensated absences (53,679)	
Total additions	342,867
Long-term Obligations payable at June 30, 2011	\$ 1,782,221

Note 7 - Proprietary Debt

Component Unit - Public Service Authority

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

## Details of Long-term indebtedness:

Year Ending		
June 30,	Principal	Interest
2012	\$ 821,572	\$ 391,865
2013	637,105	375,566
2014	646,260	351,278
2015	659,448	359,207
2016	673,021	351,353
2017-2021	3,187,374	1,640,864
2022-2026	3,261,128	1,343,943
2027-2031	2,989,721	638,048
2032-2036	2,617,150	405,616
2037-2041	1,395,537	197,591
2042-2046	492,424	50,811
2047-2051	60,170	1,854
Total	\$17,440,909	\$ 6,107,896

# Changes in Long-term obligations:

Long-term obligations at July 1, 2010	\$16,093,817
Issuance of Revenue Bonds	3,115,283
Retirement of Revenue Bonds	(1,768,191)
	\$17,440,909
Long-term debt payable at June 30, 2011	<u>\$17,440,909</u>

Amount

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Note 7 - Proprietary Debt (Continued)

# Description of Long Term Debt

	Interest Rate	Issue Date	Final Maturity Date	Amount of Original Issue	Balance 6/30/2011	Amount Due Within One Year
Revenue bond	5% to 5.95%	7/16/1999	7/1/2024	\$ 1,730,000	\$ 1,245,000	\$ 60,000
Revenue bond	4.50%	12/5/1997	12/5/2037	841,600	695,483	15.374
Revenue bond	4.95%	7/11/2002	9/1/2017	973,405	467,559	68,826
Revenue bond	4.50%	7/19/1995	7/19/2035	581,000	460,138	11,179
Revenue bond	4.50%	7/19/1995	7/19/2035	580,100	459,405	11,163
Revenue bond	4.50%	6/1/2002	6/1/2035	1,955,000	1,762,609	27,763
Revenue bond	4.125%	2/20/2007	2/20/2037	1,457,000	1,417,694	17,913
Revenue bond	4.25%	7/10/2003	7/10/2043	440,100	408,591	6,154
Line of credit	5.20%	9/25/2002	Open	2,000,000	196,902	196,902
Revenue bond	0.00%	7/10/2003	8/1/2034	1,083,923	849,073	36,131
Revenue bond	0.00%	9/20/2001	7/1/2031	116,431	77,621	3,881
Revenue bond	0.00%	8/9/2002	5/1/2033	444,154	325,713	14,805
Revenue bond	0.00%	8/9/2002	4/1/2033	182,410	133,723	6,078
Revenue bond	0.00%	12/21/2001	8/1/2032	399,237	286,120	13,308
Revenue bond	0.00%	10/22/2004	9/1/2034	96,391	75,506	3,213
Revenue bond	0.00%	8/11/2004	9/1/2035	323,904	264,522	10,797
Revenue bond	0.00%	2/10/2005	12/1/2035	542,227	442,819	18,074
Revenue bond	0.00%	5/18/2007	11/1/2037	648,886	573,183	21,630
Revenue bond	0.00%	9/27/2006	7/1/2033	2,637,350	2,320,868	105,494
Revenue bond	0.00%	7/19/2007	2/1/2038	375,408	337,867	12,514
Revenue bond	0.00%	2/24/2006	11/1/2036	1,010,816	858,930	33,694
Revenue bond	0.00%	9/14/2007	12/1/2037	554,730	471,851	18,491
Revenue bond	0.00%	1/25/2008	2/2/2038	365,822	329,239	12,194
Revenue bond	0.00%	1/25/2008	9/1/2038	334,252	306,398	10,585
Revenue bond	0.00%	1/25/2008	6/1/2038	280,446	252,401	9,348
Revenue bond	0.00%	9/30/2009	8/1/2040	416,062	409,128	13,638
Revenue bond	0.00%	09/3/2009	6/1/2040	267,510	155,311	5,356
Revenue Bond	0.00%	12/13/2010	9/1/2041	457,129	341,247	11,008
Revenue Bond	0.00%	12/9/2010	09/1/2041	1,586,490	1,357,638	43,795
Revenue Bond	0.00%	12/9/2010	03/1/2042	209,259	70,215	2,264
Revenue bond	2.625%	4/13/2011	4/13/2051	480,000	88,155	
Total					\$17,440,909	\$ 821,572

Note 7 - Proprietary Debt (Continued)

Component Unit - Economic Development Authority

#### Revenue Note:

\$2,065,825 Lease Revenue Refunding Bond 2011A series, issued March 4, 2011, annual principal and semiannual interest payments beginning October 1, 2011 through October 1, 2030, interest payable at 4.65%.	\$2,065,825
\$1,188,992 Lease Revenue Refunding Bond 2011B series, issued March 4, 2011, annual principal and semiannual interest payments beginning October 1, 2011 through October 1, 2018, interest payable at 3.25%.	1,188,992
\$830,000 Loan Agreement with Virginia Coalfield Economic Development Authority, issued May 14, 2004 principal due and payable in full on May 14, 2014. There is no interest payable with this loan	830,000
Total Revenue Note	\$4,084,817

Component Unit - Economic Development Authority

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

	Principal	Interest	
Year	Payments	<u>Payments</u>	<u>Total</u>
2012	\$ 191,603	\$ 135,362	\$ 326,965
2013	204,807	122,071	326,878
2014	1,042,408	114,380	1,156,788
2015	220,299	106,396	326,695
2016	228,493	98,105	326,598
2017-20	21 929,149	365,801	1,294,950
2022-20	26 562,049	227,380	789,429
2027-20	31 706,009	83,419	789,428
Totals	\$4,084,817	<u>\$1,252,914</u>	<u>\$5,337,731</u>

Note 8 - Claims, Judgments, and Compensated Absences

In accordance with GAAB 16, the County has accrued liabilities arising from outstanding claims, judgments and compensated absences.

County employees earn annual leave at various rates. Accumulated vacation up to thirty days is paid upon termination. Sick leave is paid at 25% of accrued sick leave at the rate of pay upon termination, up to a maximum of \$2,500. The County primary government has outstanding accrued vacation and sick pay totaling \$445,324.

Component Unit School Board employees earn business and sick leave at various rates. The Component Unit School Board has an outstanding business and sick leave pay totaling \$594,765.

Component Unit Public Service Authority employees earn annual leave at the rate of ½ day per month during the first year of employment and 1 day per month after one year of service. Employees may accumulate up to 30 days of annual leave. Total accrued leave for the year ended June 30, 2011 amounted to \$132,797.

#### Note 9 - Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$10,968,453 is comprised solely of deferred property tax revenue representing uncollected tax billings not available for funding of current expenditures.

Note 10 - 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 10 - Defined Benefit Pension Plan (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 at age 65 with 5 years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as 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 member election the Survivor Option, PLOP or Advanced Pension Option or those retiring with a reduce benefit.

Note 10 - Defined Benefit Pension Plan (Continued)

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 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 <a href="http://www.varetire.org/Pdf/Publication/2010-annual-report.pdf">http://www.varetire.org/Pdf/Publication/2010-annual-report.pdf</a> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. In addition, the County and School Board are 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 contribution rate for the fiscal year ended 2011 was 16.87% of annual covered payroll for the County's government employees and 12.54% for Scott County School Board non-professional employees.

The public school divisions professional employees contribution rate for fiscal 2011 was 8.93% of covered payroll for year ended 2011.

The School Board's professional employees contributes \$1,646,920, \$2,236,363 and \$2,770,413 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009 respectively and these contributions represent the required contribution amounts.

#### C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$828,297 was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method.

Note 10 - Defined Benefit Pension Plan (Continued)

In fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$268,016 which was equal to Board's required and actuarial contributions. The required contributions were determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.00% investment rate of return, (net of administrative expenses) at June 30, 2010 (b) projected salary increases of 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) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County of Scott'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. County of Scott's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

Trend Information for County of Scott					
Fiscal Year	Annu	al Pension	Percentage of APC	Net Pe	ension
<u>Ending</u>	Co	st (APC)	Contributed	Obliga	ation
County:					
6/30/11	\$	828,297	100%	\$	_
6/30/10	·	757,842	100		-
6/30/09		767,591	100		-
School Board:					
Non-Professional	Employe	es:			
6/30/11	\$	268,016	100%	\$	_
6/30/10		304,273	100		-
6/30/09		313,167	100		-

As of June 30, 2010, the most recent actuarial valuation date the plan was 70.24% funded for the County and was 77.95% funded for the School Board non-professional employees.

Note 10 - Defined Benefit Pension Plan (Continued)

Required Supplementary Information:

Schedule of Funding for the County and School Board:

Fiscal Year Ending	Autuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County:						
6/30/08	\$17,234,569	\$20,625,151	\$3,390,582	83.56%	\$4,886,408	63.39%
6/30/09	17,461,912	22,285,910	4,823,998	78.35%	4,946,940	97.51%
6/30/10	17,318,431	24,654,978	7,336,547	70.24%	5,072,266	144.64%
School Bo	pard:					
Non-Proi	fessional Emp	oloyees				
6/30/08	\$ 6,164,992	6,948,835	783,842	88.72%	2,263,175	34.63%
6/30/09	6,367,336	7,427,347	1,060,011	85.73%	2,418,280	43.83%
6/30/10	6,418,858	8,234,170	1,815,312	77.95%	2,339,740	77.59%

Note 11 - Other Post-Employment Benefits

The Governmental Accounting Standards Board ("GASB") Statement No. 45, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes standards for the measurement, recognition and display of other post-employment benefits ("OPEB") expense and related liabilities in the financial statements. The cost of post-employment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The County and Schools prospectively adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Note 11 - Other Post-Employment Benefits (Continued)

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2011, the County and School Board's annual OPEB costs of \$127,444 and \$396,546, respectively, were equal to the Annual Required Contribution (ARC).

	Prim Gove	ernment	School Board		
Annual required contribution Interest on net OPEB obligation Adjustment to annual required contribution	•	122,543 4,901 -	\$	380,558 7,913 8,075	
Annual OPEB cost Contributions made	-	127,444		396,546 	
Increase in net OPEB obligation Net OPEB obligation-beginning of year		127,444 254,888		396,546 790,910	
Net OPEB obligation-end of year	\$ 3	382,332	\$ 1,	187,456	

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The County's first year for implementing GASB No. 45 was June 30, 2009.

	Percentage of Annual OPEB		
Fiscal Year	Annual OPEB	Cost	Net OPEB Obligation
Ending	_ Cost	Contributed	Obligation
June 30, 2011	\$ 127,444	0.0%	\$ 382,332
June 30, 2010	\$ 127,444	0.0%	\$ 254,888
June 30, 2009	\$ 127,444	0.0%	\$ 127,444

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The School Board's first year for implementing GASB No. 45 was June 30, 2009.

Note 11 - Other Post-Employment Benefits (Continued)

Fiscal Year Ending	Annual OPEB	Percentage Annual OPEB Cost Contributed	Net-OPEB Obligation
June 30, 2011	\$ 396,546	0.0%	\$ 1,187,456
June 30, 2010	\$ 394,364	0.0%	\$ 790,910
June 30, 2009	\$ 396,546	0.0%	\$ 396,546

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2009 was as follows:

	Primary Government	School Board
Actuarial Accrued Liability (AAL) Actuarial Value of Plan Assets Unfunded Actuarial Accrued Liability	_	\$ 7,414,221 -
(UAAL)	1,279,312	7,414,221
Funded Ratio (Actuarial Value of	0%	0%
Plan Assets/AAL) Covered Payroll (Active Plan Members)		23,637,851
UAAL as a Percentage of Covered Payroll	28.91%	31.36%

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

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs

Note 11 - Other Post-Employment Benefits (Continued)

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

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used to determine liabilities. 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. Under this method, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The actuarial assumptions used a 4% discount rate and an initial annual healthcare cost trend of 6.5% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5%. The unfunded accrued liability is being amortized over 30 years. The remaining amortization period at June 30, 2011 is 27 years.

### Plan Description

The County and School Board provide post-employment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors and School Board. The plan does not grant retirees vested health benefits.

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. Employees at the County are allowed to stay on the plan until death of the employee and employees at the School Board are allowed to stay on the plan until death of the employee or eligibility for Medicare coverage. The employee pays 100% of the required premium.

Note 11 - Other Post-Employment Benefits (Continued)

The number of participants at June 30, 2011 was as follows:

			Primary				
			Government	School Board	_		
Retirees benefits	currently	receiving	1	72			
Active empl	oyees.		85	386	_		
Total			86	458	_		

#### Funding Policy

The County and Schools currently fund post-employment health care benefits on a pay-as-you-go basis. During fiscal year 2011, neither the County nor the Schools designated any funding for the OPEB liability.

#### Note 12 - Contingent Liabilities

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

Intentionally left blank

# Note 13 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$1,529,994 reported as landfill closure and post closure care liability at June 30, 2011, represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2011.

#### Note 14 - Risk Management

The County and its Component Unit School Board are exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural The County and its Component Unit School disasters. participates with other localities in a public entity risk pool, the Virginia Association of Counties Self Insurance, for all types of insurance. The Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Municipal League, for all of its insurance coverage. The County and its Component Unit School Board pay an annual premium to these pools for The agreement for the formation of the their insurance coverage. pools provides that the pools will be self-sustaining through member premiums. The County continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

#### NOTE 15 - Self-Funded Insurance

The Scott County School Board established a limited risk management program for health insurance in 1992. Premiums are paid into the School Health Insurance Fund by school employees and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2011 a total of \$3,862,861 was paid in benefits and administrative costs. The risk assumed by the School Board is \$100,000 per person with a maximum attachment point of \$3,862,861. Inter-fund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions. The fund had \$8,904 health insurance claims payable at June 30, 2011.

Note 16 - Interfund Transfers

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

Fund	Transfers In	Transfers Out
Primary Government: General Fund School Fund	\$ - 5,388,448	\$ 5,388,448
Total	<u>\$ 5,388,448</u>	. <u>\$ 5,388,448</u>

# Note 17 - Surety Bonds

note 1. Sures, Senas	Amount
Fidelity and Deposits Company of Maryland - Surety	<del></del>
Mark A. "BO" Taylor, Clerk of the Circuit Court	\$200,000
Kevin Helms, Treasurer	400,000
Gary Baker, Commissioner of the Revenue	10,000
John Puckett, Sheriff	30,000
VACO Risk Management Programs	
All School Board employees - blanket	250,000
Hanover Insurance Companies - Surety	
All Social Service employees - blanket	100,000
Daugherty - Kane Insurance Agency - Surety	
Kathie Noe, County Administrator	100,000
All General Government employees - blanket	100,000

### Note 18 - Fund Balances

1000 10 1 11111111111111111111111111111	General Fund	School _Fund_	Other <u>Funds</u>	Total
Fund balances:				
Restricted for:				
State Seizure	7,779	\$ -	\$ -	\$ 7,779
Inmates	1,506	-	-	1,506
Nickelsville Recreation	31,457	_	-	31,457
Committed for:				
Courthouse Security	22,565	_	-	22,565
Coal and Roads	-	-	31,178	31,178
Law Library	-	_	11,431	11,431
Assigned for:				
Commonwealth Attorney	54,262	_	_	54,262
Weapons Permits	42,357	-	_	42,357
Motor Vehicle Violations	73,553	_	-	73,553
Cafeteria		242,680	_	242,680
Unassigned	2,179,805	-	-	2,179,805
Total fund balances	2,413,284	<u>\$ 242,680</u>	\$ 42,609	<u>\$2,698,573</u>

Required Supplementary Information

\$ 2,413,284 \$ 2,413,284

General Fund Variance With Amended Budget Budget Original ÀS Positive <u>Amended</u> Budget Actual (Negative) Revenues: General property taxes \$ 9,899,875 \$ 9,899,875 \$10,048,135 148,260 Other local taxes 3,254,500 3,254,500 3,185,252 (69,248)Permits, privilege fees & regulatory licenses 72,050 72,050 57,986 (14,064)Fines and forfeitures 135,857 135,857 139,181 3,324 Revenue from use of money & porperty 104,252 127,388 127.388 (23, 136)Charges for services 191,200 191,200 251,472 60,272 Miscellaneous 197,000 197,000 341,449 144,449 Recovered costs 239,100 239,100 145,582 (93,518)Intergovernmental: Commonwealth 5,102,237 5,102,237 5,187,736 85,499 Federal 1,627,362 1,627,362 1,644,603 17,241 Total revenues 20,846,569 20,846,569 21,105,648 259,079 Expenditures: Current: General government administration 1,844,985 1,844,985 1,720,085 124,900 Judicial administration 1,149,548 1,149,548 1,139,551 9,997 Public safety 4,780,170 4,780,170 5,074,851 (294,681) Public works 2,377,752 2,377,752 2,286,135 91,617 Health and welfare 4,335,290 4,335,290 4,559,638 (224,348)Education 25,659 25,659 25,659 Parks, recreation, & cultural 594,029 594,029 603,510 (9,481)Community development 449,599 449,599 424,745 24,854 Debt service: Principal retirement 67,375 67,375 65,000 2,375 Interest & other fiscal charges 2,875 (2,875)Total expenditures 15,624,407 15,624,407 15,902,049 (277,642)Excess (deficiency) of revenues over expenditures 5,222,162 5,222,162 5,203,599 (18,563)Other financing sources (uses): Operating transfers in Operating transfers out (4.817.304)(4,817,304)(5,388,448)(571,144)Transfers from primary government Total other financing sources (uses) (4.817.304)(4.817,304) (5,388,448)Excess (deficiency) of revenues & other sources over expenditures & other uses 404,858 404,858 (184,849) (589,707)(404,858) 2,598,133 Fund balances at beginning of year (404,858) 3,002,991

Fund balances at end of year

COUNTY OF SCOTT, VIRGINIA
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS AGENCY FUNDS
June 30, 2011

	-	endable rust	Agency Funds					
	C	erred Comp Fund	Special Velfare		ayroll hholding Fund	Sale	ocal es Tax 'und	 Totals
Assets: Cash and cash equivalents Cash with sheriff	\$	=	\$ 18,167 -	\$	20,112	\$	<u>-</u>	\$ 38,279 -
Due from other government units Investments	2,2	_ 244,126			<u>-</u>	23	88,263	 238,263 2,244,126
Total assets	\$ 2,2	244,126	\$ 18,167	_\$	20,112	_\$ 23	88,263	\$ 2,520,668
Liabilities: Due to primary government Due to other government units	\$	_	\$ <b>-</b>	\$	_	\$ 21	.9,655	\$ 219,655
Amounts held for others	2,2	244,126	18,167		20,112	1	8,608	 2,301,013
Total liabilities	\$ 2,2	244,126	\$ 18,167	. \$	20,112	\$ 23	18,263	\$ 2,520,668

Discretely Presented Component Unit - School Board

EXHIBIT 12

	Governmental Fund Types						Proprietary Fund Type			
· ·		School Operating Fund		nool Food Service Fund		Scott County Head Start		School nsurance Fund		Totals
Assets: Cash & cash equivalents Cash with head start Other current assets Due from other governmental	\$	- - 153,110	\$	93.301 - -	\$	7,839 -	\$	477.440 - -	\$	570.741 7.839 153.110
units Due from primary government		554,361 2,523,329		150,350		27,340				732.051 2.523.329
Total Assets	\$	3,230,800	_\$_	243,651	_\$_	35,179	_\$_	477,440	_\$_	3,987.070
Liabilities: Accounts payable Accrued salaries Health insurance payable Deferred revenue	\$	642,482 2,588,318 - -	\$	971 - - -	\$	19.264 - - 15,915	\$ ·	- - 8,904 	\$	662,717 2,588,318 8,904 15,915
Total Liabilities		3,230,800		971		35,179		8,904		3,275,854
Retained earnings: Unreserved Fund balance:		-		-		-		468,536		468.536
Assigned				242,680				<del></del>		242,680
Total Fund Balance				242,680		<u> </u>		468,536		711,216
Total Liabilities & Fund Balance	\$_	3.230.800	_\$_	243,651	_\$_	35,179	\$	477.440		

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

36,918,562

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

(1.782.221)

Net assets of General Government Activities

\$35,847,557

COUNTY OF SCOTT. VIRGINIA
STATEMENT OF REVENUES. EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2011

101 100 1001 2000 0000 000 000				Droppiotomi		
	Governmental Fund Types			Proprietary Fund Type		
	School Operating Fund	School Food Service Fund	Scott County Head Start	School Insurance Fund	Totals	
Revenues: Revenue from use of money and property Charges for services	\$ 173 24,676	\$ 260 632,101	\$ -	\$ - 3.477.870	\$ 433 4,134,647 172,127	
Miscellaneous Recovered costs Intergovernmental:	159.710 -	- -	12,417	<del>-</del>	-	
Commonwealth Federal	23,192,209 4,524,391	25.071 1.192,201	1,718,734		23.217.280 7,435,326	
Total revenues	27,901,159	1,849,633	1,731,151	3,477,870	34,959,813	
Expenditures: Current					40.616.611	
Education	33,214,607				40,616,611	
Total expenditures	33,214,607	1,807.992	1,731,151	3,862,861	40.616.611	
Excess (deficiency) of revenues over(under) expenditures	(5,313,448)	41.641	-	(384,991)	(5.656.798)	
Other financing sources (uses): Operating transfers in Operating transfers out	5.388.448 (75.000)	75,000	<u>-</u>	<u>-</u>	5.463.448 (75.000)	
Proceeds from indebtness	(75.000)	-	-	<del>-</del>	(73,000)	
Transfer from/(to) primary debt						
Total other financing sources	5,313,448	75,000		<del></del>	5,388,448	
Excess (deficiency) of revenues & other sources over expenditure & other uses	<u>-</u>	116,641	_	(384,991)	(268.350)	
Fund balances at beginning of year	_	126.039	_	853,527	979,566	
Fund balances at end of year	6	\$ 242,680	ė _	\$ 468,536		
rund batances at end of year		3 242,000		0 400,330		
Amount reported for governmental acti are different because:	vities in the sta	tement of activ	ities			
Net changes in fund balances - total	governmental fund	s			\$ (268,350)	
The issuance of long-term debt (e.g. bonds resources to governmental funds, while the long-term debt consumes the current finance. Neither transaction, however, has any effect of issuance costs, items when debt is first issued, whereas the statement of activities. This amounts the issuance of long-term debt and relationship.	e repayment of the prial resources of go that on not assets. premiums, discount these anounts are de ant is the not effec	orincipal of overnment funds. Ålso, governmente s, and sinilar oferred and amorti	al zed		· · · · · · · · · · · · · · · · · · ·	
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 activities. (342.867)						
School component unit general obligation debt guaranteed by the County is reported in governmental activities in statement of net assets. County has a tenancy-in-common for school assets with outstanding debt. This is the amount of debt that was paid for the year.						
Governmental funds report capital out statement of activities the cost of t estimated useful lives and reported as amount by which depreciation exceeded	hose assets is all s depreciation exp	located over the pense. This is	eir the		(464,828)	
Change in net assets of governmental	•				\$ (1,041,000)	
onengo in not copota of governmental t						

COUNTY OF SCOTT, VIRGINIA
STATEMENT 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					
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)		
Revenues:						
Revenue from use of money and property Charges for services	\$ 200 24.000	\$ 200 24.000	\$ 173 24.676	\$ (27) 676		
Miscellaneous Recovered costs	114.956 -	114.956 -	159.710 -	44.754 -		
<pre>Intergovernmental:    Commonwealth    Federal</pre>	24,223,595 3,218,925	24.223.595 3.218.925	23.192.209 4.524.391	(1.031.386) 1.305.466		
Total revenues	27,581,676	27,581,676	27,901,159	319,483		
Expenditures: Current				•		
Education	32,398,980	32.398.980	33,214,607	(815,627)		
Total expenditures	32,398.980	32.398.980	33,214.607	(815,627)		
Excess (deficiency) of revenues over(under) expenditures	(4.817.304)	(4,817.304)	(5.313.448)	(496,144)		
Other financing sources (uses):  Operating transfers in  Operating transfers out  Proceeds from indebtness  Transfer from/(to) primary debt	4.817.304	4.817.304 - - -	5.388.448 (75.000) - -	571,144 (75,000) - -		
Total other financing sources	4,817,304	4,817,304	5,313,448	496,144		
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-		
Fund balances at beginning of year	<del></del>					
Fund balances at end of year	_\$	<u> </u>	<u> </u>	_\$		

COUNTY OF SCOTT, VIRGINIA
STATEMENT 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 Food Service Fund					
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)		
Revenues:						
Revenue from use of money						
and property Charges for services	\$ 400	\$ 400	\$ 260	\$ (140)		
Miscellaneous	624,175	624,175	632,101	7.926		
Recovered costs	-	<b>-</b>	<u>-</u>	-		
Intergovernmental:	-	_	<del>-</del>	_		
Commonwealth	33.765	33,765	25.071	(8,694)		
Federal	1.046.050	1,046,050	1,192,201	146,151		
		27040,000				
Total revenues	1.704,390	1.704.390	1.849.633	145.243		
Expenditures:						
Current						
Education	1,704.390	1.704,390	1.807,992	(103,602)		
Total expenditures	1,704,390	1,704,390	1,807,992	(103,602)		
Excess (deficiency) of revenues over(under) expenditures	-	-	41,641	41,641		
Other financing sources (uses):						
Operating transfers in	-	-	75.000	75,000		
Operating transfers out	-	-	-	-		
Proceeds from indebtness	-	-	-	-		
Transfer from/(to) primary debt			<del></del>			
Total other financing sources	<del></del>		75,000	75,000		
Excess (deficiency) of revenues & other sources over expenditure & other uses	_		116.641	116.641		
4 1 4505						
Fund balances at beginning of year			126.039	126.039		
Fund balances at end of year	_\$	<u> </u>	\$ 242,680	\$ 242,680		

COUNTY OF SCOTT, VIRGINIA
STATEMENT 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 Construction Fund							
		ginal dqet	Budget As Amended		dget As		Am Pos	iance from ended sitive (ative)
Revenues:								
Revenue from use of money and property Charges for services Miscellaneous Recovered costs Intergovernmental:	\$	- - -	\$	- - - -	\$	- - -	\$	- - -
Commonwealth		-		-		-		<u>-</u>
Federal						<del>_</del>		
Total revenues	<del> </del>							
Expenditures: Current Education		_ <del></del>						
Total expenditures								
Excess (deficiency) of revenues over(under) expenditures		-		-		-		-
Other financing sources (uses): Operating transfers in Operating transfers out Proceeds from indebtness Transfer from/(to) primary debt	•	- - -		- - -		- - -		- - - -
Total other financing sources								
Excess (deficiency) of revenues & other sources over expenditure & other uses		-		-		-		-
Fund balances at beginning of year								
Fund balances at end of year	\$		_\$		\$		\$	

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2011

	Scott County Head Start								
		Budget iginal As udget Amended		inal As		AS		Am Pos	riance From mended sitive gative)
Revenues:									
Revenue from use of money and property	S								
Charges for services	\$	-	\$	_	\$	-	\$	_	
Miscellaneous		_		-		12.417		12.417	
Recovered costs		_		_		-		-	
Intergovernmental:									
Commonwealth		-		-		-		-	
Federal	1,23	0.042	1.2	30,042	1.7	718.734		488,692_	
Total revenues	1.23	0,042	1.2	30,042	1.7	731,151		501.109	
Expenditures:									
Current									
Education	1,23	0,042	1,2	30,042	1,7	31,151	(5	501,109)	
Total expenditures	1,23	0,042	1.2	30.042	1.7	31.151	(5	501,109)	
Excess (deficiency) of revenues over(under) expenditures		_		-		_		-	
Other financing sources (uses):									
Operating transfers in		_		_		_		_	
Operating transfers out		_		_		_		_	
Proceeds from indebtness		-		-		_		-	
Transfer from/(to) primary debt									
Total other financing sources									
Excess (deficiency) of revenues & other sources over expenditure & other uses		_		_		_		-	
Fund balances at beginning of year						<u> </u>			
Fund balances at end of year	_\$		_ \$		_\$		_\$		

COUNTY OF SCOTT, VIRGINIA
STATEMENT 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 Insurance Fund					
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)		
Revenues: Revenue from use of money and property Charges for services Miscellaneous Recovered costs Intergovernmental: Commonwealth Federal	\$ - - - - -	\$ - - - - -	\$ _ 3,477,870 - - - -	\$		
Total revenues			3,477,870	3.477.870		
Expenditures: Current Education Total expenditures		<del>-</del>	3,862,861	(3.862,861)		
Excess (deficiency) of revenues over(under) expenditures	-	-	(384.991)	(384.991)		
Other financing sources (uses): Operating transfers in Operating transfers out Proceeds from indebtness Transfer from/(to) primary debt	- - - -			- - -		
Total other financing sources						
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	(384.991)	(384,991)		
Fund balances at beginning of year			853,527	853.527		
Fund balances at end of year	<u> </u>	<u> </u>	\$ 468,536	\$ 468,536		

Proprietary Fund - Discretely Presented Component Unit

COUNTY OF SCOTT, VIRGINIA STATEMENTS NET ASSETS PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS June 30, 2011

	Discretely Presented Component Units					
	Economic	Public				
	Development	Service				
	Authority	Authority	Total			
Assets:						
Current assets:						
Cash and cash equivalents Receivables (net of allowance)	\$ 1,310,562	\$ 180,590	\$ 1,491,152			
Accounts receivable	4,868	260,634	265,502			
Inventory		71,703	71,703			
Other current assets	58,755	219,181	277,936			
Due from other governments	37,462	532,530	569,992			
Total current assets	1,411,647	1,264,638	2,676,285			
Noncurrent assets:						
Capital assets:	•					
Land	5,279,419	486,753	5,766,172			
Buildings & equipment,						
net of depreciation	10,609,467	43,537,173	54,146,640			
Total noncurrent assets	15,888,886	44,023,926	59,912,812			
Other assets:						
Restricted cash in bank	6,640	453,127	459,767			
Notes receivable	103,333	-	103,333			
Unamortized bond costs	173,062	44,640	217,702			
Olidinoi vizod bolid cobvb						
Total other assets	283,035	497,767	780,802			
Total assets	\$17.583.568	\$45,786,331	\$63,369,899			
Liabilities:						
Current liabilities:						
Accounts payable &						
accrued expenses	\$ 107,391	\$ 1,243,028	\$ 1,350,419			
Current portion of	•	•				
long-term obligations	191,603	821,572	1,013,175			
•						
Total current liabilities	298,994	2,064,600	2,363,594			
Noncurrent liabilities:						
Compensated absences	19,574	132,797	152,371			
Amounts held for others	8,450	164,863	173,313			
Other post employment benefits		136,497	136,497			
Noncurrent portion of long-term obligations	3,893,214	16,619,337	20,512,551			
Total noncurrent liabilities	3,921,238	17,053,494	20,974,732			
Total liabilities	4,220,232	19,118,094	23,338,326			
Net assets:						
Invested in capital assets.						
net of related debt	11,804,069	26,583,017	38,387,086			
Unrestricted assets	1,559,267	85,220	1,644,487			
Total net assets	13,363,336	26,668,237	40,031,573			
Total liabilities & net asset	s \$17,583.568	\$45,786,331	\$63,369,899			

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2011

EXHIBIT 16

	Discretely Presented Component Units					
	Economic	Public				
	Development Authority	Service Authority	Total			
	Authority	Authority	IULAI			
Operating revenues:						
Charges for services	\$ -	\$ 2,611,267	\$ 2,611,267			
Rental income	251,531	-	251,531			
Grants	1,179,971	-	1,179,971			
Miscellaneous	7,324	33,122	40,446			
Total operating revenue	1,438,826	2,644,389	4,083,215			
Operating expenses:						
Wages and benefits	133.120	1,078,935	1,212,055			
Other operating expenses	768,293	2,013,321	2,781,614			
<b>-</b>						
Total operating expense	901,413	3,092,256	3,993,669			
Operating income (loss)	537,413	(447,867)	89,546			
Nonoperating revenues (expenses):						
Interest earned	8,820	3,321	12,141			
Connection fees	· <del>-</del>	83,370	83,370			
Other non operating revenues/expense	(9,135)	12,520	3,385			
Interest expense	(69,014)	(352,101)	(421,115)			
Total nonoperating						
revenues (expenses)	(69,329)	(252,890)	(322,219)			
• •	, , , , , ,	•				
Capital contributions		4,194,463	4,194,463			
Increase (decrease) in net						
assets	468,084	3,493,706	3,961,790			
Net assets at beginning of year	12,895,252	23,174,531	36,069,783			
Net assets at end of year	\$ 13,363,336	\$ 26,668,237	\$40,031,573			

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2011

	Discretely Presented Component Units				
	Economic	Public			
	Development	Service			
	Authority	Authority	Total		
	HUCHOTICY	RUCHULICY	1000		
Cash flows from operating activities:					
Receipts from customers & users	\$ 1,612,522	\$ 2,658,354	\$ 4,270,876		
Payments to suppliers	(623,886)	(780,579)	(1,404,465)		
Payments to employees for services	_	(1,030,344)	(1,030,344)		
rayments to employees for sorvices					
Net cash provided(used) by operating activities	988,636	847,431	1,836,067		
Cash flows from capital & related					
financing activities:					
Connection fee	-	95,890	95,890		
Other nonoperating revenues	_	-	-		
Loans to Industries	(89,891)	_	(89,891)		
	(2,464,139)	(5,897,228)	(8,361,367)		
Purchase of fixed assets			• • • • • • • • • • • • • • • • • • • •		
Principal on debt	(3,370,803)	(1,768,191)	(5,138,994)		
Proceeds from indebtness	5,274,817	3,115,283	8,390,100		
Interest on debt	_	(360,365)	(360,365)		
Proceeds from loans & grants	18,386	3,971,102	<u>3,989,488</u>		
	((21 (20)	/042 F00\	/1 475 120\		
Net cash used in capital & related financing activities	(631,630)	(843,509)	(1,475,139)		
Cash flows from investing activities:					
Interest earned		3,321	3,321		
Net cash provided by investing activities	_	3,321	3,321		
•					
Increase (decrease) in cash & cash equivalents	357,006	7,243	364,249		
Cash & cash equivalents at beginning of year	960,196	793,564	1,753,760		
Cash & cash equivalents at end of year	\$ 1,317,202	\$ 800,807	\$ 2,118,009		
Reconciliation of operating income to net cash provided (used) by operating activities: Operating income (loss)	\$ 468,084	\$ (447,867)	\$ 20,217		
Adjustments to reconcile net income (loss) to net cash					
provided by operations:	442 020	1 254 250	1 700 220		
Depreciation	443,928	1,256,350	1,700,278		
Amortization	16,266	4,333	20,599		
Donations	<del>-</del>	-			
Loss on sale of assets	9,135	-	9,135		
Changes in operating assets & liabilities:					
Accounts receivable	164,876	4,502	169,378		
Inventory	_	(54,054)	(54,054)		
Other assets	_	• · · · · · · · · · · · · · · · · · · ·	-		
Accounts payable	(113,653)	27,280	(86,373)		
Customer deposits	(110,000)	9,463	9,463		
	-				
Accrued leave & benefits		47,424	47,424		
Total adjustments	520,552	1,295,298	1,815,850		
Net cash provided (used) by operating activities	\$ 988,636	<u>\$ 847,431</u>	\$ 1,836,067		

Non-Major Governmental Funds

COUNTY OF SCOTT, VIRGINIA NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET June 30, 2011

	Special Revenue Funds						
	Coal Road Law Improvement Library Fund Fund Tot		Totals				
Assets: Cash & cash equivalents Accounts receivable	\$ 31,178	\$11,288 <u>247</u>	\$ 42,466 247				
Total assets	\$ 31,178	\$11,535	\$ 42.713				
Liabilities: Accounts payable Accrued expenses	\$ <u>-</u>	\$ 104	\$ 104				
Total liabilities	-	104	104				
Fund balance:							
Committed	31,178	11.431	42.609				
Total fund balance	31,178	11,431	42,609				
Total liabilities & fund balance	\$ 31.178	\$11,535	\$ 42,713				

COUNTY OF SCOTT, VIRGINIA

EXHIBIT 19

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES For the Year Ended June 30, 2011

	Special Revenue Funds					
	Coal Road Improvement Fund	Law Library Fund	Totals			
Revenues: Revenues from local sources: Other taxes Permits, privilege fees	\$ 4,958	\$ -	\$ 4,958			
& regulatory licenses Charges for services Intergovernmental		3,973	3,973			
Total revenues	4,958	3,973	8,931			
Expenditures: Judicial administration Public safety Public works	- - 2,705	2,608 - -	2,608 - 2,705			
Total expenditures	2,705	2,608	5,313			
Excess (deficiency) of revenues over expenditures	2,253	1,365	3,618			
Other financing sources (uses): Operating transfers in Operating transfers out	<u>-</u>		<u> </u>			
Total other financing sources						
Excess (deficiency) of revenues & other sources over expenditure & other uses	2,253	1,365	3.618			
Fund balance at beginning of year	28,925	10,066	38,991			
Fund balance at end of year	\$ 31,178	\$11,431	\$ 42,609			

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES —
BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	Coal Road Improvement Fund							
		riginal Sudget	Budget As		Vari Fr Ame Posi		riance From mended sitive gative)	
Revenues:								
Revenues from local sources: Other taxes Permits, privilege fees	\$	4,000	\$	4,000	\$	4,958	\$	958
& regulatory licenses		_		_		_		-
Charges for services		_		-		-		-
Intergovernmental								
Total revenues		4,000		4,000		4,958		958
Expenditures: Judicial administration		_		<del></del>		_		_
Public safety		-		-		_		-
Public works		4,000		4,000		2,705		1,295
Total expenditures		4,000		4,000		2,705		1,295
Excess (deficiency) of revenues over expenditures		-		-		2,253		2,253
Other financing sources (uses): Operating transfers in Operating transfers out		<u>-</u>		<u>-</u>				<u>-</u>
Total other financing sources						=		
Excess (deficiency) of revenues & other sources over expenditure & other uses		-		-		2,253		2,253
Fund balances at beginning of year						28,925		28,925
Fund balance at end of year	\$\$		\$		\$	31,178	\$	31,178

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	Law Library Fund					
Revenues :	Original Budget	Budget riginal Ås		Variance From Amended Positive (Negative)		
Revenues from local sources: Other taxes Permits, privilege fees	\$ <u> </u>	\$ -	\$ -	s –		
& regulatory licenses Charges for services Intergovernmental	3,000	3,000	3,973	973 		
Total revenues	3,000	3,000	3,973	973		
Expenditures: Judicial administration Public safety Public works	11,500	11,500	2,608 - -	8,892 - -		
Total expenditures	11,500	11,500	2,608	8,892		
Excess (deficiency) of revenues over expenditures	(8,500)	(8,500)	1,365	9,865		
Other financing sources (uses): Operating transfers in Operating transfers out			<u>-</u>	<u>-</u>		
Total other financing sources						
Excess (deficiency) of revenues & other sources over expenditure & other uses	(8.500)	(8,500)	1,365	9,865		
Fund balances at beginning of year	8,500	8,500	10,066	1,566		
Fund balance at end of year	\$ -	\$ <u>-</u>	<u>\$ 11,431</u>	\$ 11,431		

Supporting Schedules

# COUNTY OF SCOTT, VIRGINIA GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS STATEMENT OF REVENUES - BUDGET AND ACTUAL For the Year Ended June 30, 2011

For the Year Ended June 30, 2011				•
				Variance From
		Budget		Amended
	Original	Às		Positive
Fund, Major and Minor Revenue Source	Budget	Amended	Actual	(Negative)
Primary Government:				
General Fund:				
Revenue form local sources:				
General property taxes:				A (046 000)
Real property taxes	\$ 8,015,686	\$ 8,015,686	\$ 7,768,764	\$ (246,922)
Real & personal public service	EE1 000	EE1 000	714 107	165,107
corporation property taxes	551,000 712,974	551,000 712,974	716,107 860,913	147,939
Personal property taxes Machinery and tools taxes	201,000	201,000	177,151	(23,849)
Merchants capital	191,000	191,000	198,231	7,231
Mobile home taxes	86,215	86,215	84,578	(1,637)
Penalties	112,000	112,000	136,008	24,008
Interest	30,000	30,000	106,383	76,383
TOTAL GENERAL PROPERTY TAXES	9,899,875	9,899,875	10,048,135	148,260
Other local taxes:				
Local sales & use taxes	1,260,000	1,260,000	1,344,430	84,430
Consumer utility tax	425,000	425,000	417,871	(7,129)
Local cell phone tax	870,000	870,000	820,062	(49,938)
Parimutuel - Colonial Downs	24,000	24,000	23,865	(135)
Gross receipts - utility	82,000	82,000	72,356	(9,644)
Motor vehicle licenses	485,000	485,000	408,207	(76,793)
Bank franchise taxes	3,500	3,500	12,329	8,829
Transient lodging tax	5,000	5,000	4,248	(752)
Tax on wills	3,000	3,000	5,311	2,311
Recordation tax	90,000	90,000	66,657	(23,343)
Coal severance tax	7,000	7,000	9,916	2,916
TOTAL OTHER LOCAL TAXES	3,254,500	3,254,500	3,185,252	(69,248)
Permits, privilege fees &				
regulatory license:	0.000	0.000		(1 (2))
Animal licenses	8,000	8,000	6,366	(1,634)
Transfer fees	900	900 43,000	768 27,119	(132)
Building and related permits Weapons permits	43,000 8,000	8,000	7,667	(15,881) (333)
Permits and other licenses	12.150	12,150	16,066	3,916
·	,			
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	72,050	72,050	57,986	(14,064)
& REGULATORY LICENSES	72,030	72,030	37,700	(14,004)
Fines and forfeitures:	135,857	135,857	139,181	3,324
Court fines and forfeitures	133,037	135,057	137,161	
TOTAL FINES & FORFEITURES	135,857	135,857	139,181	3,324
Revenue from use of money & property:				
Revenue from use of money	30,000	30,000	7,392	(22,608)
Revenue from use of property	97,388	97,388	96,860	(528)
TOTAL REVENUE FROM USE OF				
MONEY & PROPERTY	127,388	127,388	104,252	(23,136)
Charges for services:				
Charges for recreation	116,000	116,000	105,674	(10,326)
Charges for NARF collections				-
Charges for waste				
collection & disposal	75,000	75,000	88,096	13,096
Charges for Commonwealth Attorney	-	_	-	-
Room and board animals	200	200	198	(2)
Charges for jail work release	-	-		-
Charges for correction Excess fees of health department	-	-	57,504	<u>57,504</u>
Excess rees or nearth department	<del></del>		37,304	37,304
TOTAL CHARGES FOR SERVICES	191,200	191,200	251,472	60,272

SCHEDULE 1

Variance From Budget Amended Original As Positive Fund, Major and Minor Revenue Source Budget Amended Actual (Negative) Miscellaneous revenue: Miscellaneous 137,000 137,000 261,521 124,521 Payments in lieu of taxes for enterprise activities 60,000 60,000 79.928 19,928 TOTAL MISCELLANEOUS REVENUE 197,000 197,000 341,449 144,449 Recovered costs: Other recovered cost 239,100 239,100 145,582 (93,518) TOTAL RECOVERED COSTS 239,100 239,100 145,582 (93,518) TOTAL REVENUE FROM LOCAL SOURCES 14,116,970 14,116,970 14,273,309 156,339 Revenue from the Commonwealth: Noncategorical aid: ABC profits Vine taxes Mobile home titling taxes 65,000 65,000 40,222 (24.778)Tax on deeds 17,000 17,000 12,731 (4,269)Rolling stock tax 150,000 150,000 6,043 (143,957) Personal property tax relief 734,026 734,026 734,026 TOTAL NONCATAGORICAL AID 966,026 966,026 793,022 (173,004) Categorical aid: Shared expenses: Commonwealth's attorney 261,075 261,075 259,413 (1.662)Sheriff 1,253,914 1,253,914 1,245,997 (7,917)Commissioner of the Revenue 98,330 98,330 97,223 (1,107)Treasurer 100,423 100,423 87,221 (13, 202)Medical examiner 600 600 (600) Clerk of the Circuit Court 256,228 256,228 297,748 41,520 Registrar/electoral board 61,000 61,000 38,267 (22,733)Office of emergency services Four for life 21,689 21,689 TOTAL SHARED EXPENSES 2,031,570 2,031,570 2,047,558 15,988 Other categorical aid: Welfare administration and assistance 1,268,048 1,268,048 1,178,903 (89, 145)CMPT 658,962 658,962 807,825 148,863 Domestic Violance 20,000 20,000 79,909 59,909 Victim witness grant 43,354 43,354 34,604 (8,750)Local law enforcement 10,277 10,277 33,735 23,458 Liter control 11,000 11,000 12,169 1,169 Fire programs 52,000 52,000 54,881 2.881 Wireless E911 grant 35,000 35,000 136,833 101,833 CSA Other aid 6,000 6,000 8,297 2,297 TOTAL OTHER CATEGORICAL AID 2,104,641 2,104,641 2,347,156 242,515 TOTAL CATEGORICAL AID 4,136,211 4,136,211 4,394,714 258,503 TOTAL REVENUE FROM THE COMMONUEALTH 5,102,237 5,102,237 5,187,736 85,499

For the Year Ended June 30, 2011				
Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
rune, nejer end name nevende octob				
Revenue from the Federal Government: Categorical aid: Welfare public assistance Homeland Security & Terrorism VAW Law enforcement grant Federal Asset Seizure Community Development Block Grant	\$ 1,584,362 13,000 30,000 - -	\$ 1,584,362 13,000 30,000 - -	\$ 1,584,362 13,810 31,306 15,125	\$ - 810 1,306 15,125 - -
TOTAL CATEGORICAL AID	1,627,362	1,627,362	1,644,603	17,241
TOTAL REVENUE FROM FEDERAL GOVERNMENT	1,627,362	1,627,362	1,644,603	17.241
TOTAL GENERAL FUND	\$ 20,846,569	\$ 20,846,569	\$ 21,105,648	\$ 259,079
Special Revenue Fund: Law Library Revenue from local sources: Charges for services Law library fees	\$ 3,000	\$ 3,000	\$ 3,973	\$ 973
Coal Road Improvement Fund Revenue from local sources: Other taxes Coal road tax	\$ 4,000	\$ 4,000	\$ 4,958	\$ 958
TOTAL SPECIAL REVENUE FUNDS	\$ 7,000	\$ 7,000	\$ 8,931	\$ 1,931
GRAND TOTAL REVENUES, ALL PRIMARY GOVERNMENTAL FUNDS	\$ 20,853,569	\$ 20,853,569	\$ 21,114,579	\$ 261,010
Component Unit - School Board: Special Revenue Funds: School Operating Fund: Revenue from local sources: Revenue from use of money & property: Revenue from use of money	\$ 200	\$ 200	\$ 173	\$ (27)
Charges for services: Transportation	24,000	24,000	24,676	676
Miscellaneous revenue: Miscellaneous	114,956	114,956	159,710	44,754
Recovered costs: Other				
TOTAL REVENUE FROM LOCAL SOURCES	139,156	139,156	184,559	45,403

SCHEDULE 1

Variance

From Budget Amended Positive Original Às Fund, Major and Minor Revenue Source Budget Amended Actual (Negative) Revenue from the Commonwealth: Categorical aid: \$ 3,118,304 Share of state sales tax \$ 3,118,304 \$ 3,246,317 \$ 128,013 Basic school aid (931,409) 14,318,216 14,318,216 13,386,807 Primary class size 468,103 468,103 449,894 (18,209)Medicaid 229,902 7,859 310,000 310,000 (80,098) GED funding 7,859 7,859 Foster care 26,277 26,277 8,853 (17,424)Early intervention 74,553 74,553 69,583 (4,970) (1,785)Gifted & talented children 137,866 137,866 136,081 SOL 58,641 58,641 58,518 (123) 495,384 1,875,566 495,384 489,050 (6,334)At - risk Special education 1,875,566 (86,074) 1,789,492 (12,803)English second language 12,803 12,803 Incentive funds 14,492 14,492 19,671 5,179 468,762 Vocational education 468,762 451,921 (16,841) Fringe benefits 1,366,406 1,366,406 1,348,710 (17,696)Remedial education/summer school 592,361 574,666 592,361 (17,695)School construction 160,966 Textbook rentals 160,966 158,882 (2,084)VTSF grant VPSA technology grant 35,871 35,871 25,348 (10,523)26,000 440,000 414,000 414,000 Alternative education 260,229 260,229 299,587 39,358 Enrollment loss Clinical faculty & mentor teacher 6,936 6,936 1,068 (5,868)Other revenue TOTAL REVENUE FROM THE COMMONWEALTH Revenue from the federal government: Categorical aid: 1,166,948 1,166,948 1,096,051 (70.897)Title I E-rate 246,235 1,301,331 (26,115) 246,235 220,120 Title II 1,326,708 Title VI - B 1,301,331 25,377 260,000 260,000 854,871 594,871 Fiscal Stability 70,702 70,702 Academic Achieve Assistive Technology 5,657 Education Technology 5,657 46,765 46,765 42,399 (4,366)Gear-up 31,453 46,414 46,414 (14,961)Preschool grant 66,890 962 66,890 67,852 Vocational education 66,645 (2.320)64,325 Forest reserve 66,645 15,211 15,211 13,511 (1,700)Title IV - A Title IV - B 305,906 305,906 424,836 424,836 Federal jobs funds 2,486 2,486 (2.486)Other revenue TOTAL REVENUE FROM THE FEDERAL 3,218,925 3,218,925 4,524,391 1,305,466 GOVERNMENT \$ 27,581,676 \$ 27,581,676 \$ 27,901,159 \$ TOTAL SCHOOL OPERATING FUND

For the Year Ended June 30, 2011  Fund, Major and Minor Revenue Source	Original Budget	Budget Ås <u>Amended</u>	Actual	Variance From Amended Positive (Negative)
School Food Service Fund: Revenue from local sources: Revenue from use of money & property Revenue from use of money	: \$ 400	\$ 400	\$ 260	\$ (140)
Charges for services: Cafeteria sales	624,175	624,175	632,101	7,926
Miscellaneous revenue: Miscellaneous revenue				
TOTAL REVENUE FROM LOCAL SOURCES	624,575	624,575	632,361	7,786
Revenue from the government: Categorical aid: Federal funds State funds	\$ 1,046,050 33,765	\$ 1,046,050 33,765	\$ 1,192,201 25,071	\$ 146,151 (8,694)
TOTAL REVENUE FROM THE GOVERNMENT	1,079,815	1,079,815	1,217,272	137,457
TOTAL SCHOOL FOOD SERVICE FUND	\$ 1,704,390	\$ 1,704,390	\$ 1,849,633	\$ 145,243
School Insurance Fund: Charges for services: Insurance premiums			\$ 3,477,870	\$ 3,477,870
Scott County Headstart: Revenue from local sources: Miscellaneous			\$ 12,417	\$ 12,417
Revenue from the federal government: Categorical aid: Headstart grant	\$ 1,230,042	\$ 1,230,042	\$ 1,718,734	\$ 488,692
TOTAL SPECIAL REVENUE FUNDS	\$ 1,230,042	\$ 1,230,042	\$ 1,731,151	\$ 501,109
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	\$ 30,516,108	\$ 30,516,108	\$ 34,959,813	\$ 4,443,705

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For the Year Ended June 30, 2011  Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund: General government administration:				
Legislative:				
Board of supervisors	\$ 370,422	\$ 370,422	\$ 378,476	(8,054)
General & financial administration:				
County administrator	241,269	241,269	195,299	45,970
Legal services & assessment	189,040	189,040	167,726	21,314
Independent auditors report	50,000	50,000	72,000	(22,000)
Commissioner of revenue	234,297	234,297	222,499	11,798
Treasurer	266,624	266,624	236,138	30,486
Info Systems Manager	93,288	93,288	92,646	642
Central accounting	141,319	141,319	139,160	2,159
General assessment	<b>-</b>	<del>-</del>		44,667
Purchasing	87,849	87,849	86,888	961
TOTAL GENERAL & FINANCIAL				
ADMINISTRATION	1,303,686	1,303,686	1,212,356	91,330
Board of elections:				
Electoral board & officials	170,877	170,877	129,253	41,624
TOTAL GENERAL GOVERNMENT				
ADMINISTRATION	1,844,985	1,844,985	1,720,085	124,900
Judicial administration: Courts:				
Clerk of the circuit court	355,613	355,613	385,061	(29,448)
Circuit court	54,935	54,935	51,356	3,579
General district court	9,968	9,968	7,366	2,602
Magistrate	3,100	3,100	3,169	(69)
Lib for VA President	_	-	-	-
Commissioner of Accounts	850	850	-	850
Technology trust fund	7,924	7.924	17,177	(9,253)
Juvenile & domestic relations	330,686	330,686	306,268	24,418
TOTAL COURTS	763,076	763,076	770,397	(7,321)
Commonwealth's attorney:				
Commonwealth's attorney	386,472	386,472	369,154	17,318
TOTAL JUDICIAL ADMINISTRATION	1,149,548	1,149,548	1,139,551	9,997
TOTAL OUDICIAL ADMINISTRATION				
Public safety:				
Law enforcement & traffic control:	2,016,175	2,016,175	2,047,627	(31,452)
Sheriff	17,059	17,059	2,745	14,314
DMV seatbelt grant VAW outreach	15,098	15,098	43,190	(28,092)
Criminal investigation	24,100	24,100	20,953	3,147
Mental Health Transport	12,918	12,918	13,931	(1,013)
Victim witness	43,331	43,331	43,013	318
VA domestic Violense grant	· <del>-</del>	_	39,480	(39,480)
Class Action on VA Laws	120,300	120,300	121,523	(1,223)
E-911 gramt	35,000	35,000	59,947	(24,947)
Traffic safety & accident redution	16,800	16,800	-	16,800
Other law enforcement	-	-	102,748	(102,748)
Recovery act	23,591	23,591	2,797	20,794
Byrne grant	1,325	1,325	- 	1,325
Central dispatcher	577,497	577,497	580,471	(2,974)
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	2,903,194	2,903,194	3,078,425	(175,231)

SCHEDULE 2

Fund, Function, Activities and Elements Fire & rescue services:	Original Budget	Budget Ås Amended	<u> </u>	Variance From Amended Positive (Negative)
Volunteer fire department	\$ 348,500	\$ 348,500	\$ 397,121	\$ (48,621)
Ambulance & rescue services	185,496	185,496	207,185	(21,689)
Southwest Virginia EMS, Inc.	3,203	3,203	3,203	(21,007)
Forest fire service	18,265	18,265	18,265	_
TOTAL FIRE & RESCUE SERVICES	555,464	555,464	625,774	(70,310)
Correction and detention: Sheriff - jail	1,040,026	1,040,026	1,089,710	(49,684)
Inspections:				
Board of building appeals	91,662	91,662	79,279	12,383
Other protection:				
Emergency services	50.469	50.469	24 156	(00 (02)
Medical examiner	600	600	74,156	(23,687)
Federal asset	-	- BUU	300	300
Concealed weapon	8,000	8,000		
Litter control	49,131	•	2,955	5,045
Animal control		49,131	46,426	2,705
	81,624	81,624	77.826	3,798
TOTAL OTHER PROTECTION	189,824	189,824	201,663	(11,839)
TOTAL PUBLIC SAFETY	4,780,170	4,780,170	5,074,851	(294,681)
Public works: Maintenance of highways, streets, Bridges and sidewalks: Road administration	·			-
Sanitation & waste removal:				
Refuse collection	450 200	450 000		
Refuse disposal	458,289	458,289	408,406	49,883
Manned solid waste sites	937,034	937,034	981,365	(44,331)
nonned Solid Mazie Sites	539,521	<u>539,521</u>	504,150	<u>35,371</u>
TOTAL SANITATION & WASTE REMOVAL	1.934.844	1,934,844	1,893,921	40,923
Maintenance of general buildings & grounds:				
General properties	252,092	252,092	201,100	E0 000
Crooked road tech center	48,824	48,824	50,109	50,992
Community service building	141,992	141,992	141,005	(1,285)
• • • • • • • • • • • • • • • • • • • •		131,772	141,005	987
TOTAL MAINTENANCE OF GENERAL PROPERTIES & GROUNDS	442,908	442,908	392,214	50 694
Capital Outlays				
TOTAL PUBLIC WORKS	2,377,752	2,377,752	2,286,135	91,617
Health & welfare: Health: Supplement of local health				
department	241,683	241,683	238,562	3,121
Mental health & mental retardation: Chapter X board	65,404		65,404	
•				<del></del>

For the Year Ended June 30, 2011  Fund, Function, Activities and Elements	Original Budget	Budget As Amended	<u> Actual</u>	Variance From Amended Positive (Negative)
Chate ( length begaits lightion:				
State & local hospitalization: State & local hospitalization	\$ -	\$ -	\$ -	\$ -
Older American program	50,000	50,000	50,00 <b>0</b>	-
Lenowisco disability services	750	750	750	<u>-</u>
TOTAL STATE & LOCAL				
HOSPITALIZATION	50,750	50,750	50,750	
Welfare:	2,038,463	2,038,463	1,913,876	124.587
Welfare administration Public assistance	960,028	960,028	1,269,185	(309,157)
Community service act	700,020	700,020	2,207,200	-
CMPT	968,962	968,962	1,011,861	(42,899)
Other social services	10,000	10,000	10,000	
TOTAL WELFARE	3,977,453	3,977,453	4,204,922	(227,469)
TOTAL HEALTH & WELFARE	4,335,290	4,335,290	4,559,638	(224,348)
Education: Community colleges:				
Contributions to community colleges	25,659	25,659	25,659	
Parks, recreation & cultural: Parks & recreation: Recreation centers & playgrounds Nickelsville recreation Non-park recreation	250.245 - 137,340	250,245 - 137,340	239,728 12,058 145,280	10,517 (12,058) (7,940)
•		202 505	397,066	(9,481)
TOTAL PARKS & RECREATION	387,585	387,585	377,000	(7,401)
Library:				
Lonesome Pine Regional Library	206,444	206,444	206,444	
TOTAL PARK, RECREATION & CULTURAL	594,029	594,029	603,510	(9,481)
Community development: Planning & community development: LENOWISCO	38,424	38,424	38,424	-
Planning district commission	5,000	5,000	5,000	-
Economic Development Authority	211,501	211,501	192,266	19,235
Chamber of commerce	8,000	8,000	8,000	-
Toursin	83,142	83,142 -	73,584 29,492	9,558 (29,492)
Community development general			27,472	(27,472)
TOTAL PLANNING & COMMUNITY DEVELOPMENT	346,067	346,067	346,766	(699)
Environmental management:				
Soil and water conservation district	30,000	30,000	30,000	
Cooperative extension program: VPI extension	73,532	73,532	47,979	25,553
TOTAL COMMUNITY DEVELOPMENT	449,599	449,599	424,745	24,854

Fund, Function, Activities and Elements		riginal Budget		Budget As Amended		Actual		Variance From Amended Positive Negative)
Debt service: Principal retirement Interest & fiscal charges	\$	67,375 —	\$	67,375	\$	65,000 2,875	\$	2,375 (2,875)
TOTAL DEBT SERVICE		67,375		67,375		67,875		(500)
TOTAL GENERAL FUND	\$ 15	.624.407	<u> </u>	5,624,407	\$ 15	5,902,049	\$	(277,642)
Special Revenue Fund: Law Library Fund: Judicial administration: Courts: Law library	\$	11,500	\$	11,500	\$	2,608	\$	8,892
Coal Road Improvement Fund: Public works Maintenance of highways, streets, bridges & sidewalks:								
Coal road	\$	4,000	\$	4,000	\$	2,705		1,295
TOTAL SPECIAL REVENUE FUND	\$	15,500	\$	15,500	\$	5,313	\$	10,187
GRAND TOTAL EXPENDITURES, ALL PRIMARY GOVERNMENTAL FUNDS	\$ 15	<u>,639,907</u>	\$ 15	5,639,907	\$ 15	<u>,907,362</u>	\$	(267,455)
Component unit - school board Special revenue funds: School Operating Fund: Education:								
Administration & health services	\$ 1	399,580	\$ 1	.,399,580	\$ 1	<u>.476.382</u>	_\$_	(76,802)
Instruction costs: Instructional costs	24.	771,054	24	771,054	25	,389,422		(618,368)
Operating costs: Pupil transportation Operation & maintenance of school plant	•	.640,275		,640,275		,595,986 ,752,817		44,289 - (164,746)
TOTAL OPERATING COSTS	6,	228,346	6	.228.346	6	,348,803		(120,457)
TOTAL SCHOOL OPERATING FUND	\$ 32,	398,980	\$ 32	.398,980	\$ 33	,214,607	\$	(815,627)
School Food Service Fund: Education Cafeteria operation	\$ 1.	704,390	\$ 1	,704,390_	\$ 1	. 807 , 992	\$	(103,602)
School Construction Fund: Education								
Construction	\$		<u>\$</u>				<u>\$</u>	
School Health Insurance: Education Insurance cost	\$		\$		\$ 3	862,861	<u>\$</u> (	3,862,861)
Scott County Headstart Fund: Education Instruction costs	<u>\$ 1,</u>	230,042	<u>\$ 1</u>	<u>,230,042</u>	<u>\$ 1</u>	731,151	<u> </u>	(501,109)
GRAND TOTAL EXPENDITURES - COMPONENT UNIT - SCHOOL BOARD	\$ 35,	333.412	\$ 35	,333,412	\$ 40,	616,611	<u>\$ (!</u>	5,283,199)

COUNTY OF SCOTT, VIRGINIA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2011

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE:		
Direct Payments:		
Child and Adult Care Food Program	10.558	\$ 116,998
Water and Waste Disposal Systems for Rural Communitie	10.76	156,034
Pass Through Payments: Virginia Resources Authority Grant/Loan: Capitalization Grants for Drinking Water	66.468	2,552,949
Paga Through Payments:		
Pass Through Payments: State Department of Agriculture:		
Food Distribution - Schools	10.555	170,241
Department of Social Services:	10 561	005 146
Administrative Grant for Food Stamps	10.561	295,146
Department of Education:		
National School Lunch Program (SL-11)	10.555	661,307
National School Breakfast Program (SL-4)	10.553	379,373
AARA - Child Nutrition Discretionary	10.579	151,521
Forest Reserve Funds	10.665	64,325
TOTAL DEPARTMENT OF AGRICULTURE		\$ 4,547,894
DEPARTMENT OF HEALTH & HUMAN SERVICES: Direct Payments: Administration to Children, Youth and Families Head Start	93.600	\$ 1,241,656
Pass Through Payments:		
Department of Social Services: Independent Living	93.674	8,414
Social Service Block Grant	93.667	215,521
Foster Care - Title IV - E	93.658	255,772
ARRA Foster Care - Title IV - E	93.658	11,805
Temporary Assistance to Needy Families	93.558	362,504
Adoption Assistance	93.659	110,996
ARRA Adoption Assistance	93.659 93.596	6,962 59,787
Child Care and Development Fund	93.596	1,144
Child Welfare Services State Children's Insurance Program	93.767	9,191
Chafee Education & Training	93.599	10,961
Family Preservation	93.556	3,304
ARRA - Child Care and Development Block Grant	93.713	2,705
Pass Through Payments:		
State Administered Program:	93.568	22,348
Low - Income Home Energy Assistance Refugee and Entrant Assistance	93.566	532
Payments to State for Child Care Assistance	93.575	32,588
Medicaid Assistance	93.778	174,682
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES:		\$ 2,530,872

COUNTY OF SCOTT, VIRGINIA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2011

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
Pass Through Payments:		
Virginia Department of Housing & Community Developmen		
Community Development Block Grant	14.228	\$ 950,599
DEPARTMENT OF EDUCATION:		
Pass Through Payments:		
Department of Education:		
Title I:		
Educationally Deprived Children's - LEA	84.010	\$ 945,495
ARRA- Title I - Grants to LEA	84.389	221,258
Improving Teacher Quality	84.367	211,555
Title VI-B:		
Assistance to States for Education of Handicapped		
Children:	0.4.005	
Handicapped State Grants (5-E002581) (6-E002585)		857,541
ARRA Special Educationn Grants to States Safe & Drug Free Schools and Communities	84.391	469,167
Title VI-D:	84.186	13,511
Vocational Education:		
Basic Grant to States	84.048	67,852
Education Technology State Grant	84.318	8,565
ARRA Education Technology State Grant	84.386	5,657
Preschool Handicapped	84.173	31,453
Twenty-First Century Community Learning Center	84.287	305,906
State Fiscal Stabilization Fund	84.394	854,871
Education Jobs Fund	84.410	424,836
Gear-Up Programs	84.334	42,399
TOTAL DEPARTMENT OF EDUCATION		\$ 4,460,066
DEPARTMENT OF EMERGENCY MANAGEMENT		
Pass Through Payments:		
Department of Emergency Services:		
State Homeland Security Grant Program	97.073	\$ 13,810
······································	2	10,010
U.S DEPARTMENT OF JUSTICE		
Pass Through Payments:		
Department of Criminal Justice Services:		
Violence Against Woman Grant	16.588	\$ 31,306
DEPARTMENT OF TRANSPORTATION		
Pass Through Payments:		
Department of Motor Vehiles: State and Coummunity Safety	20 601	¢ 15 105
state and Community Salety	20.601	\$ 15,125
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 12,549,672
	:	

<sup>\*</sup> Denotes major program

COUNTY OF SCOTT, VIRGINIA SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2011 SCHEDULE 4 PAGE 1 OF 2

No

# SECTION I. SUMMARY OF AUDIT RESULTS

## FINANCIAL STATEMENTS

Type of auditor's opinion issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Type of auditor's opinion issued on compliance for Federal Awards:	Unqualified
Any findings disclosed that are required to be	
Reported?	No
<b>-</b>	No <u>CFDA</u>
Reported?	

Auditee qualified as low risk?

COUNTY OF SCOTT, VIRGINIA SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2011 SCHEDULE 4 PAGE 2 OF 2

## SECTION II. FINANCIAL STATEMENT FINDINGS:

None Reported

## SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

# PRIOR YEAR FINDINGS:

None Reported.

Statistical Tables

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COUNTY OF SCOTT, VIRGINIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

TABLE 1

Fiscal Year	General Adminis- tration	Judicial Adminis- tration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Develop- ment	Capital Project	Debt Service	Total
2001-02	s 1,205,036	s 778,340	S 3,129,688	S 1,156,478	\$ 3,370,006	\$ 26,636,538	\$ 511,726	\$ 705,797	<b>\$</b> -	\$ 526,763	\$ 38,020,372
2002-03	1,191,607	790,366	2,933,395	1,072,398	3,301,075	28,378,948	485,069	425,897	· -	487,611	39,066,366
2003-04	1,320,752	744,702	3,312,860	1,545,841	3,444,678	29,530,820	521,386	1,131,831	-	482,136	42,035,006
2004-05	1,319,429	775,645	4,163,791	1,310,358	3,452,029	32,996,510	500,342	1,650,751	-	438,264	46,607,119
2005-06	1,276,067	818,881	4,665,028	1,608,541	3,705,025	34,978,514	626,166	329,769	-	420,035	48,428,026
2006-07	1,411,505	1.062.366	4,053,538	2,003,468	3,819,479	40,193,389	575,524	633,755	_	372,209	54,125,233
2007-08	1,688,423	1,215,016	4,218,258	2,596,794	4,445,892	42,568,404	567,446	1,192,484	-	278,804	58,771,521
2008-09	1,715,417	1.232.552	4,505,877	2,771,975	4,541,706	43,518,037	648,707	876,362	-	243,244	60,053,877
2009-10	1,896,713	1,144,923	4,784,534	2,432,311	4,333,286	42,923,626	604,540	420,441	-	176,520	58,716,894
2010-11	1,720,085	1,142,159	5,074,851	2,288,840	4,559,638	40,642,270	603,510	424,745	-	67,875	56,523,973

<sup>(1)</sup> Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfei- tures	Revenues from the Use of Money & Property	Charges for Services	Miscell- aneous	Recovered Costs	Inter- govern- mental	Total
2001-02	\$5,972,730	\$2,960,254	\$ 57,645	\$ 51,772	\$178,379	\$ 772,909	\$225,828	\$ 303,624	\$ 29,053,578	\$39,576,719
2002-03	6,142,036	3,080,337	57,507	2,545	168,942	2,788,377	372,924	34,010	28,222,104	40,868,782
2003-04	6,206,568	3,038,223	65,896	28,493	154,221	2,235,504	351,945	_	30,472,364	42,553,214
2004-05	7,609,147	3,061,142	52,404	40,072	241,053	3,623,291	461,952	254,217	33,352,978	48,696,256
2005-06	7,870,574	3,272,318	51,517	39,128	363,072	2,295,623	485,503	150,254	33,346,999	47,874,988
2006-07	8,134,460	3,093,915	54,294	38,346	440,081	4,086,299	467,481	151,539	38,121,547	54,587,962
2007-08	8,186,961	3,332,751	57,903	85,077	289,442	3,912,939	481,535	199,766	39,401,408	55,947,782
2008-09	9,021,659	3,061,724	66,006	119,118	136,711	4,254,414	967,403	290,161	40,881,401	58,798,597
2009-10	7,845,243	3,119,899	48,642	185,820	101,279	5,323,624	297,840	350,720	40,596,723	57,869,790
2010-11	10,048,135	3,190,210	57,986	139,181	104,685	4,390,092	513,576	145,582	37,484,945	56,074,392

<sup>(1)</sup> Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2001-02	\$ 6,929,953	\$ 6,517,413	94.05%	\$ 209,262	\$ 6,726,675	97.07%	\$ 763,135	11.01%
2002-03	7,180,166	6.702.105	93.34%	169,407	6.871.512	95.70%	919.785	12.81%
2003-04	7,239,551	6,786,819	93.75%	270,900	7,057,719	97.49%	864,872	11.95%
2004-05	8,812,823	8,105,869	91.98%	316,351	8,422,220	95.57%	865,369	9.82%
2005-06	8,995,810	8,496,294	94.45%	296,178	8,792,472	97.74%	859,105	9.55%
2006-07	9,087,515	8,615,034	94.80%	359,802	8,974,836	98.76%	839,089	9.23%
2007-08	9,125,956	7,758,586	85.02%	428,375	8,186,961	89.71%	902,641	9.89%
2008-09	9,181,540	8,521,892	92.82%	499,767	9,021,659	98.26%	1,007,824	10.98%
2009-10	9,347,822	8,745,340	93.55%	835,563	9,580,903	102.49%	1,124,013	12.02%
2010-11	10,021,408	9,463,614	94.43%	342,130	9,805,744	97.85%	781,142	7.79%

<sup>(1)</sup> Exclusive of penalties and interest.

<sup>(2)</sup> Does not include land redemptions.

<sup>(3)</sup> Includes three years taxes.

<sup>(4)</sup> Includes revenue from the commonwealth for personal property tax relief act.

			Public S			
Fiscal Year	Real Estate	Personal Property	Real Estate	Personal Property	Total	
2001-02	\$ 634,246,200	\$ 156,109,462	\$ 59,798,612	\$ 314,147	\$ 850,468,421	
2002-03	658,012,800	170,995,259	63,187,714	653,126	892,848,899	
2003-04	659,413,600	173,108,981	47,952,780	653,126	881,128,487	
2004-05	903,007,200	170,445,802	102,112,811	406,826	1,175,972,639	
2005-06	916,916,750	192,747,069	82,425,959	425,141	1,192,514,919	
2006-07	926,449,800	196,166,314	73,554,085	363,789	1,196,533,988	
2007-08	932,487,800	196,487,615	73,554,085	363,789	1,202,893,289	
2008-09	945,918,300	188,842,338	76,153,851	273,600	1,211,188,089	
2009-10	963,334,181	182,691,109	78,556,795	267,229	1,224,849,314	
2010-11	1,158,959,900	151,617,277	101,854,725	408,747	1,412,840,649	

<sup>(1)</sup> 100% fair market value. (2) Assessed values are established by the State Corporation Commission.

Fiscal Year	Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchants' Capital	
2001-02	\$	0.73	\$	1.40	\$	0.72	\$	0.72	\$	0.72
2002-03		0.73		1.40		0.72		0.72		0.72
2003-04		0.73		1.40		0.72		0.72		0.72
2004-05		0.69		1.40		0.69		0.72		0.72
2005-06		0.69		1.40		0.69		0.72		0.72
2006-07		0.69		1.40		0.69		0.72		0.72
2007-08		0.72		1.40		0.69		0.72		0.72
2008-09		0.72		1.40		0.69		0.72		0.72
2009-10		0.69		1.40		0.69		0.72		0.72
2010-11		0.69		1.40		0.69		0.72		0.72

<sup>(1)</sup> Per \$100 of assessed value.

COUNTY OF SCOTT, VIRGINIA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year	Popula- tion (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt per Capita	
2001-02	23,403	\$ 832,470,839	\$ 2,320,850	0.28%	\$ 99.17	
2002-03	23,403	850,468,421	1,974,830	0.23%	84.38	
2003-04	23,403	892,848,899	1,645,960	0.18%	70.33	
2004-05	23,403	1,175,972,639	1,338,210	0.11%	57.18	
2005-06	23,403	1,192,514,919	1,024,960	0.09%	43.80	
2006-07	23,403	1,196,533,988	707,165	0.06%	30.22	
2007-08	23,403	1,202,893,289	463,165	0.04%	19.79	
2008-09	23,403	1,211,188,089	247,816	0.02%	10.59	
2009-10	23,403	1,224,849,314	80,000	0.01%	3.42	
2009-11	23,177	1,412,840,649	15,000	0.00%	0.65	

<sup>(1)</sup> Bureau of the Census.

<sup>(2)</sup> From Table 4.

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