Comprehensive Annual Financial Report

Botetourt County, Virginia

Fiscal Year Ended
June 30, 2015

COUNTY OF BOTETOURT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

Prepared By:
Department of Financial Services

COUNTY OF BOTETOURT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1-9
GFOA Certificate of Achievement	10
Organizational Chart	11
List of Elected and Appointed Officials	12

FINANCIAL SECTION

Independent Auditors' Report		13-15
Management's Discussion and Analysis		16-32
	Exhibit	**Page**
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	33
Statement of Activities	2	34
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	35
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	36
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	38
Statement of Net Position – Proprietary Funds	7	39
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	8	40
Statement of Cash Flows – Proprietary Funds	9	41
Statement of Fiduciary Net Position – Fiduciary Funds	10	42
Notes to the Financial Statements		43-100
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:		
General Fund	11	101-103
Schedule of OPEB Funding Progress	12	104
Schedule of Components of and Changes in Net Pension Liability and Related Ratios:		
Primary Government	13	105
Component Unit-School Board (nonprofessional)	14	106
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	15	107
Schedule of Employer Contributions	16	108
Notes to Required Supplementary Information	17	109

TABLE OF CONTENTS (CONTINUED)

	Exhibit	Page
Other Supplementary Information:		
Combining Statement of Fiduciary Net Position – Agency Funds	18	110
Combining Statement of Changes in Assets and Liabilities – Agency Funds	19	111
Discretely Presented Component Unit – School Board:		
Balance Sheet	20	112
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	21	113
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	22	114

	Schedule	Page
Supporting Schedules:		
Schedule of Revenues – Budget and Actual - Governmental Funds	1	115-119
Schedule of Expenditures – Budget and Actual - Governmental Funds	2	120-123

STATISTICAL SECTION

	Table	Page
Net Position by Component	1	124
Changes in Net Position	2	125-126
Governmental Activities Tax Revenue By Source	3	127
Fund Balances of Governmental Funds	4	128
Changes in Fund Balances of Governmental Funds	5	129
General Governmental Tax Revenues by Source	6	130
Assessed Value and Estimated Actual Value of Taxable Property	7	131
Property Tax Rates – Direct and Overlapping Governments	8	132
Principal Property Taxpayers	9	133
Property Tax Levies and Collections	10	134
Ratios of Outstanding Debt by Type	11	135
Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capital	12	136
Direct and Overlapping Governmental Activities Debt	13	137
Legal Debt Margin Information	14	138
Pledged – Revenue Coverage	15	139
Demographic and Economic Statistics	16	140
Principal Employers	17	141

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	Table	Page
Full-time Equivalent County Government Employees by Function	18	142
Operating Indicators by Function	19	143
Capital Asset Statistics by Function	20	144

COMPLIANCE SECTION

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	145-146
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	147-148
Schedule of Expenditures of Federal Awards	149-150
Schedule of Findings and Questioned Costs	151-152

INTRODUCTORY SECTION

Botetourt County, Virginia
Board of Supervisors

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

Board of Supervisors
Donald M. Scothorn
Chairman
L. W. Leffel, Jr.
Vice Chairman
Todd L. Dodson
Billy w. Martin. Sr.
John B. Williamson, III

November 30, 2015

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Botetourt County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must establish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Robinson, Farmer, Cox Associates, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of Botetourt County

The County of Botetourt was founded in 1770 and named for Lord Botetourt, Governor of Virginia. After the Revolutionary War, the County's jurisdiction extended to the Mississippi River, encompassing what is now West Virginia, Kentucky, Ohio, Indiana, and part of Illinois. Today, Botetourt County is located along Interstate 81, within easy access to Interstate 64, in the west central portion of Virginia in the Roanoke Valley, between the Blue Ridge and Allegheny Mountains. It is 233 miles southwest of the nation's capital, Washington D.C., 176 miles west of the state capital, Richmond,

and is close to the City of Roanoke. Botetourt County consists of 548 square miles and is part of the Roanoke Metropolitan Statistical Area (MSA). The County of Botetourt is a political subdivision of the Commonwealth of Virginia that is administered by a five member Board of Supervisors and has a County Administrator to oversee its general administration.

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

Local Economics and Demographics

Based upon the U. S. Census Bureau's 2010 census, Botetourt County's population was 33,148, representing a 9% increase since the 2000 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 42% of the jobs in the County, manufacturing 19%, trade 17%, government 14%, construction 7%, and all others 1%. The civilian labor force totals approximately 17,766 (June 2015). With regard to the County domiciled workforce, roughly 25% work for the County's top twenty employers. Unemployment remains below the State average.

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

Botetourt County compares favorably to most Virginia localities economically in the area of fiscal stress, as reported by the Virginia Commission on Local Government. This agency has developed a composite fiscal stress index, which takes into consideration each locality's revenue capacity per capita, the revenue effort, and the magnitude of median adjusted gross income for individuals and married couples. The County's composite index falls into the classification "Below Average Stress" and within a short reach of "Low Stress" for the most recent period reported (2013). The County's ranking was 103 out of 134 localities, placing Botetourt in the lower 25% quartile. This is an indication that on a comparable basis, Botetourt County and its residents continue to experience a relatively low level of fiscal strain, which adds to quality of life in the County for its citizens, and indicates responsible management of the County's financial activities.

The County's Comprehensive Plan provides the framework for managing growth, along with proper zoning and subdivision ordinances. The most recent Comprehensive Plan was last updated in 2011. With respect to building activity, FY15 building permit activity for residential and commercial construction was ahead of FY14 in terms of number of permits (+2%). In terms of total dollar value, FY15's total figure of $37.5 million was 36% greater than FY14's figure, as FY15's permit dollar value

was 6% greater than the average for the previous two years, and 28% greater than the 3 year average value from FY12 to FY14.

With respect to residential building construction, average permit value ($210,000) increased slightly (3%) vs. FY14, the average value slightly exceeded (1.7%) the previous combined two year average. The number of FY15 permits was 16% greater than the number of FY14 permits, and 21% greater than the average for FY13 and FY14. This was the third consecutive year that average residential permit values exceeded $200,000.

Regarding commercial construction, for FY15 the number of permits (95) was slightly more than FY14 permits (94), the average value was 61% greater than FY14, as FY15 commercial building construction included 3 projects that averaged $3.7 million. FY15 is the fourth consecutive year that the number of commercial permits has increased.

Daleville Town Center, a premier residential and commercial development site, continues to expand. On the residential front, multi-style homes are being constructed on River Birch Avenue off of Route 779. The Town Center's retail offerings continue to expand, with a new restaurant and construction of a bank establishment. This is in addition to the existing four (4) apartment buildings totaling 120 units, a parking garage, a clubhouse, and several eateries and specialty shops. The Town Center also has a music pavilion, hosting a variety of concerts and cultural events for all ages.

Orchard Marketplace, a commercial development adjoining Daleville Town Center, continued its business activity with the FY14 construction of the Carilion Clinic Pediatrics Medicine Facility, an 8,400 square foot renovation project that was completed in July 2014.

As highlighted last year, on the economic development front, there were several business expansions announced in 2014 and 2015:

Altec Indstries (transportation equipment)	$ 4.0 million investment
Dynax America Corporation(automotive parts)	$ 32.6 million investment

With respect to business activity at the Botetourt Center At Greenfield, the County's Board of Supervisors approved an option and performance agreement for a planned expansion of Altec Industries. Altec Industries, a provider of products and services primarily for utility and telecommunication businesses, announced a $ 4 million business expansion in 2014/2015 and the creation of 100 jobs (by December 2016) at above average wages. Altec has undergone a number of expansions and the company continues to be one of the largest employers in the County. In September, 2015, Altec exercised an option to purchase 30 acres in Greenfield, as they work on the next phase of their master plan.

Also, the County has prepared for additional business in Greenfield in the form of a construction ready site with power access. The site was submitted by the County for the AEP (American Electric Power) Economic Development Site Certification Program, and was accepted in October 2015. This will assist in the marketing efforts, which will be national and international via print, web, and trade events.

The Botetourt Center at Greenfield successfully competed with all localities in the Roanoke Valley and was chosen by the Greater Roanoke Valley Development Foundation (GRVD), working in conjunction with the Roanoke Regional Partnership, for a public-private shell building project. The County worked closely with the Foundation to design the shell building. Phase 1 will be 100,000 square feet, expandable to 240,000 square feet. As part of this project, a road will be constructed to serve both the shell building and to open up lots for smaller businesses. Both aspects of the project will result in increased product and development opportunities for the Botetourt Center at Greenfield.

In terms of state-wide exposure, the County hosted the Executive Director of the Port of Virginia at Greenfield. The Director toured the Greenfield Education and Training Center, Greenfield business tracts, and Dynax Corporation, one of the County's largest employers. The Director conveyed an appreciation of existing businesses and the prospect of new opportunities in the County.

Botetourt County is utilizing the Greenfield Education and Training Center in support of our existing business, especially small businesses. The County is partnering with several business groups, including the Botetourt Chamber of Commerce, to host a series of workshops and entrepreneur events geared towards teaching local businesses effective and efficient ways to promote their business. The first event took place in January 2015, and one event per month has been held since.

Dynax America Corporation, a subsidiary of Dynax Corporation of Hokkaido, Japan, will invest $32.6 million (as announced by Virginia Governor McAuliffe in October 2014) to expand its automotive components manufacturing operation. Botetourt County successfully competed against China for this project, which will create 75 new advanced manufacturing jobs at an average annual wage of $40,683. Dynax will receive benefits from the Port of Virginia Economic and Infrastructure Development Grant Program, as well as employee training activities through the Virginia Jobs Investment Program. Dynax currently employs 600 workers in the County. Dynax America Corporation is a manufacturer of automatic transmission components, friction disks, mating plates and assemblies.

In terms of business job assistance, the Virginia Jobs Investment Program supported the creation of 27 net new full-time jobs for a combined seven Botetourt companies. With respect to other economic initiatives, in FY15 the County created two business guides: The Beginning Business Guide, and a Guide for Existing Businesses, to assist prospective new businesses and existing County small businesses. In addition, an economic development newsletter was distributed to all existing County businesses.

Public School System

The Botetourt County School System is composed of seven elementary schools serving students in grades kindergarten through fifth grade; two middle schools serving grades six through eight; two high schools serving grades nine through twelve; and a vocational technical school. All schools are accredited by the Virginia State Board of Education. September 30th enrollment over the last three years (September 2013-September 2015) has averaged 4,769 with a small increase (2%) in admissions for the most recent 5 years as compared to the previous 5 years. With respect to academic achievement, the Virginia Department of Education released its listing of public schools that were that were fully accredited for the 2014 – 2015 period. Ten out of eleven of Botetourt

County's public schools were fully accredited, with one school partially accredited. Another notable achievement was the 2015 on-time graduation rates. This rate measures how many students earn a Virginia Board of Education diploma in four years. Botetourt County's on-time graduation rate of 95.8% was 6% better than the average graduation rate of seven other counties in the region, and exceeded the State average of 90.5%.

The County's CTE Program (Career and Technical Education) is a flourishing career-oriented program that begins its foundation with the use of an Academic Career Plan, which receives updates and follows students through their middle school years. This is a credentialing initiative for high school students that has grown significantly, including workplace readiness skills that focuses on personal, professional, and technology knowledge and skills. Of the 383 graduating students (class of 2015), 346 students, or 90% earned at least one CTE credential.

Further, with respect to the CTE Program, an advanced welding lab opened in August 2015. The lab will serve as a state-of-the-art training facility for both high school students and local industries. The lab's resources will develop potential employees with the skill sets required by current and future advanced manufacturing facilities. The creation of the lab was a partnering effort with the school system, a local community college, the Botetourt County Public Schools Education Foundation, County business partners, and grant funding.

The County's STEM-H Academy (Science, Technology, Engineering, Mathematics, Healthcare) is an initiative that came to fruition in the 2013 – 2014 school year. STEM-H incorporates programs that teach independent innovation and greater exploration of learning content as a means of preparing students for opportunities in these fields, which represent the fastest growing career areas. Current enrollment of this program totals 136 students for the 2015-2016 school year. The program utilizes both the Greenfield Education and Training Center and Virginia Western Community College (see note below) as classroom sites. Enrollment is based on a competitive application process.

The County's School Board places a high value on continuing education and use of management practices to increase the skill level and teaching proficiency of its professional teaching base. The County school system continues to be a valuable element in efforts to attract and retain quality business concerns, and providing those businesses with an educated and skilled employment base.

Higher Education

Two community colleges offer a wide spectrum of education for numerous degrees, as well as adult education programs. In addition, the community colleges operate an in-County education and training center, which supports workforce training for businesses and residents. The County, along with five other regional localities, participates in a CCAP (Community College Access Program) initiative through Virginia Western Community College. This program makes attending college a reality for a selected, qualified group of public school students that have financial challenges. Also, Virginia Western Community College recently announced a $33 million investment planned for a STEM-H capital outlay project, with construction to tentatively begin in 2016. These community colleges are presenting viable alternatives to four-year institutions and continue to experience increases in attendance. There are also numerous four-year colleges in the near vicinity of Botetourt County including Virginia Tech.

Long-Term Financial Planning and Policies

With respect to long-term financial planning, Botetourt County utilizes a five-year capital improvement plan for the Primary Government and its related components. This tool assists in identifying potential funding requirements on the horizon for capital spending and associated operating costs. Consideration for future levels of revenues and expenditures is an element in the annual budget process and assists in the projection of fund balance levels for the current budget year and for outgoing years as well.

The County's financial policies play a significant role in the development of the annual budget and consideration of ongoing operations. A Fund Balance Policy is utilized to assist in determining the ability to adequately cover proposed budgeted expenditures as well as identifying proper levels of unassigned fund balance. Strategic use of this policy is part of the annual budget process and is used to assist in right-sizing budgeted expenditures given certain levels of projected revenues.

Major Initiatives and Goals

In 2014, the Botetourt County Board of Supervisors made a decision to enhance their long-term planning outlook with a strategic planning process. In November 2014, key historical and current data for the Board's areas of interest was presented to the Board by County staff. In December 2014, the facilitator led the Board through a visioning session, and the Board adopted a Vision Statement projected to the year 2040. The Vision statement is sub-titled "Honoring Our History, Enjoying the Present and Shaping the Future": Key elements contained in the Vision statement are as follows:

Thriving Business Environment
Botetourt Cool Experience
Ample & Reliable Infrastructure & Facilities
Lifelong Learning Excellence
The Gateway Center (Exit 150)
Responsible Governance
Responsive Government
Strategic Land Use

In January 2015, work plans were developed to begin implementing the goals identified for each of the 8 key elements. Several of the goals have already been completed, and while some of the goals have a multiyear timeline, staff is actively working on 19 of the 42 goals. The Strategic Plan will be a driving component of the County FY17 budget process.

Current and Future Initiatives

The Virginia Department of Transportation awarded a contract in the Spring of 2015 for construction work with respect to long-awaited changes to Interstate 81, at Exit 150. This construction will take place in various stages. A large truck stop has been eliminated, and work involving a new road has begun that will be accessed through a planned roundabout traffic flow. Other improvements in traffic flow will be realized, and when completed, there will be economic expansion opportunities for the nearby area. Completion of the project is targeted for 2017.

Internally, with respect to the Exit 150 Project, also referred to as the Gateway Center Project, there is a steering committee consisting of County staff, elected and appointed officials, County business

leaders, and area property owners. The committee works in concert with project consultants, RKG Associates, who were hired to provide an economic feasibility and land use perspective. The Board of Supervisors receives updates regarding the opportunities and challenges identified by the consultants. Community workshops were provided to the citizens and interested parties to share information and receive feedback. This project is considered a significant economic development opportunity, with far-reaching impact to the Exit 150 and surrounding area. The study will be released in November 2015.

The Weldon Cooper Center for Public Service is currently developing an Agricultural Economic Development Study for the County. The process started last spring with an inventory of farming and related resources as a means of measuring the economic impact of agriculture in the County. Next, the consultant utilized focus groups representing all aspects of agriculture in the County for their input. Agriculture has been a significant part of the County's history, and future land use will be a part of the County's strategic planning process going forward. The study and its potential identified opportunities will be released in November 2015.

The County is considering a utility-scale wind energy project. The process has included a public forum on a proposed ordinance, as proposed regulations and text amendments were shared with citizens and interested parties. The ordinance is in place and Apex Development has submitted an application for a special exceptions permit. The project will be reviewed by the County Planning Commission and the Board of Supervisors in early 2016.

In appreciation of the County's historic past, the Colonel William Preston Memorial (Phase 1) was dedicated in September 2015. This project is a joint venture between the Fincastle Resolutions Chapter, Sons of the American Revolution and the Botetourt County Board of Supervisors. The memorial is next to the Greenfield Education and Training Center, on property once owned by Colonel Preston, a Revolutionary War hero cited as the most significant founder and leader of Botetourt County.

On the public safety front, in June 2015, the Department of Fire & EMS and the Sheriff's Office launched a new CodeRed Notification System, which allows the County to communicate with residents and County personnel by sending all forms of communication, including application messages, in an effort to effectively inform residents of emergencies as a means of protecting life and property.

With respect to planned capital improvement projects (CIP), the FY16 County Budget is heavily invested in Technology Services projects, as nearly 75% of the CIP is apportioned to this area. The largest dollar project ($621,000) is for the purchase of a County-wide communications system which will include an integrated phone system and related equipment and services. Also, $100,000 is included for the continuing implementation of a new enterprise software ERP system. The total General Fund capital projects budget is $1,098,000.

The County has recreation and tourism programs that highlight Botetourt County as a destination for sporting activities and cultural events. The tourism effort takes advantage of grant funds and partnerships to leverage the County's investment. With an expanding use of social media and conventional means of advertising, the promotion of tourism offerings is far reaching. Waterway,

hiking, biking and wine trails are preferred tourist sites that take advantage of the Country's natural setting. Recreation and tourism play a large role in the strategic planning goals and objectives for the County.

With respect to greenways, trails and waterways, Daleville Greenway received $476,000 in grant funding through a Virginia Department of Transportation (VDOT) local assistance program. This 3 mile greenway will connect Greenfield Recreation Park to Daleville Town Center, and points in between. The James River plays a prominent role in waterway recreation activities. The Glen Wilton Public Boating Access Site is the third newly developed access site. A 10 year lease agreement was reached with the landowner, and will include ramps, parking, and a kiosk. The project was funded by grants reimbursements, in-kind work and donations. This brings to nine the number of access sites along 45 miles. There also is a new navigation / mile marker system along the James River in the County, and efforts are being made to receive approval to hang signs on bridge abutments.

Botetourt County Tourism's "What's Your Bot-E-Type" campaign was a 2015 VIRGO award winner, as announced by the Virginia Association of Convention and Visitor's Bureau. The program provides several options to County citizens and tourists in exploring the numerous offerings of attractions and interests that the County has to offer. The Tourism Office was a dual winner for entries regarding advertising and promotions, and print and advertising and promotions. The Bot-e-Type campaign also won a 2014 VaCo (Virginia Association of Counties) achievement award.

Regional initiatives assist the tourism marketing efforts as well. A Fields of Gold Agri-tourism Program won a Community Economic Development Award in July 2015, as awarded by the Southern Economic Development Council. Botetourt County was part of an eight-county, five-city Shenandoah Valley Partnership in the submission process. The establishment of the Virginia Mountain Tourism Region has been recognized by the Virginia Tourism Corporation. This region will become official on January 1, 2016, and includes the Virginia Western Highlands, Virginia's Blue Ridge, and Bedford County.

Citizen participation in general County recreation programs has increased 23% when comparted to 2010, and continues to grow annually despite other offerings by church, travel club, and for-profit providers. This increase includes the offering of post-season playoffs for the various sports programs (begun in FY14). Demand for athletic facilities continues to steadily increase due to travel club participation and the lack of their own athletic venues. FY15 Recreation permits increased 32% compared to a year ago.

In 2014, the County developed a disc golf course featuring 18 holes with various tee boxes for each hole. The course in 2014 was ranked 20th in the world out of over 5,000 courses, and ranked 2nd in the state by Disc Golf Couse Review.

The Botetourt Sports Complex continues to represent the County as a first-class destination site for regional and national softball tournaments. Teams playing at the Sports Complex this most recent season totaled 784, which represented a 5% increase over the prior season. The Complex has just completed its ninth year of operations, and has established itself as a premier travel sports venue with the booking of prestigious national tournaments for outlying years. The Botetourt Sports Complex was chosen as the Amateur Softball Association's 2012 Complex of the year. The Complex

is also used for school and local sports activities. There is a current expansion project at the Complex that will add two new fields to the four existing fields.

With respect to enterprise activity, on July 1, 2015 the County transferred its water and sewer operations to the Western Virginia Water Authority. The Water Authority welcomed all existing employees of the County Utility Department. The County is now an active participating member of the regional Authority. This initiative will guarantee the citizens and the business community access to quality water and will greatly improve the County's ability to market the Botetourt Center at Greenfield for all businesses.

Finally, Botetourt County continues to maintain AA bond ratings with all three rating agencies, Fitch Ratings, Moody's, and Standard & Poor's. Currently, Botetourt County remains the highest rated county in Virginia for its population size. It is believed that these ratings reflect proper continued executive management, support staff, and financial practices which will assist the County to move forward and meet future fiscal challenges.

Acknowledgements

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

Respectfully submitted,

Kathleen D. Guzi
County Administrator

Anthony G. Zerrilla
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

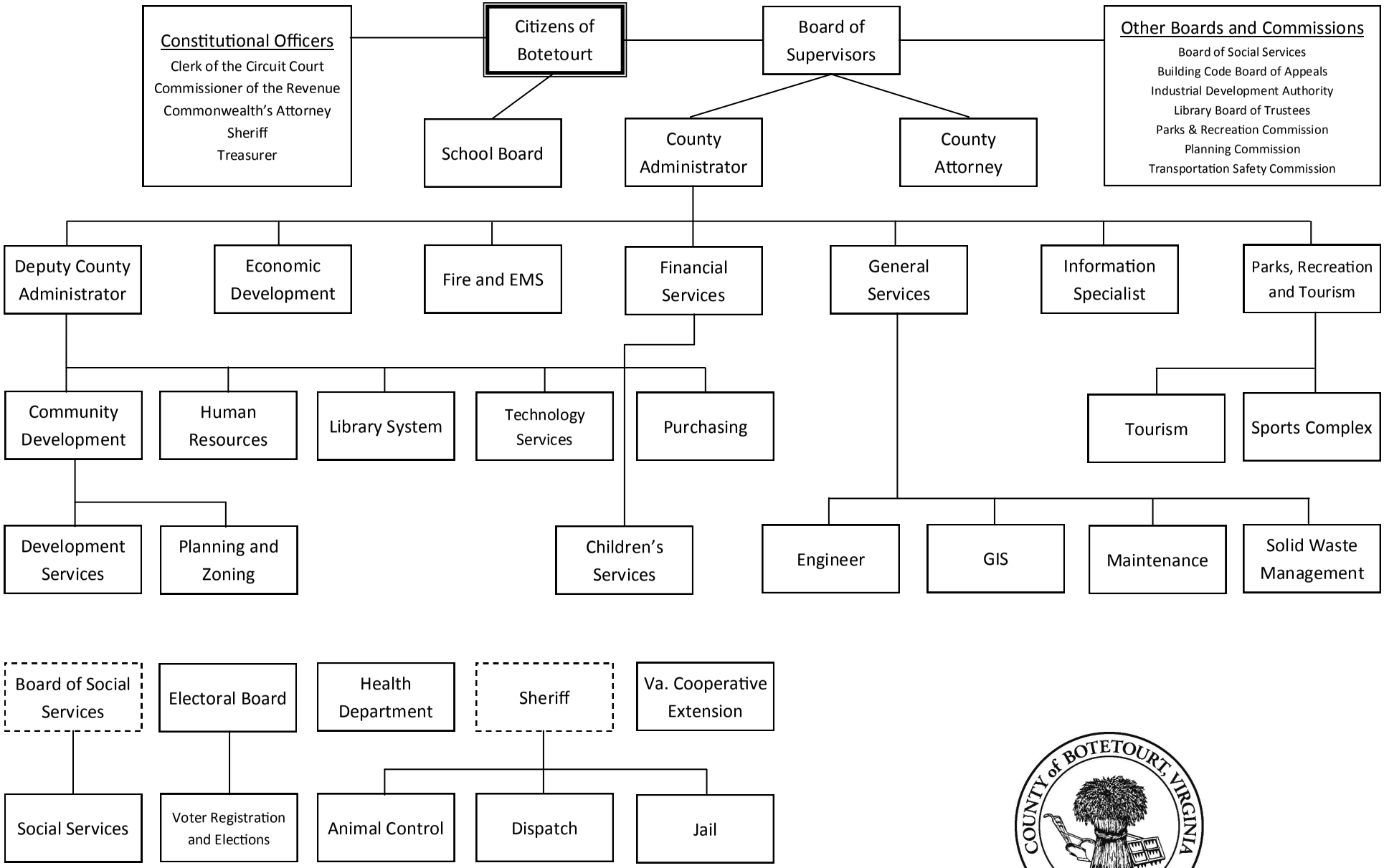
Presented to

County of Botetourt Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



Organizational Chart

Updated July 2015

COUNTY OF BOTETOURT, VIRGINIA

BOARD OF SUPERVISORS

Dr. Donald M. (Mac) Scothorn, Chair

L.W. (Jack) Leffel, Vice Chair
Billy W. Martin, Sr.
Todd L. Dodson
John B. Williamson, III

COUNTY SCHOOL BOARD

Ruth E. Wallace, Chair

Kathy Graham Sullivan, Vice Chair
Scott Swortzel, Jr.
Michael Beahm
John Alderson

SOCIAL SERVICES BOARD

Donna Henderson, Chair

Joseph Obenshain, Vice Chair
Billy W. Martin, Sr.
Jan E. Smith
William Burleson

OTHER OFFICIALS

Judge of the Circuit Court ..... Malfourd Trumbo
Clerk of the Circuit Court ..... Tommy L. Moore
Judge of the General District Court ..... William Harrison Cleaveland
Judge of the Juvenile & Domestic Relations Court ..... Paul A. Tucker
Commonwealth's Attorney ..... Joel R. Branscom
Commissioner of the Revenue ..... Rodney Spickard
Treasurer ..... William P. Arney
Sheriff ..... Ronald N. Sprinkle
Superintendent of Schools ..... Anthony Brads
Director of Social Services ..... Penny Hall
County Administrator ..... Kathleen D. Guzi
County Attorney ..... Michael W. S. Lockaby

FINANCIAL SECTION

Independent Auditors' Report

The Honorable Members of the Board of Supervisors
County of Botetourt, Virginia
Fincastle, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 24 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 16-32, 101-103, and 104-109, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Botetourt, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the County of Botetourt, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the County of Botetourt, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 16, 2015

The following is a narrative overview and analysis of the financial activities of the County of Botetourt, Virginia for the fiscal year ended June 30, 2015. This narrative is included to provide insights as to financial results of operation for the above-mentioned fiscal year, and, in certain cases, provide comparative comments as they relate to the prior fiscal year. In addition, comments are included which address the economic factors considered in developing Botetourt County's budget for the fiscal year ending June 30, 2016.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of the County of Botetourt, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $50,999,192 (net position). Of this amount, $13,655,336 is unrestricted and may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was a deficit of $28,508,165 (See Exhibit 1); due primarily to the recording of a net pension liability, in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement became effective for Botetourt County with the fiscal year ended June 30, 2015. The amount of the net pension liability recorded in FY15 for the School Board was $45,591,529 (see Note 8).

The Government's net position for governmental activities increased by $4,845,372, which was primarily due to a transfer of approximately $ 3 million from the Enterprise Fund, which will cease operations as interest in these operations was transferred to Western Virginia Water Authority on July 1, 2015. Excluding this transfer, general revenues exceeded expenses (net of program revenues) by $1,869,546. This was due in large part to a $1 million increase in general property taxes and other local taxes combined. The level of revenues excluding the $3 million transfer increased $1 million compared to FY14, while net expenses increased $105,000 (2%). It should be noted that beginning net position was reduced by $5.3 million due to the recognition of $6.7 million of net pension liability at July 1, 2014, and related deferred outflows of resources in accordance with the adoption of the aforementioned GASB 68 (please see Note 24 in the notes to financial statements section).

The School Board's net position was a deficit of $28,508,165 (See Exhibit 1).This was due primarily to the recording of a net pension liability in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement became effective for Botetourt County with the fiscal year ended June 30, 2015. The amount of net pension liability for FY15 for the School Board was $45,591,529 (See Note 8). As was the case with the primary government, beginning net position was restated; the School beginning net position was adjusted to a deficit of $28,178,307 (See Note 24 in the notes to financial statements). FY15 operations for the School Board yielded net expenses (net of program revenues) exceeding revenues by $329,858.

Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was $24,807,003 or 45 percent of total general fund expenditures (See Exhibit 3). This amount includes taxes and accounts receivable reflected in the fiscal year 2015 budget as well as funds allocated to the School Board and County capital improvement projects for fiscal year 2015.

As of the close of the current fiscal year, the County's governmental fund reported an ending fund balance of $24,807,003, which is an increase of $5,011,861 (25%) versus ending fund balance for fiscal year ended June 30, 2014. A $2.2 million decrease in fund balance was budgeted, due primarily to a) cost increases in County operations, b) the need for additional investment in capital projects, c) planning for a negative impact regarding construction at the Interstate 81 Exit 150 area (for which construction was delayed), and d) not budgeting for the possibility of the transfer of operations of Enterprise activity (water & sewer), which resulted in a $3 million transfer of funds to the general fund. After accounting for assigned fund balance ($1,300,957) for budgeted use in subsequent years, unassigned fund balance is $22,478,701, which is 91% of total fund balance at 6/30/15. (See Exhibit 3). This represents a $4.2 million (23%) increase in unassigned fund balance vs. FY14.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental funds

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to the financial statements

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

(Remaining portion of this page left blank intentionally)

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Botetourt, assets and deferred outflows exceeded liabilities and deferred inflows by $50,999,192 at the end of the fiscal year. The County's net position is divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

County of Botetourt's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 26,798,200	$ 21,955,045	$ 1,318,065	$ 4,132,088	$ 28,116,265	$ 26,087,133
Capital assets	68,117,450	71,263,149	18,903,158	19,278,573	87,020,608	90,541,722
Deferred outflows of resources	2,168,925	-	126,478	95,906	2,295,403	95,906
Total assets and deferred outflows	$ 97,084,575	$ 93,218,194	$ 20,347,701	$ 23,506,567	$ 117,432,276	$ 116,724,761
Long-term liabilities	$ 42,312,237	$ 39,938,124	$ 9,103,025	$ 9,217,418	$ 51,415,262	$ 49,155,542
Other liabilities	1,354,435	1,643,451	92,136	293,055	1,446,571	1,936,506
Deferred inflows of resources	2,418,711	154,904	68,975	-	2,487,686	154,904
Total liabilities and deferred inflows	$ 46,085,383	$ 41,736,479	$ 9,264,136	$ 9,510,473	$ 55,349,519	$ 51,246,952
Net position:						
Net investment in capital assets	$ 37,094,464	$ 37,238,281	$ 10,039,266	$ 10,222,456	$ 47,133,730	$ 47,460,737
Restricted	249,392	285,943	-	-	249,392	285,943
Unrestricted	13,655,336	13,957,491	1,044,299	3,773,638	14,699,635	17,731,129
Total net position	$ 50,999,192	$ 51,481,715	$ 11,083,565	$ 13,996,094	$ 62,082,757	$ 65,477,809

Note: FY14 figures shown in this table were unadjusted for the impact of GASB 68.

For the County's governmental activities, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 73 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. For governmental activities, these assets represent less than 1% of total net position. The remaining balance of unrestricted net position, which is $13,655,336 or 27% of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the government's net position increased $4,845,372. Total assets and deferred outflows increased $3,866,381 (4%) due in to a large part to a $4.8 million (22%) increase in current and other assets, which was assisted by a $3 million transfer of funds from business-type activities, as previously discussed. With respect to total liabilities, and deferred inflows, there was a $ 4.3 million (10%) increase due to a $2.4 million (6%) increase in long term liabilities. There was a $3.8 million increase due to the recording of a net pension liability for FY15. The other notable increase in long-term liabilities related to a capital lease for telecommunications equipment ($526,000). The County's estimated landfill closure / post-closure liability increased $188,000 (Note 16). Capital assets net of related debt decreased approximately $144,000 (0.4%); however, these assets have increased $9.4 million (34%) since FY09.

Changes in Net Position:

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

County of Botetourt's Changes in Net Position

	Governmental activities		Business-type activities		Total	
Revenues:	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	$ 1,205,963	$ 1,174,169	$ 3,001,021	$ 3,270,261	$ 4,206,984	$ 4,444,430
Operating grants & contributions	6,788,151	6,753,916	-	-	6,788,151	6,753,916
General revenues:						
General property taxes	33,933,251	33,063,716	-	-	33,933,251	33,063,716
Other local taxes	6,950,421	6,818,811	-	-	6,950,421	6,818,811
Use of money and property	477,777	369,202	14,303	15,320	492,080	384,522
Other	195,928	221,521	-	-	195,928	221,521
Grants and contributions not restricted to specific programs	4,636,128	4,653,193	-	-	4,636,128	4,653,193
Total revenues	$ 54,187,619	$ 53,054,528	$ 3,015,324	$ 3,285,581	$ 57,202,943	$ 56,340,109
Expenses:						
General government	$ 3,352,349	$ 3,258,654	$ -	$ -	$ 3,352,349	$ 3,258,654
Judicial administration	1,359,135	1,421,543	-	-	1,359,135	1,421,543
Public safety	13,795,657	14,178,649	-	-	13,795,657	14,178,649
Public works	1,937,224	2,010,971	-	-	1,937,224	2,010,971
Health and welfare	3,343,542	3,415,997	-	-	3,343,542	3,415,997
Education	23,089,557	22,911,062	-	-	23,089,557	22,911,062
Parks, recreation and cultural	3,167,746	3,194,559	-	-	3,167,746	3,194,559
Community development	1,042,460	246,185	-	-	1,042,460	246,185
Interest on long-term debt	1,230,403	1,509,639	-	-	1,230,403	1,509,639
Water and sewer	-	-	2,789,595	2,883,325	2,789,595	2,883,325
Total expense	$ 52,318,073	$ 52,147,259	$ 2,789,595	$ 2,883,325	$ 55,107,668	$ 55,030,584

County of Botetourt's Changes in Net Position (Continued)

	Governmental activities		Business-type activities		Total	
Excess (deficiency) of revenues over (under) expenses	$ 1,869,546	$ 907,269	$ 225,729	$ 402,256	$ 2,095,275	$ 1,309,525
Transfers in (out)	$ 2,975,826	$ 17,989	$ (2,975,826)	$ (17,989)	$ -	$ -
Increase (decrease) in net position	$ 4,845,372	$ 925,258	$ (2,750,097)	$ 384,267	$ 2,095,275	$ 1,309,525
Net position, July 1, 2014	46,153,820	50,556,457	13,833,662	13,611,827	59,987,482	64,168,284
Net position, June 30, 2015	$ 50,999,192	$ 51,481,715	$ 11,083,565	$ 13,996,094	$ 62,082,757	$ 65,477,809

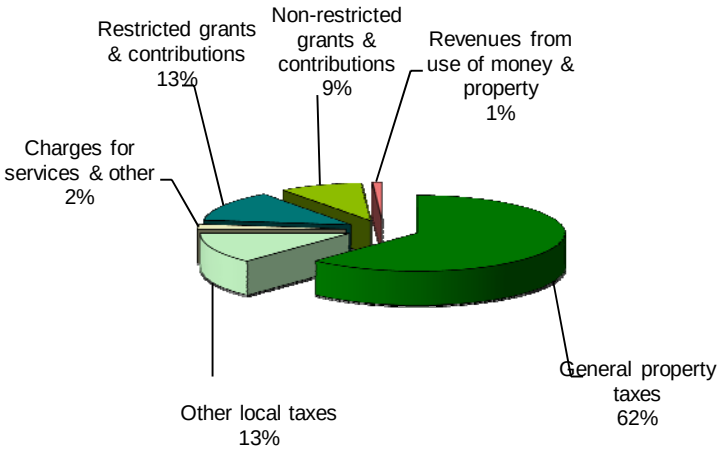
Note: FY14 figures shown in this table were unadjusted for the impact of GASB 68.

Governmental Activities

Governmental activities increased the County's net position by $4,845,372. Key elements relating to FY15 activities as compared to the prior year (FY14) will be discussed below.

The following chart provides a breakdown of the various FY15 revenue components. The largest source is general property taxes ($33.9 million), which accounts for 62% of total governmental revenues ($54.2 million).

Governmental Activities – Revenues by Source
For the Fiscal Year Ended June 30, 2015



- Revenues: General property taxes increased $870,000 (3%).The largest contributor to this increase was Machinery & Tools taxes, which increased $320,000 (11%). Real Property taxes increased

$257,000 (1%) as a result of nominal growth. Personal Property taxes increase $189,000 (4%). Other Local taxes increased $132,000 (2%) as a result of a $163,000 (6%) increase in sales and use taxes.

- Revenues: Unrestricted revenues from the use of money and property increased $109,000 (29%) due primarily to an increase in income from cell tower sites as a result of new locators at tower sites. In addition, revenues from the Use of Money continue to decrease due to low rates of return on funds invested.

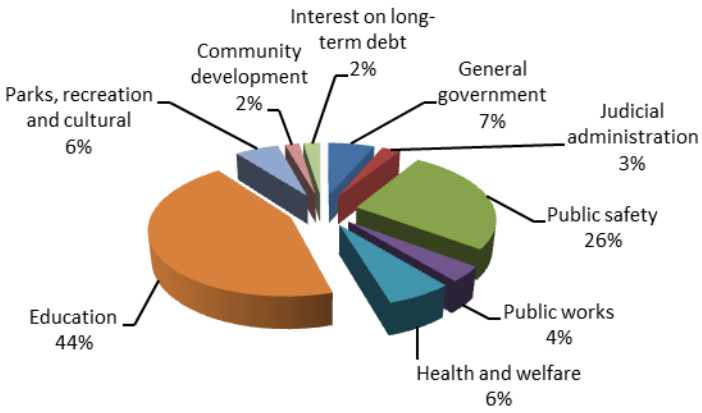
- Revenues: Charges for Services increased $32,000 (3%) due to an increase in Public Safety charges.

- Revenues: Operating Grants and Contributions increased $34,000 (1%) due primarily to a $24,000(1%) increase in Public Safety grants.

- Overall, revenues for governmental activities increased 1,133,000 (2%).

The following chart reflects the distribution of FY15 governmental expenditures. As shown, education expenditures account for 44% of total expenditures, and when combined with public safety, expenditures for these two categories are 71% of total expenditures of $52.3 million.

Governmental Activities – Expenditures by Function
For the Fiscal Year Ended June 30, 2015



- Expenses: General Government Administration expenses totaling $3,352,000 increased $94,000 (3%) vs. FY14. On a departmental basis, Assessor expenditures of $199,000 were incurred, as FY15 was the initial year of a real estate reassessment cycle. The Deputy County Administrator area increased approximately $80,000 (25%) due in large part to a) an Economic Development Manager being on staff for a full year, b) an additional Human Resources hire, and c) associated benefits for the two positions With the exception of minor increases in two departments, all other departments in General Government Administration experienced varying degrees of decreases in annual expenditures vs. FY14.

- Expenses: Judicial Administration expenditures decreased $62,000 (4%). This was primarily due to a $55,000 reduction in expense relating to GASB 68 adjustments to pension expense.

- Expenses: Public Safety expenditures decreased $383,000 (3%), due primarily to a $374,000 reduction in pension expense related to the implementation of GASB 68. Excluding this adjustment, Public Safety Expenditures decreased $9,000. Activities relating to this area (A through E) excluding the GASB 68 adjustment are as follows:

- A) Fire and Rescue services decreased $390,000 (18%) due to the non-recurrence of an FY14 capital outlay purchase of a used fire truck ($446,000).

- B) Correction and Detention expenditures increased $166,000 (5%) due to increased costs reflected in part-time wages, hospital and medical costs, food supplies, professional services, and repairs.

- C) Sheriff's Department expenditures increased $34,000 (1%) due specifically to an increase in hospital and medical costs.

- D) Dispatch expenditures increased $64,000 (9%) due primarily to an increase in wages and benefits costs.

- E) Emergency Services expenses increased slightly ($19,000, 1%) due to an increase in hospital and medical costs, with that increase partially offset by a reduction in other operating expenses.

- Expenses: Public Works expenditures decreased $74,000 (4%), with a reduction in net pension expense accounting for $29,000 of the decrease. The majority of the balance of the decrease was reflected in Maintenance department results, due to reduced costs for repairs and capital outlay purchases.

- Expenses: Community Development costs increased $796,000 (323%) due to the recording of a loss of $837,000 regarding the sale of land at Greenfield Industrial Park. The land was transferred to an existing company in the Park for business expansion purposes.

- Expenses: Interest on Long-Term Debt decreased $279,000 (18%) due to a combination of a refinancing of the debt for the Public Safety Building, and reductions in debt service payments for ongoing debt.

- Expenses: Health & Welfare expenses decreased $72,000 (2%) due to a) a $35,000 expense reduction relating to GASB 68, and b) reductions in Welfare program costs and a reduction in Comprehensive Services Act activity.

- Expenses: Parks, Recreation and Cultural expenses decreased $27,000 (1%), due specifically to a GASB 68 adjustment, which reflected a $58,000 decrease for this function. Parks and Recreation, Botetourt Sports Complex, and Tourism areas all reflected operational reductions without regard to the GASB 68 adjustment.

- Expenses: Education expenses increased $178,000 (1%) vs. FY14 results. This increase was supported by County contributions to the School Board, which supported operational requirements.

- Overall, for reasons cited above, expenditures for governmental activities increased $171,000 (0.3%). When the $648,000 GASB 68 adjustment to pension expense is excluded, expenditures for governmental activities would have increased $819,000 (2%).

Business-type Activities

Business-type activities before transfers increased the County's net position by $225,729 (2%). This activity is comprised of Water and Sewer revenues and expenses. Key elements of FY15 water and sewer activity are as follows:

- Total revenues decreased $270,000 (8%) as direct water revenues decreased $140,000 (11%) and direct sewer revenues decreased $124,000 (7%). There was reduction in these revenues due in part to water recycling efforts of one of the County's largest consumers of water and sewer services. Connection fees of $144,000 were $11,000 (8%) greater than in FY14.

- While total revenues decreased 8%, total operating expenses decreased $94,000 (3%).This was due to decreases in personnel and contractual services and decreases in utilities, office expenses and repair costs.

- There was a funds transfer in the amount of $ 2,975,826 to the County General Fund at the end of the fiscal year, representing operational and reserve balances. This was done in anticipation of the County transferring the remaining interest in the water and sewer operations to the Western Virginia Water Authority, which became effective July 1, 2015. Including this transfer, Business-type net position for FY15 decreased $2,750,597 compared to an increase in net position of $384,267 for FY14.

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements.

In comparing unassigned fund balances as a percentage of governmental fund expenditures, it can be noted that FY15's figure of 41% reflects an increase vs. FY14's figure of 33%. This increase was assisted by a $3 million transfer of funds from the County's Enterprise Fund as part of the process in transferring the operation of the County's water and sewer activities to the Western Virginia Water Authority. Excluding this transfer, FY15 unassigned fund balance as a percentage of governmental fund expenditures was 35%.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of $24,807,003, an increase of $5,011,861 (25%) versus the prior year. FY15 revenues increased $1.3 million (2%), while FY15 expenditures were $583,000 (1%) less than FY14 expenditures (Exhibit 5). When compared to FY14, the FY15

unassigned portion ($22,478,701) of ending fund balance represents a $4.2 million (23%) increase. Unassigned fund balance provides significant flexibility with respect to future discretionary spending.

As previously stated, the County's governmental fund balance increased by $5,011,861. Fiscal Year 2015 operational highlights include the following:

- Revenues: (A) General property taxes increased $865,000 (3%) due to growth, as tax rates did not change. Machinery & tools taxes experienced a $320,000 (11%) increase, and personal property taxes increased $189,000 (4%). B) Other local taxes increased $132,000 (2%) due to an increase ($163,000, 6%) in local sales and use taxes. (C) Revenues from the use of money and property increased $109,000 (29%) due to new locating entities utilizing County cell towers.(D) Recovered costs increased $172,000 (12%) due primarily to a) a $100,000 (12%) increase in the Emergency Services Cost Recovery Program, and b) an increase ($31,000, 45%) in collection fees by the Treasurer.

- FY14 revenues from the State increased $278,000 (3%) due primarily to a) $150,000 in the form of an E-911 Grant, b) $70,000 in property seizure funds, and c) additional emergency services grant funds.

- Federal revenues totaled $917,000, which represented a $261,000 (22%) decrease, due in large part to the non-recurrence of receipts from FY14: a) Asset forfeiture funds ($201,000), and b) a $47,000 firefighting assistance grant

- These subject revenues are shown in Schedule 1.

- Expenditures: The majority of expenditure categories experienced decreased costs vs. FY14, despite an increase in healthcare costs pertaining to self-insured hospital and medical costs. There were no standard employee raises provided by the County in FY15.

- General Government Administration's costs for FY15 increased $187,000 (5%). There were expenses totaling $199,000 for Assessor services in FY15 that did not occur in FY14 due to the beginning of the County's real estate reassessment cycle. Nearly all other departments in this function realized cost savings vs. FY14. A hiring of a human resources staff person was absorbed by cost savings in other departments.

- Public Safety costs were $122,000 (1%) less than FY14 costs. Volunteer Fire & Rescue capital outlays for FY14 included the purchase of a $446,000 used fire truck and these costs did not recur in FY15. Sheriff Department costs were in line with FY14. Correction & Detention costs for FY15 were $166,000 (5%) greater than FY14 due to increases in hospital & medical costs, food supplies and services, and professional services. Development Services had $50,000 of expenses relating to a development study that did not occur in FY14.

- Public Works costs of $1,736,000 were slightly ($3,000) under FY14 costs. Increased costs in Refuse Disposal due to a) recycling costs and capital outlay costs were offset by savings in the General Services and Maintenance departments.

- Parks, Recreation, and Cultural expenses were $67,000 (2%) less than FY14. Each component of this expense (Parks & Recreation, Supervision, Sports Complex, and Tourism experienced costs

decreases when compared to last fiscal year, including a $64,000 decrease in capital outlays for the Sports Complex. Library expenses increased $51,000 (5%) due to increases in hospital and medical and capital outlay costs.

- Health and Welfare costs of $3,461,000 were only $2,000 greater than in FY14. Welfare and administration programs and Comprehensive Services Act costs comprise 75% of these costs.

- Judicial costs of $1,418,000 were approximately $2,000 less than costs incurred in FY14. An increase in the Commonwealth's Attorney area was offset by decreased costs in the Clerk of the Circuit Court Department.

- Community Development costs decreased $32,000 (13%) due to a reduction in industrial development costs.

- Education expense of $ 21,964,000 experienced a $179,000 (1%) increase due to increased contributions to the County School Board.

- Debt Service costs decreased $71,000 (2%), as an increase in principal retirement costs were more than offset by a reduction in interest and other charges.

- Capital Projects – Spending ($122,000) for capital projects was significantly less ($654,000) than last year. This was due to FY14 spending for a) $269,000 of planning, excavation and earth preparation costs for two additional ball fields at Botetourt Sports Complex, and b) $458,000 for replacement of mountaintop transmitters for the County's emergency communication system. The largest FY15 outlay for capital projects was $119,000 for continuation of ball field costs for the Sports Complex.

- Expenditure categorization and activity is reflected in Schedule 2.

Proprietary funds

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

Unrestricted net position of the County's Water and Sewer Enterprise Fund at the end of the year was $1,044,299, which is a 72% decrease versus FY14's figure of $3,773,638. This was due to a $3 million transfer of funds to the County General Fund, as this Enterprise activity operations will be transferred to the Western Virginia Water Authority on July 1, 2015. Other factors concerning the finances of this fund are discussed in the County's business-type activities section of this letter.

(Remaining portion of this page left blank intentionally)

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final budgeted expenditures for the General Fund totaled $2,314,793. This difference was primarily due to supplemental appropriations. Major components of this difference are as follows:

- Appropriations of budgeted carryover funds from the fiscal year ended June 20, 2014 for programs and capital projects in the amount of $698,074.
- Appropriation of $385,000 from revenues for tax relief for the elderly.
- Additional appropriation of $269,891 for health program costs.
- Appropriations of $196,223 for fire & rescue program funds.
- Appropriations of $160,000 for capital project activity.
- Appropriations of $101,834 for pass-through for use of County cell towers.
- Appropriations of $94,069 for Fire & EMS grants and reimbursements.
- Appropriations totaling $91,496 for Sheriff's Department grants and reimbursed costs.
- Appropriation of $79,550 for the Exit 150 marketing study.
- Appropriations of $78,933 for Parks, Recreation, and Cultural activities.
- Appropriation of $72,000 to cover incremental Comprehensive Services activity..

The above-mentioned appropriations for amended budget expenditures total $2,227,070 or 96% of the difference between the original budget appropriation and the amended budget.

With respect to FY15 amended budget vs. actual results, general fund revenues for the primary government were approximately $1,789,000 (3%) over budget for the year. Results for revenues from local sources accounted for $1,796,000 (4%) positive variance, due primarily to results vs. budget for general property taxes and other local taxes. State revenues were approximately $100,000 (1%) over budget and Federal revenues were approximately $100,000 (10%) under budget, due to a shortage vs. budget of public assistance and welfare administration payments.

Amended budget vs. actual results for general fund government expenditures for FY15 reflected a 6% ($3.3 million) positive variance due to significant savings in several categories. Most notably, there were significant positive variances vs. budget in the areas of Public Safety, Public Works, Education, and General Government Administration. Public Safety budget savings represented approximately 37% of the total expenditure savings

vs. budget, with approximately 30% of the Public Safety savings vs. budget attributable to a delay in capital outlay purchases.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2015 is $68,117,450 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total represents a $3.1 million (4%) decrease from the prior year.

Major capital asset transactions included the following for FY15:

A $1.9 million reduction in value for buildings & improvements, which is net of additions and depreciation charges.

A $1 million decrease in land, as a parcel of land was sold for future economic expansion for a current business park tenant.

A $158,000 decrease in construction in progress activity.

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 11,014,465	$ 12,047,324	$ 126,010	$ 61,010	$ 11,140,475	$ 12,108,334
Buildings	53,196,167	55,032,254	-	-	53,196,167	55,032,254
Machinery and equipment	3,170,061	3,288,717	196,243	205,058	3,366,304	3,493,775
Infrastructure	-	-	18,570,906	18,583,596	18,570,906	18,583,596
Construction in progress	736,757	894,854	9,999	428,909	746,756	1,323,763
Total	$ 68,117,450	$ 71,263,149	$ 18,903,158	$ 19,278,573	$ 87,020,608	$ 90,541,722

The results for business-type activities (Enterprise Fund) include the purchase of land for a pump station that will be transferred to the Western Virginia Water Authority. Machinery and Equipment realized a $9,000 decrease compared to FY14. Infrastructure value included a $13,000 decrease vs. FY14. Construction in progress reflects a significant reduction ($419,000), as certain projects were completed and potential new projects were not considered due to the 7/1/15 transfer of business operations to the Western Virginia Water Authority. Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term debt

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

County of Botetourt's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 28,432,950	$ 29,907,498	$ -	$ -	$ 28,432,950	$ 29,907,498
Literary Loans	3,465,440	4,117,370	-	-	3,465,440	4,117,370
Revenue Bonds	-	-	8,949,142	9,152,023	8,949,142	9,152,023
Capital Leases	526,304				526,304	-
Landfill closure / post-closure	5,376,147	5,187,845	-	-	5,376,147	5,187,845
Compensated absences	741,622	725,411	38,954	65,395	780,576	790,806
Net pension liability	3,769,774	-	114,929	-	3,884,703	-
Total	$ 42,312,237	$ 39,938,124	$ 9,103,025	$ 9,217,418	$ 51,415,262	$ 49,155,542

Note: FY14 figures shown in this table were unadjusted for the impact of BASB 68.

Botetourt County's FY15 outstanding debt for governmental activities increased $2,374,113 (6%) in total due to the recording of a net pension liability, in accordance with GASB 68. General obligation bonds decreased $1.5 million due to a) debt service retirements exceeding issuances and b) the refinancing of debt for the Public Safety Building. Literary loans continue to be paid down with no new issuances. Capital lease activity in FY15 related to funding for a new County-wide communications system. With respect to landfill obligations, cost estimates provided by an independent consulting firm resulted in an $188,000 (4%) increase in the liability. For business-type activities, outstanding debt increased $114,000 as a) debt retirements exceeded issuances, and b) compensated absences decreased.

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

- Net bonded debt-per-capita, limit $2,000, actual $ 952
- Net bonded debt to assessed value, limit 4%, actual 0.79%
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 5.25%.

Additional information on the County's capital asset activity (Note 12) and long-term debt (Notes 7 and 8) can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

As is typical, the next year's (FY16) budget process contained its challenges. County local revenues were budgeted to increase $1.5 million (4%), and total County revenues were expected to increase only $1.8 million (3%). School component revenues in total were expected to increase only $96,000 (0.3%). With the combined County and School revenues projected to increase $1.9 million (2%), both components utilized the budget process to scrutinize costs and identify spending priorities. Deferred spending for capital outlays and capital projects has been the norm in the recent past, and there continues to be a backlog of projects that are considered as priorities. While the County revenue picture is budgeted to improve, operational and capital

needs must be addressed, while at the same time being wary of the potential for increased state mandates and nominal federal funding.

Both County and School administration utilized a FY16 budget process that performed several reviews of expenditures that resulted in certain operational spending reductions before presenting a draft budget to the Board of Supervisors. As an example of the scrutiny employed in the budget process, there were two budget adoption dates: April 28, 2015 for the School budget, and June 23, 2015 for the County budget and the budget as a whole. Factors and financial points of note regarding the FY16 Budget are as follows:

- The most recent unemployment rate published (September, 2015) for the County is 3.9%, which is a decrease from the rate of 4.7 percent from the same month a year ago. This compares favorably to the State's September 2015 unemployment rate of 4.1 percent and the current national rate of 4.9 percent. In terms of a positive trend, the September 2015 unemployment rate for Botetourt County is below the FY15 average monthly unemployment rate of 4.6%.

- Funding from the Commonwealth of Virginia for the School Board is budgeted to increase $227,000 (1%).With respect to support from the County, the FY16 budget reflects an increase ($300,000) (1%) in operational funding. Total revenues for the School Board are budgeted to increase $966,000 (0.3%), with a $396,000 (0.7%) increase in expenditures.

- General Fund County budgeted local revenues for FY16 vs. FY15 are expected to increase by $1.5 million (4%). Approximately 90% of this increase is reflected in General Property Taxes, Personal Property Taxes, Machinery & Tool Taxes, and Other Local Taxes. Property and Machinery & Tool Taxes consider the most recent book of current assessments. Budgeted revenue increases are also anticipated for Permits, Fees, and Licenses, Revenue from the Use of Money and Property, Fines, and Charges for Services. It should be noted that the next reassessment of real estate will began in FY15 and will be utilized to update 2016 assessment values, with a revenue impact to be realized in FY17.

- FY16 County revenues from the State are budgeted to increase $255,000 (2%), while Federal revenues budgeted for FY16 reflect a $126,000(15%) increase due to budgeting for Payments In Lieu of Taxes (PILT), which were not budgeted in FY15. Funding for these revenues currently expire each year.

- FY15 General Fund operational expenditures are budgeted to increase by approximately $1.4 million (5%). Hospital & Medical costs include a 13% increase in quoted costs and accounts for $284,000, or 20% of the $1.4 million cost increase. In addition, raises for employees are included in the budget, which match the 2% (effective September, 2015) raises provided for State employees. The approximate costs of these raises on the expenditure side is $250,000 (17% of the total budget increase), with approximately $70,000 included as revenue in the form of State Compensation Board reimbursements. In addition, $110,000 was included in the budget to address entry level pay and salary compression in the Sheriff's departments and other areas. Costs of $148,000 are reflected in the FY16 budget for Assessor services for the second year of a two year process. Public Safety cost increases of $773,000 (5%) include costs for capital outlay items for the Jail, breathing apparatus equipment, two ambulance purchases (same as last year) and startup of a new

EMS medic unit. These non-recurring items mentioned account for 28% of the $ 1.4 million total increase.

- The total General Fund capital project budget of $1,098,000 represents a $324,000 (42%) increase in relation to capital project dollars budgeted for FY15. The budget includes $799,000 for technology-based projects, including $100,000 for the second year of a multi-year project involving the implementation of an enterprise-wide software system. $225,000 of funding is included for Community and Economic Development for site development and infrastructure technology-based projects and Community and Economic Development funding constitute 93% of the total capital project budget.

- During the budget process, measures were taken to seek opportunities for cost reduction and minimization at the departmental level. As a result, at the administrative recommendation stage and before compensation and final add-on items, when compared to the FY15 budget, of the 39 departments, nine departments reflected decreases, 5 departments showing no increase, and 13 departments show less than a 3% increase. Cost reductions and cost maintenance assisted in supporting those departments that required cost increases exceeding 3%.

- Debt Service expenditures are budgeted to decrease $513,000 (12%), as a County general obligation refunding bond was completed in FY15. Included in the overall reduction is a capital lease for new County-wide communications equipment, which will cost $124,281 per year for five years.

- With respect to the use of funds and fund balance, the FY16 Budget includes a budgeted $621,000 use of proceeds from the capital lease for County-wide communications equipment. As has been detailed, there are many initiatives incorporated into the FY16 Budget, including an increase in capital improvement projects, strategic public safety capital outlay spending, increased hospital and medical costs, and an increase in contributions to the School Board, employee raises and other compensation considerations. In order to balance the FY16 Budget, the net impact of revenues and expenditures required a $1,300,957 use of undesignated fund balance.

- For business-type activities, the County's water and sewer operations were transferred to the Western Virginia Water Authority on July 1, 2015. Therefore, there was no FY16 budget for these business-type activities.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

Contacting the County's Financial Management

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

Basic Financial Statements

Exhibit 1

County of Botetourt, Virginia
Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	$ 23,305,909	$ -	$ 23,305,909	$ 6,496,578	$ 131,149
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,014,802	-	1,014,802	-	-
Accounts receivable	180,325	228,065	408,390	11,077	-
Due from other governmental units	1,269,819	-	1,269,819	1,285,411	-
Prepaid items	251,649	1,090,000	1,341,649	252,520	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	775,696	-	775,696	152,307	-
Capital assets (net of accumulated depreciation):					
Land	11,014,465	126,010	11,140,475	1,949,631	-
Buildings and improvements	53,196,167	-	53,196,167	14,801,199	3,521,672
Machinery and equipment	3,170,061	196,243	3,366,304	1,193,103	-
Utility plant in service	-	18,570,906	18,570,906	-	-
Construction in progress	736,757	9,999	746,756	-	-
Total assets	$ 94,915,650	$ 20,221,223	$ 115,136,873	$ 26,141,826	$ 3,652,821
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 875,404	$ 85,250	$ 960,654	$ -	$ -
Change in proportionate share of net pension liability	-	-	-	1,434,000	
Pension contributions subsequent to measurement date	1,293,521	41,228	1,334,749	4,062,338	-
Total deferred outflows of resources	$ 2,168,925	$ 126,478	$ 2,295,403	$ 5,496,338	$ -
LIABILITIES					
Accounts payable	$ 456,269	$ -	$ 456,269	$ 572,935	$ -
Accrued wages and health claims	414,999	3,940	418,939	4,653,533	-
Customers' deposits	-	1,175	1,175	-	-
Accrued interest payable	483,167	87,021	570,188	-	8,217
Unearned revenue	-	-	-	-	28,750
Long-term liabilities:					
Due within one year	3,132,895	759,593	3,892,488	741,509	290,520
Due in more than one year	39,179,342	8,343,432	47,522,774	46,996,699	1,277,503
Total liabilities	$ 43,666,672	$ 9,195,161	$ 52,861,833	$ 52,964,676	$ 1,604,990
DEFERRED INFLOWS OF RESOURCES					
Property taxes paid in advance	$ 156,286	$ -	$ 156,286	$ -	$ -
Items related to measurement of net pension liability	2,262,425	68,975	2,331,400	7,181,653	-
Total deferred inflows of resources	$ 2,418,711	$ 68,975	$ 2,487,686	$ 7,181,653	$ -
NET POSITION					
Net investment in capital assets	$ 37,094,464	$ 10,039,266	$ 47,133,730	$ 17,943,933	$ 1,953,649
Restricted:					
Law library	70,909	-	70,909	-	-
Emergency 911	15,169	-	15,169	-	-
Cafeteria operations	-	-	-	152,307	-
Property seizure	102,860	-	102,860	-	-
Van program	36,664	-	36,664	-	-
E-Summons	23,790	-	23,790	-	-
Unrestricted	13,655,336	1,044,299	14,699,635	(46,604,405)	94,182
Total net position	$ 50,999,192	$ 11,083,565	$ 62,082,757	$ (28,508,165)	$ 2,047,831

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

Exhibit 2

County of Botetourt, Virginia
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: IDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 3,352,349	$ 736	$ 262,448	$ -	$ (3,089,165)	$ -	$ (3,089,165)	$ -	$ -
Judicial administration	1,359,135	263,000	721,410	-	(374,725)	-	(374,725)	-	-
Public safety	13,795,657	591,880	3,801,998	-	(9,401,779)	-	(9,401,779)	-	-
Public works	1,937,224	163,934	-	-	(1,773,290)	-	(1,773,290)	-	-
Health and welfare	3,343,542	-	1,845,516	-	(1,498,026)	-	(1,498,026)	-	-
Education	23,089,557	-	-	-	(23,089,557)	-	(23,089,557)	-	-
Parks, recreation, and cultural	3,167,746	186,413	156,779	-	(2,824,554)	-	(2,824,554)	-	-
Community development	1,042,460	-	-	-	(1,042,460)	-	(1,042,460)	-	-
Interest on long-term debt	1,230,403	-	-	-	(1,230,403)	-	(1,230,403)	-	-
Total governmental activities	$ 52,318,073	$ 1,205,963	$ 6,788,151	$ -	$ (44,323,959)	$ -	$ (44,323,959)	$ -	$ -
Business-type activities:									
Water and sewer	$ 2,789,595	$ 3,001,021	$ -	$ -	$ -	$ 211,426	$ 211,426	$ -	$ -
Total primary government	$ 55,107,668	$ 4,206,984	$ 6,788,151	$ -	$ (44,323,959)	$ 211,426	$ (44,112,533)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 52,515,605	$ 1,272,387	$ 27,015,138	$ -	$ -	$ -	$ -	$ (24,228,080)	$ -
Industrial Development Authority	179,461	345,000	-	-	-	-	-	-	165,539
Total component units	$ 52,695,066	$ 1,617,387	$ 27,015,138	$ -	$ -	$ -	$ -	$ (24,228,080)	$ 165,539
General revenues:									
General property taxes					$ 33,933,251	$ -	$ 33,933,251	$ -	$ -
Other local taxes:									
Local sales and use taxes					2,677,918	-	2,677,918	-	-
Consumers' utility taxes					712,242	-	712,242	-	-
Business license taxes					823,543	-	823,543	-	-
Motor vehicle taxes					668,174	-	668,174	-	-
Restaurant food taxes					1,244,855	-	1,244,855	-	-
Other local taxes					823,689	-	823,689	-	-
Unrestricted revenues from the use of money and property					477,777	14,303	492,080	115,519	276
Miscellaneous					195,928	-	195,928	725,218	-
Grants and contributions not restricted to specific programs					4,636,128	-	4,636,128	23,057,485	-
Transfers					2,975,826	(2,975,826)	-	-	-
Total general revenues and transfers					$ 49,169,331	$ (2,961,523)	$ 46,207,808	$ 23,898,222	$ 276
Change in net position					$ 4,845,372	$ (2,750,097)	$ 2,095,275	$ (329,858)	$ 165,815
Net position - beginning, as restated					46,153,820	13,833,662	59,987,482	(28,178,307)	1,882,016
Net position - ending					$ 50,999,192	$ 11,083,565	$ 62,082,757	$ (28,508,165)	$ 2,047,831

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

Exhibit 3

County of Botetourt, Virginia
Balance Sheet
Governmental Funds
June 30, 2015

		General
ASSETS		
Cash and cash equivalents	$	22,594,179
Receivables (net of allowance for uncollectibles):		
Taxes receivable		1,014,802
Accounts receivable		180,325
Due from other governmental units		1,269,819
Prepaid items		251,649
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents		775,696
Total assets	$	26,086,470
LIABILITIES		
Accounts payable	$	456,269
Total liabilities	$	456,269
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	$	666,912
Property taxes paid in advance		156,286
Total deferred inflows of resources	$	823,198
FUND BALANCES		
Nonspendable		
Prepaid items	$	251,649
Restricted		
Law library		70,909
Emergency 911		15,169
Lease proceeds		526,304
Property seizure		102,860
Van program		36,664
E-Summons		23,790
Assigned		
Subsequent year's budgeted use of fund balance		1,300,957
Unassigned		22,478,701
Total fund balances	$	24,807,003
Total liabilities, deferred outflows of resources, and fund balances	$	26,086,470

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

Exhibit 4

County of Botetourt, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 24,807,003
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 11,014,465	
Buildings and improvements	53,196,167	
Machinery and equipment	3,170,061	
Construction in progress	736,757	68,117,450
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	$ 666,912	
Items related to measurement of net pension liability	(2,262,425)	(1,595,513)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		296,731
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		1,293,521
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds/refunding bonds/literary fund loans	$ (30,012,624)	
Deferred charges on refunding (to be amortized as interest expense)	875,404	
Bond premium (to be amortized over life of debt)	(1,885,766)	
Capital leases	(526,304)	
Accrued interest payable	(483,167)	
Landfill postclosure liability	(5,376,147)	
Compensated absences	(741,622)	
Net pension liability	(3,769,774)	(41,920,000)
Net position of governmental activities		$ 50,999,192

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

Exhibit 5

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General
REVENUES	
General property taxes	$ 34,032,340
Other local taxes	6,950,421
Permits, privilege fees, and regulatory licenses	312,369
Fines and forfeitures	141,023
Revenue from the use of money and property	477,777
Charges for services	752,571
Miscellaneous	195,928
Recovered costs	1,563,432
Intergovernmental:	
Commonwealth	10,507,516
Federal Government	916,763
Total revenues	$ 55,850,140
EXPENDITURES	
Current:	
General government administration	$ 3,630,519
Judicial administration	1,418,447
Public safety	14,972,418
Public works	1,735,611
Health and welfare	3,461,038
Education	21,963,977
Parks, recreation, and cultural	2,963,364
Community development	211,088
Capital projects	122,404
Debt service:	
Principal retirement	3,055,330
Bond issuance cost	108,500
Interest and other fiscal charges	1,243,450
Total expenditures	$ 54,886,146
Excess (deficiency) of revenues over (under) expenditures	$ 963,994
OTHER FINANCING SOURCES (USES)	
Transfers in	$ 3,175,826
Issuance of capital lease	526,304
Issuance of refunding bonds	13,150,000
Premium on refunding bonds issued	1,835,611
Sale of capital assets	238,338
Payments to refunded bonds escrow agent	(14,878,212)
Total other financing sources (uses)	$ 4,047,867
Net change in fund balances	$ 5,011,861
Fund balances - beginning	19,795,142
Fund balances - ending	$ 24,807,003

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

Exhibit 6

County of Botetourt, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 5,011,861
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 depreciation exceeded capital outlays in the current period.		
Capital outlays	$ 1,125,680	
Depreciation expenses	(3,196,284)	(2,070,604
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		(1,075,095
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ (99,089)	
Change in deferred inflows related to the measurement of the net pension liability	(2,262,425)	(2,361,514
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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued or incurred:		
Issuance of refunding general obligation bonds	$ (13,150,000)	
Premium on refunding general obligation bonds	(1,835,611)	
Deferred charge on advance refunding of bonds	875,404	
Issuance of capital lease	(526,304)	
Increase in accrued landfill closure/postclosure liability	(188,302)	
Principal repayments:		
General obligation bonds/literary loans	3,055,330	
Refunded bonds (face amount)	13,440,000	1,670,517
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.		
Change in compensated absenses	$ (16,211)	
Change in accrued interest payable	67,596	
Change in net pension liability	2,920,815	
Change in deferred outflows related to pensions	(69,173)	
Amortization of bond premium	616,759	3,519,786
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		150,421
Change in net position of governmental activities		$ 4,845,372

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

Exhibit 7

County of Botetourt, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Fund Water and Sewer	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$ -	$ 711,730
Accounts receivable, net of allowance for uncollectibles	228,065	-
Prepaid items	1,090,000	-
Total current assets	$ 1,318,065	$ 711,730
Noncurrent assets:		
Capital assets:		
Land	$ 126,010	$ -
Utility plant in service	31,457,264	-
Machinery and equipment	420,617	-
Construction in progress	9,999	-
Accumulated depreciation	(13,110,732)	-
Total capital assets	$ 18,903,158	$ -
Total noncurrent assets	$ 18,903,158	$ -
Total assets	$ 20,221,223	$ 711,730
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	$ 85,250	$ -
Pension contributions subsequent to measurement date	41,228	-
Total deferred outflows of resources	$ 126,478	$ -
LIABILITIES		
Current liabilities:		
Customers' deposits	$ 1,175	$ -
Accrued interest payable	87,021	-
Accrued wages and health claims	3,940	414,999
Compensated absences - current portion	29,216	-
Revenue Bonds - current portion	730,377	-
Total current liabilities	$ 851,729	$ 414,999
Noncurrent liabilities:		
Compensated absences - net of current portion	$ 9,738	$ -
Revenue Bonds - net of current portion	8,218,765	-
Net pension liability	114,929	-
Total noncurrent liabilities	$ 8,343,432	$ -
Total liabilities	$ 9,195,161	$ 414,999
DEFERRED INFLOWS OF RESOURCES		
Items related to measurement of net pension liability	$ 68,975	$ -
NET POSITION		
Net investment in capital assets	$ 10,039,266	$ -
Unrestricted	1,044,299	296,731
Total net position	$ 11,083,565	$ 296,731

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

Exhibit 8

County of Botetourt, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Fund Water and Sewer	Internal Service Fund
OPERATING REVENUES		
Charges for services:		
Water revenues pledged as security for revenue bonds	$ 1,164,755	$ -
Sewer revenues pledged as security for revenue bonds	1,691,692	-
Tap fees	144,074	-
Insurance premiums	-	3,594,217
Other revenues	500	-
Total operating revenues	$ 3,001,021	$ 3,594,217
OPERATING EXPENSES		
Personnel services	$ 499,218	$ -
Contractual services	158,261	-
Utilities and office expense	748,435	-
Repair and maintenance	192,312	-
Insurance claims and expenses	-	3,243,796
Depreciation	890,971	-
Total operating expenses	$ 2,489,197	$ 3,243,796
Operating income (loss)	$ 511,824	$ 350,421
NONOPERATING REVENUES (EXPENSES)		
Investment income	$ 14,303	$ -
Interest expense	(300,398)	-
Total nonoperating revenues (expenses)	$ (286,095)	$ -
Income before transfers	$ 225,729	$ 350,421
Transfers out	(2,975,826)	(200,000)
Change in net position	$ (2,750,097)	150,421
Total net position - beginning, as restated	13,833,662	146,310
Total net position - ending	$ 11,083,565	$ 296,731

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

Exhibit 9

County of Botetourt, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Fund Water and Sewer	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 3,306,361	$ -
Receipts for insurance premiums	-	3,594,217
Payments to suppliers	(1,252,308)	-
Payments to employees	(541,475)	-
Payments for health claims	-	(3,198,735)
Net cash provided by (used for) operating activities	$ 1,512,578	$ 395,482
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	$ (2,975,826)	$ -
Transfers to other funds	-	(200,000)
Contribution to the Western VA Water Authority	(1,090,000)	-
Net cash provided by (used for) noncapital financing activities	$ (4,065,826)	$ (200,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant	$ (486,705)	$ -
Principal payments on bonds	(675,725)	-
Proceeds from indebtedness	478,305	-
Interest expense	(319,059)	-
Net cash provided by (used for) capital and related financing activities	$ (1,003,184)	$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$ 14,303	$ -
Net cash provided by (used for) investing activities	$ 14,303	$ -
Net increase (decrease) in cash and cash equivalents	$ (3,542,129)	$ 195,482
Cash and cash equivalents - beginning	3,542,129	516,248
Cash and cash equivalents - ending	$ -	$ 711,730
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ 511,824	$ 350,421
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	$ 890,971	$ -
(Increase) decrease in accounts receivable	361,894	-
(Increase) decrease in deferred outflows of resources	317	-
Increase (decrease) in customer deposits	(56,554)	-
Increase (decrease) in accrued wages	3,940	-
Increase (decrease) in accounts payable	(153,300)	-
Increase (decrease) in health claims payable	-	45,061
Increase (decrease) in compensated absences	(26,441)	-
Increase (decrease) in deferred inflows of resources	68,975	-
Increase (decrease) in net pension liability	(89,048)	-
Total adjustments	$ 1,000,754	$ 45,061
Net cash provided by (used for) operating activities	$ 1,512,578	$ 395,482

Interest payments above include capitalized interest totaling $28,851 for the fiscal year.

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

Exhibit 10

County of Botetourt, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,128,816
Total assets	$ 1,128,816
LIABILITIES	
Amounts held for social services clients	$ 21,207
Amounts held for employees	54,562
Amounts held for other agencies	905,293
Amounts held for performance bond	74,860
Amounts held for inmates	72,894
Total liabilities	$ 1,128,816

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

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

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

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

Jointly Governed Organizations - The County, in conjunction with other localities, participates in supporting the Blue Ridge Community Services Board and the Roanoke Center for Animal Control and Protection (Pound). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed $38,743 to the Blue Ridge Community Services Board and $194,124 to the Pound.

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

B. Government-wide and fund financial statements

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

The statement of net position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It is used to account for and report for all financial resources of the general government, except those required to be accounted for and reported in other funds.

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Cash and cash equivalents

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

2. Investments

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

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

3. Receivables and payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $734,162 at June 30, 2015. The allowance consists of delinquent taxes in the amount of $56,150 and delinquent water and sewer bills of $678,012.

6. Use of Estimates

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

7. Compensated Absences

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

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

8. Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life 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. Total interest expense for the fiscal year was $300,398. Of that amount $28,851 was capitalized during the fiscal year.

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

Assets	Years
Buildings	40
Building improvements	10-20*
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

* up to the remaining life of the building

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

10. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Fund equity

The County reports fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County of Botetourt, Virginia evaluated its funds at June 30, 2015 and classified fund balance into the following five categories:

Nonspendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory, or are required to maintained intact (corpus of a permanent fund).

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

Committed -The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The County Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

11. Fund equity (Continued)

Assigned -Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The County Board of Supervisors (Board) has by resolution authorized the Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. At year end the assigned fund balance represents an amount necessary to balance the subsequent year's budget (i.e. budgeted use of reserves).

Unassigned -this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the General Fund.

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

12. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

13. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

14. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used in governmental funds to report prepaid items.

15. Restricted Assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation, grant awards or lease agreements.

16. Inventories

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

17. Self-Insurance

The County was self-insured for health insurance beginning with the fiscal year ending June 30, 2012. The School Board was self-insured for health insurance beginning with the fiscal year ending June 30, 2015. Estimates for the accrued liability at the end of the year have been recorded.

18. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County only has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)

18. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th and property taxes paid in advance, which are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or fund level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school fund.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund is integrated only at the level of legal adoption.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2-Stewardship, Compliance, and Accountability: (Continued)

7. Appropriations lapse on June 30 for all County units.

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2015, expenditures did not exceed appropriations in any departments.

C. Deficit fund equity

At June 30, 2015, there were no funds with negative equity.

Note 3-Deposits and Investments:

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

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

The County did not hold any investments during the year.

Interest Rate Risk

As the County did not hold any investments during the year, there was no interest rate risk.

Custodial Credit Risk

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

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit-School Board
Commonwealth of Virginia:		
Local sales tax	$ 479,331	$ -
Categorical aid-State sales tax	-	963,707
Categorical aid-Other	362,841	-
Non-categorical aid	228,757	-
Categorical aid-Virginia Public Assistance	35,206	-
Categorical aid-Comprehensive Services Act	100,338	-
Federal Government:		
Categorical aid-Virginia Public Assistance	63,346	-
Categorical aid-Other	-	321,704
Totals	$ 1,269,819	$ 1,285,411

Note 5-Interfund/Component-Unit Obligations:

At year end, there were no interfund/component-unit obligations.

Note 6-Interfund Transfers/Component Unit Contributions:

Primary government contributions to component units for the year ended June 30, 2015, consisted of the following:

Component Unit:	
School Board	$ 21,931,905

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. During the fiscal year, the County transferred funds totaling $2,975,826 from the Water and Sewer Fund and $200,000 from the Internal Service Fund to the General Fund.

Remaining portion of this page left blank intentionally.

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2015.

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General Obligation Bonds	$ 29,240,584	$ 13,150,000	$ (15,843,400)	$ 26,547,184
Unamortized Premium	666,914	1,835,611	(616,759)	1,885,766
Literary Fund Loans	4,117,370	-	(651,930)	3,465,440
Capital lease	-	526,304	-	526,304
Landfill closure/ post-closure liability	5,187,845	188,302	-	5,376,147
Compensated absences	725,411	560,269	(544,058)	741,622
Net pension liability	6,690,589	4,070,260	(6,991,075)	3,769,774
Total	$ 46,628,713	$ 20,330,746	$ (24,647,222)	$ 42,312,237

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

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2016	$ 1,821,346	$ 1,195,876	$ 651,930	$ 103,963
2017	1,387,395	1,119,090	651,930	84,405
2018	1,433,365	1,050,670	651,930	64,847
2019	1,504,378	977,646	651,930	45,290
2020	1,510,434	902,758	401,930	25,732
2021-2025	8,709,693	3,312,916	455,790	13,674
2026-2030	6,980,574	1,243,127	-	1,616
2031-2033	3,199,999	180,131	-	807
Totals	$ 26,547,184	$ 9,982,214	$ 3,465,440	$ 340,334

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

Type/ Project	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
General projects	5.1% - 6.1%	12/21/1995	2016	$ 8,385,372	$ 494,881	$ 494,881
School construction	4.1% - 5.225%	4/30/1998	2019	1,545,000	300,000	75,000
School construction	4.1% - 5.1%	5/11/2006	2026	15,890,000	11,335,000	710,000
Jail Construction	3.6325% - 4.9866%	6/8/2006	2032	17,570,000	1,065,000	520,000
Fire Truck Loan	4.25%	8/6/2013	2029	446,372	367,303	21,465
Jail Construction Refunding Bond	2.011%-5.125%	8/14/2014	2033	13,150,000	12,985,000	-
Total General Obligation Bonds					$ 26,547,184	$ 1,821,346
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	1,885,766	-
Net General Obligation Bonds					$ 28,432,950	$ 1,821,346
Literary Fund Loans:						
School construction	3.00%	12/1/2000	2021	$ 7,500,000	$ 2,250,000	$ 375,000
School construction	3.00%	2/1/1999	2019	5,000,000	1,000,000	250,000
School construction	3.00%	1/15/2003	2023	538,600	215,440	26,930
Total Literary Fund Loans					$ 3,465,440	$ 651,930
Capital Leases: (1)						
Equipment		5/29/2015		$ 473,288	$ 473,288	$ 92,891
Equipment		6/30/2015		53,016	53,016	10,511
Total Capital Leases					$ 526,304	$ 103,402
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 741,622	$ 556,217
Landfill closure/post-closure liability	n/a	n/a	n/a	n/a	5,376,147	-
Net pension liability	n/a	n/a	n/a	n/a	3,769,774	-
Total Other Obligations					$ 9,887,543	$ 556,217
Total Long-term obligations					$ 42,312,237	$ 3,132,895

Note: 1. Proceeds from capital leases were deposited in restricted accounts during the fiscal year. Upon receipt of the leased equipment, proceeds from these leases will be transferred to the equipment vendor. At year end, the full amount of these capital leases remained in restricted accounts.

Advanced Refunding:

The County issued $13,150,000 in general obligation refunding bonds with interest rates varying from 2.011% to 5.125%. The proceeds were used to advance refund $13,440,000 of the County's 2006 general obligation bonds, which had interest rates ranging from 5.1% to 6.1%. The net proceeds of $14,878,212 (including a premium of $1,835,611, less issuance costs of $107,399) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds.

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Advanced Refunding: (Continued)

As a result, the 2006 revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $924,427. This amount is being reported as a deferred outflow of resources and is being amortized over the remaining life of the refunding debt. The County advance refunded the 2006 bonds to reduce its total debt service payments over 19 years by $1,662,171 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,280,339.

Primary Government – Business-type Activities Obligations:

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2015.

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
Revenue Bonds	$ 9,081,109	$ 478,305	$ (675,725)	$ 8,883,689
Unamortized Premium	70,914	-	(5,461)	65,453
Compensated absences	65,395	22,605	(49,046)	38,954
Net pension liability	203,977	124,091	(213,139)	114,929
Total	$ 9,421,395	$ 625,001	$ (943,371)	$ 9,103,025

For business-type activities, compensated absences are generally liquidated in the Proprietary Fund. Annual requirements to amortize long-term obligations and the related interest are as follows:

Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest
2016	$ 730,377	$ 270,290
2017	786,046	242,765
2018	811,315	220,034
2019	842,073	190,214
2020	660,310	161,994
2021-2025	2,955,203	484,339
2026-2030	1,524,919	167,614
2031-2033	573,446	23,956
Totals	$ 8,883,689	$ 1,761,206

Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Revenue Bonds:						
VRA Bond	2.40%	1/1/2012	2033	$ 2,700,000	$ 2,532,122	$ 114,539
VRA Refunding Bond	3.1% - 4.9269%	5/17/2005	2023	4,250,000	2,315,000	245,000
VRA Bond	3.75%	7/31/1997	2019	3,000,000	758,956	179,300
VRA Bond	3.10%	8/1/2004	2027	4,032,975	1,976,166	145,476
VRA Bond	2.125% - 5.125%	5/2/2011	2032	510,000	465,000	20,000
VRA Bond	1.45%	1/25/2013	2035	1,169,808	836,445	26,062
Total Revenue Bonds					$ 8,883,689	$ 730,377
Add:						
Unamortized premium on issuance					$ 65,453	$ -
Net Revenue Bonds					$ 8,949,142	$ 730,377
Other Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	$ 38,954	$ 29,216
Net pension liability	n/a	n/a	n/a	n/a	114,929	-
Total Other Obligations					$ 153,883	$ 29,216
Total Long-term obligations					$ 9,103,025	$ 759,593

Note 8-Long-Term Obligations-Component Units:

Discretely Presented Component Unit – School Board Obligations:

The following is a summary of long-term obligations transactions of the Component Unit-School Board for the year ended June 30, 2015.

	Balance July 1, 2014, as restated	Increases	Decreases	Balance June 30, 2015
Net OPEB obligation	$ 996,000	$ 372,000	$ (210,000)	$ 1,158,000
Compensated absences	960,213	748,626	(720,160)	988,679
Net pension liability	50,847,426	4,909,339	(10,165,236)	45,591,529
Total	$ 52,803,639	$ 6,029,965	$(11,095,396)	$ 47,738,208

Note 8-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit – School Board Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Net OPEB Obligation	n/a	n/a	n/a	n/a	$ 1,158,000	$ -
Compensated Absences	n/a	n/a	n/a	n/a	988,679	741,509
Net Pension Liability	n/a	n/a	n/a	n/a	45,591,529	-
Total long-term obligations					$ 47,738,208	$ 741,509

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

Note 9-Capital Leases:

The County has entered into two capital leases for the purchase of County-wide communications equipment. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Present value of future minimum lease payments:

Year Ending June 30,	Capital Leases
2016	$ 112,888
2017	112,888
2018	112,888
2019	112,888
2020	112,888
Total minimum lease payments	$ 564,440
Less: amount representing interest	(38,136)
Present value of future minimum lease payments	$ 526,304

Pursuant to terms of the lease agreements, lease proceeds were placed in restricted accounts in the County's name pending delivery and installation of the aforementioned communications equipment. As of June 30, 2015, the equipment had not been delivered or installed. As such, there are currently no depreciable assets associated with these lease agreements.

Note 10-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: •Hybrid Retirement Plan members are ineligible for ported service. •The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. •Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

Note 10-Pension Plan: (Continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	88	146
Inactive members:		
Vested inactive members	29	31
Non-vested inactive members	59	71
Inactive members active elsewhere in VRS	57	21
Total inactive members	145	123
Active members	264	152
Total covered employees	497	421

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2015 was 11.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Note 10-Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,334,749 and $1,404,239 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit-School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 12.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit-School Board's nonprofessional employees were $279,258 and $360,472 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The County's and Component Unit-School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit-School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Note 10-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
  - Decrease in rates of disability retirement
  - Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Note 10-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Note 10-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Remaining portion of this page left blank intentionally.

Note 10-Pension Plan: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Note 10-Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit-School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	$ 39,704,024	$ 32,809,458	$ 6,894,566
Changes for the year:			
Service cost	$ 1,439,117	$ -	$ 1,439,117
Interest	2,727,789	-	2,727,789
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,404,239	(1,404,239)
Contributions - employee	-	572,060	(572,060)
Net investment income	-	5,227,639	(5,227,639)
Benefit payments, including refunds of employee contributions	(1,471,211)	(1,471,211)	-
Administrative expenses	-	(27,445)	27,445
Other changes	-	276	(276)
Net changes	$ 2,695,695	$ 5,705,558	$ (3,009,863)
Balances at June 30, 2014	$ 42,399,719	$ 38,515,016	$ 3,884,703

Note 10-Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	$ 11,803,600	$ 9,387,174	$ 2,416,426
Changes for the year:			
Service cost	$ 301,655	$ -	$ 301,655
Interest	800,682	-	800,682
Differences between expected and actual experience	-	-	-
Contributions - employer	-	360,472	(360,472)
Contributions - employee	-	136,232	(136,232)
Net investment income	-	1,459,455	(1,459,455)
Benefit payments, including refunds of employee contributions	(730,570)	(730,570)	-
Administrative expenses	-	(8,002)	8,002
Other changes	-	77	(77)
Net changes	$ 371,767	$ 1,217,664	$ (845,897)
Balances at June 30, 2014	$ 12,175,367	$ 10,604,838	$ 1,570,529

Remaining portion of this page left blank intentionally.

Note 10-Pension Plan: (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County and Component Unit-School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit-School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	9,692,418	3,884,703	(918,802)
Component Unit School Board (nonprofessional)			
Net Pension Liability	2,919,615	1,570,529	429,940

Remaining portion of this page left blank intentionally.

Note 10-Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County and Component Unit-School Board (nonprofessional) recognized pension expense of $725,776 and $163,228, respectively. At June 30, 2015, the County and Component Unit-School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ -	$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,331,400	-	648,653
Employer contributions subsequent to the measurement date	1,334,749	-	279,258	-
Total	$ 1,334,749	$ 2,331,400	$ 279,258	$ 648,653

$1,334,749 and $279,258 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit-School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	$ (582,850)	$ (162,163)
2017	(582,850)	(162,163)
2018	(582,850)	(162,163)
2019	(582,850)	(162,164)
Thereafter	-	-

Note 10-Pension Plan: (Continued)

Component Unit-School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were $3,783,080 and $3,110,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school division reported a liability of $44,021,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014 and 2013, the school division's proportion was 0.36427% and 0.35156%, respectively, of the Net Pension Liability.

Note 10-Pension Plan: (Continued)

Component Unit-School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the school division recognized pension expense of $3,799,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,533,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,434,000	-
Employer contributions subsequent to the measurement date	3,783,080	-
Total	$ 5,217,080	$ 6,533,000

$3,783,080 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	$ (1,316,000)
2017	(1,316,000)
2018	(1,316,000)
2019	(1,316,000)
Thereafter	165,000

Note 10-Pension Plan: (Continued)

Component Unit-School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:
RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Note 10-Pension Plan: (Continued)

Component Unit-School Board (professional) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Note 10-Pension Plan: (Continued)

Component Unit-School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	64,640,000	44,021,000	27,044,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11-Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

Primary Government:

Unavailable Property Tax Revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled $666,912 at June 30, 2015.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled $156,286.

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 12,047,324	$ 28,000	$ (1,060,859)	$ 11,014,465
Construction in progress	894,854	262,639	(420,736)	736,757
Total capital assets not being depreciated	$ 12,942,178	$ 290,639	$ (1,481,595)	$ 11,751,222
Capital assets, being depreciated:				
Buildings and improvements	$ 79,043,054	$ 429,385	$ -	$ 79,472,439
Machinery and equipment	10,958,572	826,392	(303,394)	11,481,570
Total capital assets being depreciated	$ 90,001,626	$ 1,255,777	$ (303,394)	$ 90,954,009
Accumulated depreciation:				
Buildings and improvements	$ (24,010,800)	$ (2,265,472)	$ -	$ (26,276,272)
Machinery and equipment	(7,669,855)	(930,812)	289,158	(8,311,509)
Total accumulated depreciation	$ (31,680,655)	$ (3,196,284)	$ 289,158	$ (34,587,781)
Total capital assets being depreciated, net	$ 58,320,971	$ (1,940,507)	$ (14,236)	$ 56,366,228
Governmental activities capital assets, net	$ 71,263,149	$ (1,649,868)	$ (1,495,831)	$ 68,117,450

Note 12-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 61,010	$ 65,000	$ -	$ 126,010
Construction in progress	428,909	423,056	(841,966)	9,999
Total capital assets not being depreciated	$ 489,919	$ 488,056	$ (841,966)	$ 136,009
Capital assets, being depreciated:				
Utility plant in service	$ 30,608,298	$ 848,966	$ -	$ 31,457,264
Machinery and equipment	400,117	20,500	-	420,617
Total capital assets being depreciated	$ 31,008,415	$ 869,466	$ -	$ 31,877,881
Accumulated depreciation:				
Utility plant in service	$ (12,024,702)	$ (861,656)	$ -	$ (12,886,358)
Machinery and equipment	(195,059)	(29,315)	-	(224,374)
Total accumulated depreciation	$ (12,219,761)	$ (890,971)	$ -	$ (13,110,732)
Total capital assets being depreciated, net	$ 18,788,654	$ (21,505)	$ -	$ 18,767,149
Business-type activities capital assets, net	$ 19,278,573	$ 466,551	$ (841,966)	$ 18,903,158

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

Governmental activities:	
General government administration	$ 201,870
Judicial administration	8,466
Public safety	1,435,497
Public works	103,665
Education	1,125,580
Parks, recreation, and culture	321,206
Total depreciation expense-governmental activities	$ 3,196,284
Business-type activities:	
Service authority	$ 890,971

Note 12-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2015 was as follows:

Discretely Presented Component Unit – School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,949,631	$ -	$ -	$ 1,949,631
Total capital assets not being depreciated	$ 1,949,631	$ -	$ -	$ 1,949,631
Capital assets, being depreciated:				
Buildings and improvements	$ 36,568,521	$ 340,000	$ -	$ 36,908,521
Machinery and equipment	6,963,887	775,030	(187,973)	7,550,944
Total capital assets being depreciated	$ 43,532,408	$ 1,115,030	$ (187,973)	$ 44,459,465
Accumulated depreciation:				
Buildings and improvements	$ (21,042,151)	$ (1,065,171)	$ -	$ (22,107,322)
Machinery and equipment	(6,071,855)	(442,680)	156,694	(6,357,841)
Total accumulated depreciation	$ (27,114,006)	$ (1,507,851)	$ 156,694	$ (28,465,163)
Total capital assets being depreciated, net	$ 16,418,402	$ (392,821)	$ (31,279)	$ 15,994,302
School Board capital assets, net	$ 18,368,033	$ (392,821)	$ (31,279)	$ 17,943,933

Note 13-Risk Management:

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

Note 13-Risk Management: (Continued)

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

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

Note 14-Contingent Liabilities:

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

Note 15-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:		
Tommy Moore, Clerk of the Circuit Court	$	270,000
William P. Arney, Treasurer		500,000
Rodney Spickard, Commissioner of the Revenue		3,000
Ronald N. Sprinkle, Sheriff		30,000
All constitutional officers' employees: blanket bond		50,000

Note 15-Surety Bonds: (Continued)

Selective Insurance Company of America:	
Kathleen Guzi, County Administrator	$ 250,000
David Moorman, Deputy County Administrator	150,000
Anthony Zerrilla, Finance Manager	150,000
Barbara Ennis, Bookkeeper	150,000
Veronica Ramsey, Bookkeeper Technician	150,000
All administrative employees	50,000
All Social Services employees: blanket bond	100,000

United States Fidelity and Guaranty Company-Surety:	
Board of Supervisors:	
John B. Williamson	$ 1,000
L.W. (Jack) Leffel	1,000
Dr. Donald M. (Mac) Scothorn	1,000
Billy W. Martin, Sr.	1,000
Todd L. Dodson	1,000

Component Unit – School Board:

The Continental Insurance Company:	
Betty Holland, Clerk of the School Board	$ 10,000
All School Board employees: blanket bond	10,000

Remaining portion of this page left blank intentionally.

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The County's landfill has reached approximately 85% of its estimated capacity. Total closure and post-closure care cost have been estimated to be $6,298,634 based on 100% usage of the facility. This represents what it would cost to perform all closure and post-closure care in 2015. Landfill closure and post-closure care costs are allocated based on landfill capacity to date. As such, approximately 85% of the aforementioned amount has been recognized as a liability in the financial statements ($5,376,147). The remaining amount to be recognized, $922,487, will be recognized over the landfill's remaining life based on usage. During the 2007 fiscal year, the County restricted use of the landfill and currently transfers significantly all County waste to other disposal facilities. As such, the landfill's expected remaining life (in years) was significantly increased due to reduced waste flow. As of June 30, 2015, the landfill's remaining life is estimated to be 55 years. Actual costs for closure and post-closure monitoring may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and post-closure costs. The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 17 – Arbitrage Rebate Compliance:

As of June 30, 2015 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Note 18 – Commitments and Contingencies:

The County had no significant commitments and contingencies at year end.

Remaining portion of this page left blank intentionally.

Note 19-Other Postemployment Benefits – Health Insurance:

Component Unit: School Board

A. Plan Description

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

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 732 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The monthly rates were as follows at October 1, 2014:

Participants	Total Premium
Employee	$ 570.88
Employee / Spouse	1,142.26
Employee / Child	828.02
Family	1,439.43

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

Note 19-Other Postemployment Benefits – Health Insurance: (Continued)

Component Unit: School Board (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

For 2015, the Board's annual contribution of $210,000 did not equal the annual OPEB cost of $372,000. The obligation calculation is as follows:

Annual required contribution	$ 373,000
Interest on net OPEB obligation	40,000
Adjustment to annual required contribution	(41,000)
Annual OPEB cost (expense)	$ 372,000
Contributions made	210,000
Increase in net OPEB obligation	$ 162,000
Net OPEB obligation - beginning of year	996,000
Net OPEB obligation - ending of year	$ 1,158,000

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 372,000	56%	$ 1,158,000
6/30/2014	356,000	71%	996,000
6/30/2013	348,000	73%	894,000

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2014 (date of the most recent actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	$ 4,753,000
Actuarial value of plan assets	$ -
Unfunded actuarial accrued liability (UAAL)	$ 4,753,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 28,175,000
UAAL as a percentage of covered payroll	16.87%

Note 19-Other Postemployment Benefits – Health Insurance: (Continued)

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2014, most recent actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, and investment rate of return at 4.00%, and a health care trend rate of 8% graded to 5% decreasing 0.5% per year. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at July 1, 2014, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 20-Other Postemployment Benefits - VRS Health Insurance Credit:

Professional Employees – Component Unit School Board

A. Plan Description

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

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

A. Plan Description (Continued)

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. Contribution rates were 0.57%, 0.60%, and 0.60%, of annual covered payroll for the years ending June 30, 2015, 2014, and 2013, respectively. The School Board's contributions to VRS for the years ending June 30, 2015, 2014, and 2013 were $13,248, $16,087, and $15,361, respectively, and equaled the required contributions for each year.

C. Annual OPEB Cost and Net OPEB Obligation

For 2015, the Board's annual contribution of $13,248 equaled the annual required contribution (OPEB cost). The obligation calculation is as follows:

Annual required contribution	$	13,248
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		13,248
Contributions made		13,248
Increase in net OPEB obligation		-
Net OPEB obligation - beginning of year		-
Net OPEB obligation - ending of year	$	-

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

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 13,248	100%	$ -
6/30/2014	16,087	100%	-
6/30/2013	15,361	100%	-

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2014 (date of the most recent actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	$ 195,134
Actuarial value of plan assets	$ 43,065
Unfunded actuarial accrued liability (UAAL)	$ 152,069
Funded ratio (actuarial value of plan assets/AAL)	22.07%
Covered payroll (active plan members)	$ 2,652,368
UAAL as a percentage of covered payroll	5.73%

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

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

E. Actuarial Methods and Assumptions

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

In the June 30, 2014, most recent actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.50%, payroll growth rate of 3.00% and investment rate of return at 7.00%. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2014, was 20-29 years. Amortizations are open ended in that they begin anew at each valuation date.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

Note 21-Self Health Insurance:

The County established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2015, a total of $3,198,735 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of $414,999 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability for the current and prior two fiscal years are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2014-15	$ 369,938	$ 3,243,796	$ (3,198,735)	$ 414,999
2013-14	76,417	1,873,722	(1,580,201)	369,938
2012-13	74,583	541,837	(540,003)	76,417

Note 21-Self Health Insurance: (Continued)

Component Unit: School Board

The School Board established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2015, a total of $3,531,147 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of $436,900 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Activity of the School Board self-insurance program is reported within the School Operating Fund. Changes in the claims liability for the current and prior fiscal year are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2014-15	$ -	$ 3,968,047	$ (3,531,147)	$ 436,900

Note 22-Litigation:

At June 30, 2015, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 23-Subsequent Events:

On July 1, 2015, the County transferred operations of the Water and Sewer Fund (Enterprise Fund) to the Western Virginia Water Authority. As part of the agreement, all assets, deferred outflows of resources, liabilities and deferred inflows of resources were transferred by the County to the Western Virginia Water Authority. The resulting accounting treatment of this transaction will be reported in the 2015/2016 financial report.

Note 24-Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	Business-type Activities	Component Unit-School Board
Net Position, July 1, 2014, as previously stated	$ 51,481,715	$ 13,996,094	$ 19,198,647
Net pension liability	(6,690,589)	(203,977)	(50,847,426)
Deferred outflow	1,362,694	41,545	3,470,472
Net Position, July 1, 2014, as restated	$ 46,153,820	$ 13,833,662	$ (28,178,307)

Note 25-Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application,* amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement.* This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Note 25-Upcoming Pronouncements: (Continued)

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension,* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures,* will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Required Supplementary Information

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	$ 32,843,500	$ 33,056,858	$ 34,032,340	$ 975,482
Other local taxes	6,606,900	6,606,900	6,950,421	343,521
Permits, privilege fees, and regulatory licenses	227,350	227,350	312,369	85,019
Fines and forfeitures	130,000	130,000	141,023	11,023
Revenue from the use of money and property	367,200	367,200	477,777	110,577
Charges for services	679,737	696,737	752,571	55,834
Miscellaneous	51,900	84,900	195,928	111,028
Recovered costs	1,533,726	1,459,838	1,563,432	103,594
Intergovernmental:				
Commonwealth	10,414,934	10,414,934	10,507,516	92,582
Federal Government	866,500	1,016,500	916,763	(99,737)
Total revenues	$ 53,721,747	$ 54,061,217	$ 55,850,140	$ 1,788,923
EXPENDITURES				
General government administration:				
Board of supervisors	$ 223,316	$ 256,365	$ 256,365	$ -
County administrator	370,842	388,422	339,960	48,462
Deputy administrators	402,899	459,984	390,622	69,362
Central garage	68,715	70,240	60,991	9,249
Commissioner of revenue	379,727	389,033	375,488	13,545
Assessor	190,800	199,425	199,425	-
Central purchasing	89,521	92,144	87,493	4,651
Treasurer	422,873	442,836	438,060	4,776
Management information systems	1,209,022	1,253,000	905,048	347,952
Financial services	356,902	345,106	325,829	19,277
Electoral board/registrar	279,468	283,455	251,238	32,217
Total general government administration	$ 3,994,085	$ 4,180,010	$ 3,630,519	$ 549,491
Judicial administration:				
Circuit court	$ 57,251	$ 58,673	$ 56,316	$ 2,357
General district court	34,166	34,166	21,456	12,710
Magistrate	905	905	534	371
Clerk of the circuit court	611,443	627,957	598,059	29,898
Commonwealth's attorney	738,981	751,151	742,082	9,069
Total judicial administration	$ 1,442,746	$ 1,472,852	$ 1,418,447	$ 54,405

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Public safety:				
Sheriff	$ 4,623,108	$ 4,878,463	$ 4,764,788	$ 113,675
Fire departments and rescue squads	1,572,300	1,984,998	1,494,244	490,754
Emergency communications	209,244	311,078	292,415	18,663
Western Virginia EMS	6,722	6,722	6,722	-
County operated institutions - jail	3,634,870	3,721,917	3,718,121	3,796
Probation office	5,600	5,600	5,084	516
Juvenile detention	85,000.00	85,000	51,975	33,025
Building inspections	680,427	762,864	692,072	70,792
Animal control	503,422	502,626	480,261	22,365
Emergency services	2,870,356	2,997,887	2,700,679	297,208
Dispatch	797,565	951,009	766,057	184,952
Total public safety	$ 14,988,614	$ 16,208,164	$ 14,972,418	$ 1,235,746
Public works:				
Refuse collection and disposal	$ 629,452	$ 690,953	$ 675,609	$ 15,344
Public works	402,275	357,029	306,308	50,721
General properties	717,811	753,694	753,694	-
Total public works	$ 1,749,538	$ 1,801,676	$ 1,735,611	$ 66,065
Health and welfare:				
Supplement of local health department	$ 329,252	$ 329,252	$ 329,252	$ -
Mental health contribution	38,743	38,743	38,743	-
Welfare administration and programs	1,694,566	1,694,566	1,373,721	320,845
Comprehensive services act	1,181,018	1,254,567	1,235,647	18,920
Senior van program	79,529	82,193	81,486	707
Resource center	6,500	6,500	6,500	-
Tax relief for the elderly	-	385,000	380,189	4,811
Other welfare programs	15,500	15,500	15,500	-
Total health and welfare	$ 3,345,108	$ 3,806,321	$ 3,461,038	$ 345,283
Education:				
Contributions to Community Colleges	$ 35,072	$ 35,072	$ 32,072	$ 3,000
Contribution to County School Board	22,549,282	22,549,282	21,931,905	617,377
Total education	$ 22,584,354	$ 22,584,354	$ 21,963,977	$ 620,377
Parks, recreation, and cultural:				
Supervision of parks and recreation	$ 1,223,923	$ 1,247,090	$ 1,204,781	$ 42,309
Sports Complex	403,151	464,901	399,046	65,855
Tourism	231,225	247,096	239,983	7,113
Contributions to cultural organizations	79,932	84,932	84,932	-
Library expenses	1,015,487	1,047,101	1,034,622	12,479
Total parks, recreation, and cultural	$ 2,953,718	$ 3,091,120	$ 2,963,364	$ 127,756

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Community development:				
Planning commission	$ 26,634	$ 26,634	$ 26,634	$ -
Economic Development Partnership	73,417	80,822	80,822	-
Other environmental management	19,155	19,155	19,154	1
Industrial development	125,000	125,000	33,684	91,316
Extension office	66,994	66,994	50,794	16,200
Total community development	$ 311,200	$ 318,605	$ 211,088	$ 107,517
Nondepartmental				
Nondepartmental	$ -	$ 91,237	$ -	$ 91,237
Capital projects:				
EOC upgrades	$ 20,000	$ 20,000	$ -	$ 20,000
Lift Pump Station	12,000	12,000	-	12,000
VDOT revenue sharing	-	91,000	-	91,000
Recreation facility (Greenfield park)	95,000	120,768	119,355	1,413
Roadway improvements	-	10,000	-	10,000
Stormwater management	-	3,049	3,049	-
Total capital projects	$ 127,000	$ 256,817	$ 122,404	$ 134,413
Debt service:				
Principal retirement	$ 3,055,330	$ 3,055,330	$ 3,055,330	$ -
Bond issuance costs	-	108,500	108,500	-
Interest and other fiscal charges	1,361,169	1,252,669	1,243,450	9,219
Total debt service	$ 4,416,499	$ 4,416,499	$ 4,407,280	$ 9,219
Total expenditures	$ 55,912,862	$ 58,227,655	$ 54,886,146	$ 3,341,509
Excess (deficiency) of revenues over (under) expenditures	$ (2,191,115)	$ (4,166,438)	$ 963,994	$ 5,130,432
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 3,175,826	$ 3,175,826
Issuance of capital lease	-	-	526,304	526,304
Issuance of refunding bonds	-	-	13,150,000	13,150,000
Premium on refunding bonds issued	-	-	1,835,611	1,835,611
Sale of capital assets	-	-	238,338	238,338
Payments to refunded bonds escrow agent	-	-	(14,878,212)	(14,878,212)
Total other financing sources (uses)	$ -	$ -	$ 4,047,867	$ 4,047,867
Net change in fund balances	$ (2,191,115)	$ (4,166,438)	$ 5,011,861	$ 9,178,299
Fund balances - beginning	2,191,115	4,166,438	19,795,142	15,628,704
Fund balances - ending	$ -	$ -	$ 24,807,003	$ 24,807,003

Note 1: GAAP serves as the budgetary basis of accounting

Exhibit 12

County of Botetourt, Virginia
Schedule of OPEB Funding Progress
For the Year Ended June 30, 2015

School Board Health Insurance Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2014	$ -	$ 4,753,000	$ 4,753,000	0.00%	$ 28,175,000	16.87%
July 1, 2012	-	3,812,000	3,812,000	0.00%	27,173,000	14.03%
July 1, 2010	-	4,681,000	4,681,000	0.00%	22,961,000	20.39%

School Board Health Insurance Credit Program

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2014	$ 43,065	$ 195,134	$ 152,069	22.07%	$ 2,652,368	5.73%
June 30, 2013	29,944	185,712	155,768	16.12%	2,568,798	6.06%
June 30, 2012	19,370	172,385	153,015	11.24%	2,536,773	6.03%

Exhibit 13

County of Botetourt, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2015

		2014
Total pension liability		
Service cost	$	1,439,117
Interest		2,727,789
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(1,471,211)
Net change in total pension liability	$	2,695,695
Total pension liability - beginning		39,704,024
Total pension liability - ending (a)	$	42,399,719
Plan fiduciary net position		
Contributions - employer	$	1,404,239
Contributions - employee		572,060
Net investment income		5,227,639
Benefit payments, including refunds of employee contributions		(1,471,211)
Administrative expense		(27,445)
Other		276
Net change in plan fiduciary net position	$	5,705,558
Plan fiduciary net position - beginning		32,809,458
Plan fiduciary net position - ending (b)	$	38,515,016
County's net pension liability - ending (a) - (b)	$	3,884,703
Plan fiduciary net position as a percentage of the total pension liability		90.84%
Covered-employee payroll	$	11,165,026
County's net pension liability as a percentage of covered-employee payroll		34.79%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Exhibit 14

County of Botetourt, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Component Unit-School Board (nonprofessional)
For the Year Ended June 30, 2015

		2014
Total pension liability		
Service cost	$	301,655
Interest		800,682
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(730,570)
Net change in total pension liability	$	371,767
Total pension liability - beginning		11,803,600
Total pension liability - ending (a)	$	12,175,367
Plan fiduciary net position		
Contributions - employer	$	360,472
Contributions - employee		136,232
Net investment income		1,459,455
Benefit payments, including refunds of employee contributions		(730,570)
Administrative expense		(8,002)
Other		77
Net change in plan fiduciary net position	$	1,217,664
Plan fiduciary net position - beginning		9,387,174
Plan fiduciary net position - ending (b)	$	10,604,838
School Division's net pension liability - ending (a) - (b)	$	1,570,529
Plan fiduciary net position as a percentage of the total pension liability		87.10%
Covered-employee payroll	$	2,681,851
School Division's net pension liability as a percentage of covered-employee payroll		58.56%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Exhibit 15

County of Botetourt, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Year Ended June 30, 2015*

		2015
Employer's Proportion of the Net Pension Liability		0.36427%
Employer's Proportionate Share of the Net Pension Liability	$	44,021,000
Employer's Covered-Employee Payroll		26,125,137
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		168.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Exhibit 16

County of Botetourt, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	$ 1,334,749	$ 1,334,749	$ -	$ 11,360,693	11.75%
Component Unit School Board (nonprofessional)					
2015	$ 279,258	$ 279,258	$ -	$ 2,324,240	12.02%
Component Unit School Board (professional)					
2015	$ 3,783,080	$ 3,783,080	$ -	$ 26,125,137	14.48%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees
- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Other Information - Annual money-weighted rates of return for all plans administered by the VRS may be obainted from VRS at the address listed in Note 10 to the financial statements.

Other Supplementary Information Section

FIDUCIARY FUNDS – AGENCY FUNDS

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

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

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

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

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

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

Exhibit 18

County of Botetourt, Virginia
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	Agency Funds						
	Special Welfare	Flexible Benefits	Inmate Trust and Canteen	Cafeteria Plan	Escrow	Roanoke Valley Regional Board	Total
ASSETS							
Cash and cash equivalents	$ 21,207	$ 40,798	$ 72,894	$ 13,764	$ 74,860	$ 905,293	$1,128,816
Total assets	$ 21,207	$ 40,798	$ 72,894	$ 13,764	$ 74,860	$ 905,293	$1,128,816
LIABILITIES							
Amounts held for social services clients	$ 21,207	$ -	$ -	$ -	$ -	$ -	$ 21,207
Amounts held for employees	-	40,798	-	13,764	-	-	54,562
Amounts held for other agencies	-	-	-	-	-	905,293	905,293
Amounts held for performance bond	-	-	-	-	74,860	-	74,860
Amounts held for inmates	-	-	72,894	-	-	-	72,894
Total liabilities	$ 21,207	$ 40,798	$ 72,894	$ 13,764	$ 74,860	$ 905,293	$1,128,816

Exhibit 19

County of Botetourt, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 21,671	$ 51,079	$ (51,543)	$ 21,207
Liabilities:				
Amounts held for social services clients	$ 21,671	$ 51,079	$ (51,543)	$ 21,207
Flexible Benefits Fund:				
Assets:				
Cash and cash equivalents	$ 30,872	$ 185,729	$ (175,803)	$ 40,798
Liabilities:				
Amounts held for employees	$ 30,872	$ 185,729	$ (175,803)	$ 40,798
Inmate Trust and Canteen Fund:				
Assets:				
Cash and cash equivalents	$ 59,866	$ 228,951	$ (215,923)	$ 72,894
Liabilities:				
Amounts held for inmates	$ 59,866	$ 228,951	$ (215,923)	$ 72,894
Cafeteria Plan Fund:				
Assets:				
Cash and cash equivalents	$ 19,028	$ 47,210	$ (52,474)	$ 13,764
Liabilities:				
Amounts held for employees	$ 19,028	$ 47,210	$ (52,474)	$ 13,764
Escrow Fund:				
Assets:				
Cash and cash equivalents	$ 115,000	$ 163,328	$ (203,468)	$ 74,860
Liabilities:				
Amounts held for performance bond	$ 115,000	$ 163,328	$ (203,468)	$ 74,860
Roanoke Valley Regional Board Fund:				
Assets:				
Cash and cash equivalents	$ 814,863	$ 7,914,590	$ (7,824,160)	$ 905,293
Liabilities:				
Amounts held for other agencies	$ 814,863	$ 7,914,590	$ (7,824,160)	$ 905,293
	Totals			
Total Assets:				
Cash and cash equivalents	$ 1,061,300	$ 8,590,887	$ (8,523,371)	$ 1,128,816
Total Liabilities:				
Amounts held for others	$ 1,061,300	$ 8,590,887	$ (8,523,371)	$ 1,128,816

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

Exhibit 20

County of Botetourt, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating Fund
ASSETS	
Cash and cash equivalents	$ 6,648,885
Receivables (net of allowance for uncollectibles):	
Accounts receivable	11,077
Due from other governmental units	1,285,411
Prepaid items	252,520
Total assets	$ 8,197,893
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 572,935
Accrued wages and health claims	4,653,533
Total liabilities	$ 5,226,468
Fund balances:	
Nonspendable	
Prepaid items	$ 252,520
Restricted	
School cafeterias	152,307
Unassigned	2,566,598
Total fund balances	$ 2,971,425
Total liabilities and fund balances	$ 8,197,893
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	$ 2,971,425
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	1,949,631
Buildings and improvements	14,801,199
Machinery and equipment	1,193,103
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Items related to measurement of net pension liability	(7,181,653)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	4,062,338
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(988,679)
Net OPEB obligation	(1,158,000)
Net pension liability	(45,591,529)
Adjustment for changes in proportionate share of net pension liability	1,434,000
Net position of governmental activities	$ (28,508,165)

Exhibit 21

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Operating Fund
REVENUES	
Revenue from the use of money and property	$ 115,519
Charges for services	1,272,387
Miscellaneous	725,218
Recovered costs	105,903
Intergovernmental:	
Local government	21,931,905
Commonwealth	24,624,953
Federal Government	2,390,185
Total revenues	$ 51,166,070
EXPENDITURES	
Current:	
Education	$ 50,981,472
Total expenditures	$ 50,981,472
Excess (deficiency) of revenues over (under) expenditures	$ 184,598
Net change in fund balances	$ 184,598
Fund balances - beginning	2,786,827
Fund balances - ending	$ 2,971,425
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	$ 184,598
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.	
Capital outlays	1,115,030
Depreciation expenses	(1,507,851)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.	(31,279)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred inflows related to the measurement of the net pension liability	(7,181,653)
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.	
Change in compensated absenses	(28,466)
Change in net OPEB obligation	(162,000)
Change in net pension liability	5,255,897
Change in deferred outflows related to pensions	2,025,866
Change in net position of governmental activities	$ (329,858)

Exhibit 22

County of Botetourt, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ 121,000	$ 121,000	$ 115,519	$ (5,481)
Charges for services	1,779,820	1,423,431	1,272,387	(151,044)
Miscellaneous	572,638	782,325	725,218	(57,107)
Recovered costs	64,000	64,000	105,903	41,903
Intergovernmental:				
Local government	22,549,282	22,549,282	21,931,905	(617,377)
Commonwealth	24,057,816	24,054,033	24,624,953	570,920
Federal Government	1,461,158	2,935,549	2,390,185	(545,364)
Total revenues	$ 50,605,714	$ 51,929,620	$ 51,166,070	$ (763,550)
EXPENDITURES				
Education	$ 51,186,811	$ 53,089,679	$ 50,981,472	$ 2,108,207
Total expenditures	$ 51,186,811	$ 53,089,679	$ 50,981,472	$ 2,108,207
Excess (deficiency) of revenues over (under) expenditures	$ (581,097)	$ (1,160,059)	$ 184,598	$ 1,344,657
Net change in fund balances	$ (581,097)	$ (1,160,059)	$ 184,598	$ 1,344,657
Fund balances - beginning	581,097	1,160,059	2,786,827	1,626,768
Fund balances - ending	$ -	$ -	$ 2,971,425	$ 2,971,425

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 22,984,000	$ 23,197,358	$ 23,735,800	$ 538,442
Real and personal public service corporation taxes	1,624,000	1,624,000	1,634,782	10,782
Personal property taxes	4,810,000	4,810,000	4,956,408	146,408
Mobile home taxes	50,500	50,500	51,383	883
Machinery and tools taxes	3,100,000	3,100,000	3,358,748	258,748
Penalties	170,000	170,000	172,810	2,810
Interest	105,000	105,000	122,409	17,409
Total general property taxes	$ 32,843,500	$ 33,056,858	$ 34,032,340	$ 975,482
Other local taxes:				
Local sales and use taxes	$ 2,405,000	$ 2,405,000	$ 2,677,918	$ 272,918
Consumers' utility taxes	558,000	558,000	562,325	4,325
Local consumption tax	150,000	150,000	149,917	(83)
Business license taxes	839,400	839,400	823,543	(15,857)
Franchise license tax	48,000	48,000	81,533	33,533
Motor vehicle licenses	695,000	695,000	668,174	(26,826)
Bank stock taxes	115,000	115,000	126,873	11,873
Taxes on recordation and wills	311,500	311,500	263,879	(47,621)
Hotel and motel room taxes	330,000	330,000	351,404	21,404
Restaurant food taxes	1,155,000	1,155,000	1,244,855	89,855
Total other local taxes	$ 6,606,900	$ 6,606,900	$ 6,950,421	$ 343,521
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 26,000	$ 26,000	$ 23,131	$ (2,869)
Land use application fees	900	900	373	(527)
Transfer fees	900	900	999	99
Building permits and other licenses	184,600	184,600	271,934	87,334
Zoning fees	14,950	14,950	15,932	982
Total permits, privilege fees, and regulatory licenses	$ 227,350	$ 227,350	$ 312,369	$ 85,019
Fines and forfeitures:				
Court fines and forfeitures	$ 130,000	$ 130,000	$ 141,023	$ 11,023
Total fines and forfeitures	$ 130,000	$ 130,000	$ 141,023	$ 11,023
Revenue from use of money and property:				
Revenue from use of money	$ 120,200	$ 120,200	$ 114,453	$ (5,747)
Revenue from use of property	247,000	247,000	363,324	116,324
Total revenue from use of money and property	$ 367,200	$ 367,200	$ 477,777	$ 110,577
Charges for services:				
Charges for law enforcement and traffic control	$ 49,487	$ 49,487	$ 51,305	$ 1,818
Charges for courthouse maintenance	27,000	27,000	29,265	2,265
Charges for courtroom security	140,000	140,000	149,100	9,100
Court appointed attorneys	150	150	59,184	59,034
Miscellaneous jail and inmate fees	28,000	28,000	25,994	(2,006)
Jail processing fees	4,000	4,000	5,408	1,408

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for Commonwealth's Attorney	88,000	88,000	58,113	(29,887)
Charges for board and care of animals	3,800	3,800	2,355	(1,445)
Charges for sanitation and waste removal	142,000	142,000	153,973	11,973
Charges for parks and recreation	135,000	135,000	156,226	21,226
Charges for engineering reviews	39,500	39,500	9,588	(29,912)
Other charges for services	800	800	736	(64)
Charges for law library	-	-	3,681	3,681
Charges for EMS and Hazmat	-	17,000	17,456	456
Charges for library	22,000	22,000	30,187	8,187
Total charges for services	$ 679,737	$ 696,737	$ 752,571	$ 55,834
Miscellaneous revenue:				
Miscellaneous	$ 400	$ 400	$ 65,172	$ 64,772
Sale of salvage	7,500	7,500	27,782	20,282
Sponsorships	-	33,000	33,865	865
Telephone commissions	32,000	32,000	34,314	2,314
Donations	12,000	12,000	34,795	22,795
Total miscellaneous revenue	$ 51,900	$ 84,900	$ 195,928	$ 111,028
Recovered costs:				
Local jails	$ 315,000	$ 315,000	$ 267,156	$ (47,844)
ES cost recoveries	800,000	800,000	920,199	120,199
Regional jail	104,416	104,416	104,416	-
Medical co-pay	10,000	10,000	11,425	1,425
CSA refunds	250	250	18,998	18,748
Social services refunds	2,000	2,000	6,681	4,681
Town of Buchanan	36,660	36,660	36,660	-
Tourism	-	-	4,727	4,727
Other recovered costs	265,400	191,512	193,170	1,658
Total recovered costs	$ 1,533,726	$ 1,459,838	$ 1,563,432	$ 103,594
Total revenue from local sources	$ 42,440,313	$ 42,629,783	$ 44,425,861	$ 1,796,078
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	$ 167,000	$ 167,000	$ 165,783	$ (1,217)
Communications sales and use taxes	720,000	720,000	713,387	(6,613)
Motor vehicle carriers' tax	4,000	4,000	2,213	(1,787)
Mobile home titling tax	25,000	25,000	85,206	60,206
Grantor's tax	130,000	130,000	97,686	(32,314)
Personal property tax relief funds	3,418,137	3,418,137	3,418,137	-
Total noncategorical aid	$ 4,464,137	$ 4,464,137	$ 4,482,412	$ 18,275

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 400,000	$ 400,000	$ 417,288	$ 17,288
Sheriff	3,300,000	3,300,000	3,325,438	25,438
Commissioner of revenue	110,000	110,000	109,283	(717)
Treasurer	107,000	107,000	108,112	1,112
Registrar/electoral board	40,000	40,000	41,033	1,033
Clerk of the Circuit Court	300,000	300,000	304,122	4,122
Reduction in State Aid	-	-	(123,346)	(123,346)
Total shared expenses	$ 4,257,000	$ 4,257,000	$ 4,181,930	$ (75,070)
Other categorical aid:				
Public assistance and welfare administration	$ 559,000	$ 559,000	$ 386,541	$ (172,459)
Comprehensive services act	659,997	659,997	730,486	70,489
Emergency medical services	137,500	137,500	125,434	(12,066)
Library grant	148,000	148,000	148,561	561
Property seizure	-	-	70,764	70,764
Financial assistance for culture and art	5,000	5,000	5,000	-
Fire program	87,000	87,000	98,802	11,802
Four for life	36,500	36,500	35,130	(1,370)
VDOT grants	-	-	27,351	27,351
Wireless board reimbursement	60,000	60,000	211,085	151,085
Other categorical aid	800	800	4,020	3,220
Total other categorical aid	$ 1,693,797	$ 1,693,797	$ 1,843,174	$ 149,377
Total categorical aid	$ 5,950,797	$ 5,950,797	$ 6,025,104	$ 74,307
Total revenue from the Commonwealth	$ 10,414,934	$ 10,414,934	$ 10,507,516	$ 92,582
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 2,000	$ 152,000	$ 153,716	$ 1,716
Categorical aid:				
Public assistance and welfare administration	$ 847,000	$ 847,000	$ 728,489	$ (118,511)
State and community highway safety	17,500	17,500	23,840	6,340
Local law enforcement block grant	-	-	7,500	7,500
Upper James River Water Trail Grant	-	-	3,218	3,218
Total categorical aid	$ 864,500	$ 864,500	$ 763,047	$ (101,453)
Total revenue from the federal government	$ 866,500	$ 1,016,500	$ 916,763	$ (99,737)
Total General Fund	$ 53,721,747	$ 54,061,217	$ 55,850,140	$ 1,788,923

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 1,000	$ 1,000	$ 7,729	$ 6,729
Revenue from the use of property	120,000	120,000	107,790	(12,210)
Total revenue from use of money and property	$ 121,000	$ 121,000	$ 115,519	$ (5,481)
Charges for services:				
Cafeteria sales	$ 1,574,320	$ 1,217,931	$ 1,033,663	$ (184,268)
Transportation of pupils	32,000	32,000	47,562	15,562
Tuition and payments from other divisions	173,500	173,500	191,162	17,662
Total charges for services	$ 1,779,820	$ 1,423,431	$ 1,272,387	$ (151,044)
Other miscellaneous	$ 572,638	$ 782,325	$ 725,218	$ (57,107)
Total miscellaneous revenue	$ 572,638	$ 782,325	$ 725,218	$ (57,107)
Recovered costs:				
Other recovered costs	$ 64,000	$ 64,000	$ 105,903	$ 41,903
Total recovered costs	$ 64,000	$ 64,000	$ 105,903	$ 41,903
Total revenue from local sources	$ 2,537,458	$ 2,390,756	$ 2,219,027	$ (171,729)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Botetourt, Virginia	$ 22,549,282	$ 22,549,282	$ 21,931,905	$ (617,377)
Total revenues from local governments	$ 22,549,282	$ 22,549,282	$ 21,931,905	$ (617,377)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 5,422,155	$ 5,422,155	$ 5,468,209	$ 46,054
Basic school aid	12,581,146	12,581,146	13,001,905	420,759
Remedial summer education	42,782	42,782	35,151	(7,631)
Regular foster care	31,541	31,541	35,085	3,544
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	137,293	137,293	141,084	3,791
Remedial education	169,426	169,426	174,104	4,678
School food	32,756	28,973	19,388	(9,585)
Special education	1,624,148	1,624,148	1,668,999	44,851
Textbook payment	281,071	281,071	288,118	7,047
Standards of Learning algebra readiness	24,502	24,502	28,577	4,075
Vocational education SOQ payments	271,665	271,665	279,167	7,502
Social security fringe benefits	777,021	777,021	798,478	21,457
Share of fringe benefits	1,592,016	1,592,016	1,623,972	31,956
Group life insurance instructional	52,580	52,580	51,031	(1,549)
Early reading intervention	47,804	47,804	43,806	(3,998)
Homebound education	32,950	32,950	25,104	(7,846)
Vocational education	62,291	62,291	63,665	1,374
Salary supplement	27,000	27,000	20,000	(7,000)
Special education - foster children	73,597	73,597	93,746	20,149
Special education - regional programs	119,179	119,179	127,906	8,727

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Industry certification	$ -	$ -	$ 12,091	$ 12,091
At risk payments	71,542	71,542	73,524	1,982
Mentor teacher program	2,943	2,943	1,807	(1,136)
Reduced K-3	54,213	54,213	62,533	8,320
Technology	336,000	336,000	336,000	-
At risk four-year olds	139,460	139,460	113,040	(26,420)
English as a second language	20,766	20,766	27,774	7,008
Other state funds	22,110	22,110	2,830	(19,280)
Total categorical aid	$ 24,057,816	$ 24,054,033	$ 24,624,953	$ 570,920
Total revenue from the Commonwealth	$ 24,057,816	$ 24,054,033	$ 24,624,953	$ 570,920
Revenue from the federal government:				
Categorical aid:				
School breakfast program	$ 113,704	$ 88,487	$ 101,078	$ 12,591
School lunch program	454,815	464,559	479,993	15,434
School food distribution	-	-	106,028	106,028
Title I	205,861	450,487	412,164	(38,323)
Advanced placement program	-	-	370	370
Title VI-B, Special education flow-through	462,584	1,653,707	1,033,587	(620,120)
Vocational education	56,365	50,655	49,500	(1,155)
Title VI-B, Special education pre-school	18,431	28,152	26,287	(1,865)
Adult basic education	15,878	40,000	26,119	(13,881)
Federal land use	55,000	55,000	50,414	(4,586)
Language acquisition grant	6,817	9,792	3,484	(6,308)
Improving teacher quality	71,703	94,710	101,161	6,451
Total categorical aid	$ 1,461,158	$ 2,935,549	$ 2,390,185	$ (545,364)
Total revenue from the federal government	$ 1,461,158	$ 2,935,549	$ 2,390,185	$ (545,364)
Total School Operating Fund	$ 50,605,714	$ 51,929,620	$ 51,166,070	$ (763,550)
Total Discretely Presented Component Unit - School Board	$ 50,605,714	$ 51,929,620	$ 51,166,070	$ (763,550)

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 223,316	$ 256,365	$ 256,365	$ -
General and financial administration:				
County administrator	$ 370,842	$ 388,422	$ 339,960	$ 48,462
Deputy administrators	402,899	459,984	390,622	69,362
Central garage	68,715	70,240	60,991	9,249
Commissioner of revenue	379,727	389,033	375,488	13,545
Assessor	190,800	199,425	199,425	-
Central purchasing	89,521	92,144	87,493	4,651
Treasurer	422,873	442,836	438,060	4,776
Management information systems	1,209,022	1,253,000	905,048	347,952
Financial services	356,902	345,106	325,829	19,277
Total general and financial administration	$ 3,491,301	$ 3,640,190	$ 3,122,916	$ 517,274
Board of elections:				
Electoral board/registrar	$ 279,468	$ 283,455	$ 251,238	$ 32,217
Total general government administration	$ 3,994,085	$ 4,180,010	$ 3,630,519	$ 549,491
Judicial administration:				
Courts:				
Circuit court	$ 57,251	$ 58,673	$ 56,316	$ 2,357
General district court	34,166	34,166	21,456	12,710
Magistrate	905	905	534	371
Clerk of the circuit court	611,443	627,957	598,059	29,898
Total courts	$ 703,765	$ 721,701	$ 676,365	$ 45,336
Commonwealth's attorney:				
Commonwealth's attorney	$ 738,981	$ 751,151	$ 742,082	$ 9,069
Total commonwealth's attorney	$ 738,981	$ 751,151	$ 742,082	$ 9,069
Total judicial administration	$ 1,442,746	$ 1,472,852	$ 1,418,447	$ 54,405
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 4,623,108	$ 4,878,463	$ 4,764,788	$ 113,675
Total law enforcement and traffic control	$ 4,623,108	$ 4,878,463	$ 4,764,788	$ 113,675
Fire and rescue services:				
Fire departments and rescue squads	$ 1,572,300	$ 1,984,998	$ 1,494,244	$ 490,754
Emergency communications	209,244	311,078	292,415	18,663
Western Virginia EMS	6,722	6,722	6,722	-
Total fire and rescue services	$ 1,788,266	$ 2,302,798	$ 1,793,381	$ 509,417

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
County operated institutions - jail	$ 3,634,870	$ 3,721,917	$ 3,718,121	$ 3,796
Juvenile detention	85,000	85,000	51,975	33,025
Probation office	5,600	5,600	5,084	516
Total correction and detention	$ 3,725,470	$ 3,812,517	$ 3,775,180	$ 37,337
Development services:				
Building, planning, zoning and engineering	$ 680,427	$ 762,864	$ 692,072	$ 70,792
Total inspections	$ 680,427	$ 762,864	$ 692,072	$ 70,792
Other protection:				
Animal control	$ 503,422	$ 502,626	$ 480,261	$ 22,365
Emergency services	2,870,356	2,997,887	2,700,679	297,208
Dispatch	797,565	951,009	766,057	184,952
Total other protection	$ 4,171,343	$ 4,451,522	$ 3,946,997	$ 504,525
Total public safety	$ 14,988,614	$ 16,208,164	$ 14,972,418	$ 1,235,746
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	$ 629,452	$ 690,953	$ 675,609	$ 15,344
Public works	402,275	357,029	306,308	50,721
Total sanitation and waste removal	$ 1,031,727	$ 1,047,982	$ 981,917	$ 66,065
Maintenance of general buildings and grounds:				
General properties	$ 717,811	$ 753,694	$ 753,694	$ -
Total maintenance of general buildings and grounds	$ 717,811	$ 753,694	$ 753,694	$ -
Total public works	$ 1,749,538	$ 1,801,676	$ 1,735,611	$ 66,065
Health and welfare:				
Health:				
Supplement of local health department	$ 329,252	$ 329,252	$ 329,252	$ -
Total health	$ 329,252	$ 329,252	$ 329,252	$ -
Mental health and mental retardation:				
Mental health contribution	$ 38,743	$ 38,743	$ 38,743	$ -
Total mental health and mental retardation	$ 38,743	$ 38,743	$ 38,743	$ -
Welfare:				
Welfare administration and programs	$ 1,694,566	1,694,566	$ 1,373,721	$ 320,845
Comprehensive services act	1,181,018	1,254,567	1,235,647	18,920
Senior van program	79,529	82,193	81,486	707
Resource center	6,500	6,500	6,500	-
Tax relief for the elderly	-	385,000	380,189	4,811
Other welfare programs	15,500	15,500	15,500	-
Total welfare	$ 2,977,113	$ 3,438,326	$ 3,093,043	$ 345,283
Total health and welfare	$ 3,345,108	$ 3,806,321	$ 3,461,038	$ 345,283

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	$ 35,072	$ 35,072	$ 32,072	$ 3,000
Contribution to County School Board	22,549,282	22,549,282	21,931,905	617,377
Total education	$ 22,584,354	$ 22,584,354	$ 21,963,977	$ 620,377
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 1,223,923	$ 1,247,090	$ 1,204,781	$ 42,309
Sports Complex	403,151	464,901	399,046	65,855
Tourism	231,225	247,096	239,983	7,113
Total parks and recreation	$ 1,858,299	$ 1,959,087	$ 1,843,810	$ 115,277
Cultural enrichment:				
Contributions to cultural organizations	$ 79,932	$ 84,932	$ 84,932	$ -
Total cultural enrichment	$ 79,932	$ 84,932	$ 84,932	$ -
Library:				
Library expenses	$ 1,015,487	$ 1,047,101	$ 1,034,622	$ 12,479
Total library	$ 1,015,487	$ 1,047,101	$ 1,034,622	$ 12,479
Total parks, recreation, and cultural	$ 2,953,718	$ 3,091,120	$ 2,963,364	$ 127,756
Community development:				
Planning and community development:				
Planning commission	$ 26,634	$ 26,634	$ 26,634	$ -
Economic Development Partnership	73,417	80,822	80,822	-
Industrial development	125,000	125,000	33,684	91,316
Total planning and community development	$ 225,051	$ 232,456	$ 141,140	$ 91,316
Environmental management:				
Other environmental management	$ 19,155	$ 19,155	$ 19,154	$ 1
Cooperative extension program:				
Extension office	$ 66,994	$ 66,994	$ 50,794	$ 16,200
Total community development	$ 311,200	$ 318,605	$ 211,088	$ 107,517
Capital projects:				
EOC upgrades	$ 20,000	$ 20,000	$ -	$ 20,000
Lift Pump Station	12,000	12,000	-	12,000
VDOT revenue sharing	-	91,000	-	91,000
Recreation facility (Greenfield park)	95,000	120,768	119,355	1,413
Roadway improvements	-	10,000	-	10,000
Stormwater management	-	3,049	3,049	-
Total capital projects	$ 127,000	$ 256,817	$ 122,404	$ 134,413

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	$ 3,055,330	$ 3,055,330	$ 3,055,330	$ -
Bond issuance costs	-	108,500	108,500	-
Interest and other fiscal charges	1,361,169	1,252,669	1,243,450	9,219
Total debt service	$ 4,416,499	$ 4,416,499	$ 4,407,280	$ 9,219
Total General Fund	$ 55,912,862	$ 58,227,655	$ 54,886,146	$ 3,341,509
Total Primary Government	$ 55,912,862	$ 58,227,655	$ 54,886,146	$ 3,341,509
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	$ 2,033,406	$ 2,033,406	$ 1,977,554	$ 55,852
Instruction costs:				
Instructional costs	$ 37,766,390	$ 38,809,453	$ 37,055,485	$ 1,753,968
Operating costs:				
Pupil transportation	$ 3,204,789	$ 3,204,789	$ 3,130,104	$ 74,685
Operation and maintenance of school plant	4,463,820	4,463,820	5,054,741	(590,921)
School food service	2,125,204	1,824,950	1,691,208	133,742
Facilities	-	1,160,059	-	1,160,059
Technology	1,593,202	1,593,202	2,072,380	(479,178)
Total operating costs	$ 11,387,015	$ 12,246,820	$ 11,948,433	$ 298,387
Total education	$ 51,186,811	$ 53,089,679	$ 50,981,472	$ 2,108,207
Total School Operating Fund	$ 51,186,811	$ 53,089,679	$ 50,981,472	$ 2,108,207
Total Discretely Presented Component Unit - School Board	$ 51,186,811	$ 53,089,679	$ 50,981,472	$ 2,108,207

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

STATISTICAL SECTION

Table 1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$ 18,352,750	$ 23,967,351	$ 30,444,399	$ 33,178,862	$ 34,195,468	$ 34,962,435	$ 35,235,486	$ 35,731,696	$ 37,238,281	$ 37,094,464
Restricted	676,265	666,969	243,247	260,324	184,574	198,529	186,710	187,390	285,943	249,392
Unrestricted	18,758,845	20,068,496	17,062,750	10,303,045	9,116,696	10,975,733	10,617,666	14,637,371	13,957,491	13,655,336
Total governmental activities net position	$ 37,787,860	$ 44,702,816	$ 47,750,396	$ 43,742,231	$ 43,496,738	$ 46,136,697	$ 46,039,862	$ 50,556,457	$ 51,481,715	$ 50,999,192
Business-type activities										
Net investment in capital assets	$ 8,909,696	$ 10,031,502	$ 10,207,082	$ 10,102,393	$ 9,954,091	$ 10,019,461	$ 10,215,268	$ 10,091,246	$ 10,222,456	$ 10,039,266
Unrestricted	1,401,069	295,498	888,109	2,022,825	2,354,249	2,511,990	2,615,419	3,520,581	3,773,638	1,044,299
Total business-type activities net position	$ 10,310,765	$ 10,327,000	$ 11,095,191	$ 12,125,218	$ 12,308,340	$ 12,531,451	$ 12,830,687	$ 13,611,827	$ 13,996,094	$ 11,083,565
Primary government										
Net investment in capital assets	$ 27,262,446	$ 33,998,853	$ 40,651,481	$ 43,281,255	$ 44,149,559	$ 44,981,896	$ 45,450,754	$ 45,822,942	$ 47,460,737	$ 47,133,730
Restricted	676,265	666,969	243,247	260,324	184,574	198,529	186,710	187,390	285,943	249,392
Unrestricted	20,159,914	20,363,994	17,950,859	12,325,870	11,470,945	13,487,723	13,233,085	18,157,952	17,731,129	14,699,635
Total primary government net position	$ 48,098,625	$ 55,029,816	$ 58,845,587	$ 55,867,449	$ 55,805,078	$ 58,668,148	$ 58,870,549	$ 64,168,284	$ 65,477,809	$ 62,082,757

Source: County financial reports

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

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Expenses										
Governmental activities:										
General government administration	$ 2,623,963	$ 2,474,879	$ 2,425,324	$ 2,882,831	$ 3,330,864	$ 3,017,197	$ 3,009,226	$ 2,932,750	$ 3,258,654	$ 3,352,349
Judicial administration	1,007,505	1,247,810	1,315,699	1,307,844	1,289,818	1,251,798	1,284,630	1,317,267	1,421,543	1,359,135
Public safety	7,541,698	9,005,396	11,408,457	11,875,621	12,060,957	11,119,800	12,689,537	12,734,181	14,178,649	13,795,657
Public works	(342,596)	2,094,816	1,645,071	3,469,969	1,026,920	1,902,510	1,709,623	2,230,035	2,010,971	1,937,224
Health and welfare	3,078,876	3,155,210	3,522,298	3,359,650	3,717,605	3,572,226	3,427,728	3,249,941	3,415,997	3,343,542
Education	19,280,972	19,101,380	20,230,768	23,154,154	20,616,634	22,116,884	21,703,533	22,291,399	22,911,062	23,089,557
Parks, recreation and cultural	1,756,571	2,172,778	2,801,151	2,932,681	3,120,867	3,266,210	3,193,686	2,980,612	3,194,559	3,167,746
Community development	564,789	582,609	2,012,043	1,323,106	672,942	581,692	533,841	307,960	246,185	1,042,460
Interest on long-term debt	1,081,456	2,712,171	2,566,987	2,127,418	1,978,620	1,763,356	1,805,765	1,595,978	1,509,639	1,230,403
Total governmental activities expenses	$ 36,593,234	$ 42,547,049	$ 47,927,798	$ 52,433,274	$ 47,815,227	$ 48,591,673	$ 49,357,569	$ 49,640,123	$ 52,147,259	$ 52,318,073
Business-type activities:										
Water	$ 2,035,296	$ 2,095,311	$ 2,382,201	$ 2,705,663	$ 2,822,893	$ 2,616,243	$ 2,664,729	$ 2,819,888	$ 2,883,325	$ 2,789,595
Total primary government expenses	$ 38,628,530	$ 44,642,360	$ 50,309,999	$ 55,138,937	$ 50,638,120	$ 51,207,916	$ 52,022,298	$ 52,460,011	$ 55,030,584	$ 55,107,668
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 2,220	$ 1,090	$ 1,202	$ 606	$ 492	$ 1,148	$ 308	$ 1,154	$ 600	$ 736
Judicial administration	337,141	304,025	293,937	79,072	154,962	183,408	223,594	240,931	276,141	263,000
Public safety	624,263	541,492	584,434	542,087	462,721	396,503	395,365	479,049	550,788	591,880
Public works	853,104	1,255,980	936,821	176,935	168,841	174,421	141,865	155,792	162,979	163,934
Parks, recreation and cultural	30,786	61,788	130,073	149,235	164,399	163,473	183,585	165,958	183,661	186,413
Community development	-	39,582	-	-	-	-	-	-	-	-
Operating grants and contributions	5,884,760	5,813,858	6,804,623	7,900,796	6,843,667	6,943,118	6,848,849	6,565,401	6,753,916	6,788,151
Capital grants and contributions	5,341,327	833,052	3,141,221	-	-	-	-	-	-	-
Total governmental activities program revenues	$ 13,073,601	$ 8,850,867	$ 11,892,311	$ 8,848,731	$ 7,795,082	$ 7,862,071	$ 7,793,566	$ 7,608,285	$ 7,928,085	$ 7,994,114
Business-type activities:										
Charges for services:										
Water	$ 1,903,624	$ 1,965,855	$ 2,788,894	$ 2,703,870	$ 2,971,193	$ 2,826,574	$ 3,019,701	$ 3,577,258	$ 3,270,261	$ 3,001,021
Capital grants and contributions	184,415	14,270	-	97,975	25,000	-	-	-	-	-
Total business-type activities program revenues	$ 2,088,039	$ 1,980,125	$ 2,788,894	$ 2,801,845	$ 2,996,193	$ 2,826,574	$ 3,019,701	$ 3,577,258	$ 3,270,261	$ 3,001,021
Total primary government program revenues	$ 15,161,640	$ 10,830,992	$ 14,681,205	$ 11,650,576	$ 10,791,275	$ 10,688,645	$ 10,813,267	$ 11,185,543	$ 11,198,346	$ 10,995,135

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

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Net (expense) / revenue										
Governmental activities	$ (23,519,633)	$ (33,696,182)	$ (36,035,487)	$ (43,584,543)	$ (40,020,145)	$ (40,729,602)	$ (41,564,003)	$ (42,031,838)	$ (44,219,174)	$ (44,323,959)
Business-type activities	52,743	(115,186)	406,693	96,182	173,300	210,331	354,972	757,370	386,936	211,426
Total primary government net expense	$ (23,466,890)	$ (33,811,368)	$ (35,628,794)	$ (43,488,361)	$ (39,846,845)	$ (40,519,271)	$ (41,209,031)	$ (41,274,468)	$ (43,832,238)	$ (44,112,533)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 22,943,504	$ 26,540,984	$ 27,293,853	$ 28,666,285	$ 28,295,560	$ 30,227,710	$ 29,822,572	$ 33,065,115	$ 33,063,716	$ 33,933,251
Local sales and use taxes	2,043,136	2,120,627	2,102,537	1,930,445	1,873,975	2,028,548	2,164,312	2,226,360	2,514,913	2,677,918
Taxes on recordation and wills	610,881	453,586	405,937	296,613	285,530	263,973	256,065	310,308	269,869	263,879
Motor vehicle licenses taxes	715,817	718,797	25,815	587,147	627,860	632,926	647,083	647,951	661,412	668,174
Consumers' utility taxes	1,114,597	946,172	694,547	694,849	694,260	699,959	695,430	702,303	710,204	712,242
Business licenses taxes	761,213	780,498	828,183	788,003	779,757	745,256	829,929	875,526	840,808	823,543
Other local taxes	1,829,180	2,133,704	2,437,859	2,329,120	1,537,984	1,703,421	1,689,951	1,689,435	1,821,605	1,804,665
Unrestricted grants and contributions	3,330,507	3,990,504	3,879,675	4,007,081	4,652,598	4,509,921	4,619,808	4,663,034	4,653,193	4,636,128
Unrestricted revenues from use of money and property	1,247,708	2,661,235	1,631,765	902,894	660,250	602,854	647,477	571,498	369,202	477,777
Miscellaneous	628,389	334,911	126,545	285,932	366,878	1,948,711	235,015	217,703	221,521	195,928
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	1,582,755	-	-
Transfers	(14,489)	(69,880)	(343,649)	(911,991)	-	6,282	7,657	(3,555)	17,989	2,975,826
Total governmental activities	$ 35,210,443	$ 40,611,138	$ 39,083,067	$ 39,576,378	$ 39,774,652	$ 43,369,561	$ 41,615,299	$ 46,548,433	$ 45,144,432	$ 49,169,331
Business-type activities:										
Unrestricted revenues from use of money and property	$ 61,439	$ 61,541	$ 17,849	$ 21,854	$ 9,822	$ 19,062	$ 26,128	$ 20,215	$ 15,320	$ 14,303
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	14,489	69,880	343,649	911,991	-	(6,282)	(7,657)	3,555	(17,989)	(2,975,826)
Total business-type activities	$ 75,928	$ 131,421	$ 361,498	$ 933,845	$ 9,822	$ 12,780	$ 18,471	$ 23,770	$ (2,669)	$ (2,961,523)
Total primary government	$ 35,286,371	$ 40,742,559	$ 39,444,565	$ 40,510,223	$ 39,784,474	$ 43,382,341	$ 41,633,770	$ 46,572,203	$ 45,141,763	$ 46,207,808
Change in Net Position										
Governmental activities	$ 11,690,810	$ 6,914,956	$ 3,047,580	$ (4,008,165)	$ (245,493)	$ 2,639,959	$ 51,296	$ 4,516,595	$ 925,258	$ 4,845,372
Business-type activities	128,671	16,235	768,191	1,030,027	183,122	223,111	373,443	781,140	384,267	(2,750,097)
Total primary government	$ 11,819,481	$ 6,931,191	$ 3,815,771	$ (2,978,138)	$ (62,371)	$ 2,863,070	$ 424,739	$ 5,297,735	$ 1,309,525	$ 2,095,275

Source: County financial reports

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2015	$ 33,933,251	$ 2,677,918	$ 712,242	$ 668,174	$ 263,879	$ 823,543	$ 1,244,855	$ 559,810	$ 40,883,672
2014	33,063,716	2,514,913	710,204	661,412	269,869	840,808	1,209,735	611,870	39,882,527
2013	33,065,115	2,226,360	702,303	647,951	310,308	875,526	1,135,809	553,626	39,516,998
2012	29,822,572	2,164,312	695,430	647,083	256,065	829,929	1,142,513	547,438	36,105,342
2011	30,227,710	2,028,548	699,959	632,926	263,973	745,256	1,093,240	610,181	36,301,793
2010	28,295,560	1,873,975	694,260	627,860	285,530	779,757	1,066,328	471,656	34,094,926
2009	28,666,285	1,930,445	694,849	587,147	296,613	788,003	1,097,813	1,231,307	35,292,462
2008	27,293,853	2,102,537	694,547	25,815	405,937	828,183	1,078,988	1,358,871	33,788,731
2007	26,540,984	2,120,627	946,172	718,797	453,586	780,498	1,074,307	1,059,397	33,694,368
2006	22,943,504	2,043,136	1,114,597	715,817	610,881	761,213	996,577	832,603	30,018,328

Source: County financial reports

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

Table 4

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved/Restricted	$ 18,610,318	$ 4,884,335	$ 243,247	$ 260,324	$ 266,406	$ 198,529	$ 186,710	$ 187,390	$ 285,943	$ 775,696
Assigned	-	-	-	-	-	-	-	1,643,315	992,671	1,300,957
Unreserved/Unassigned	16,603,564	17,669,312	21,465,706	16,164,020	14,054,127	15,900,561	15,545,586	18,164,705	18,289,310	22,478,701
Non-spendable	-	-	-	-	-	117,761	121,510	255,005	227,218	251,649
Total general fund	$ 35,213,882	$ 22,553,647	$ 21,708,953	$ 16,424,344	$ 14,320,533	$ 16,216,851	$ 15,853,806	$ 20,250,415	$ 19,795,142	$ 24,807,003
All other governmental funds										
Reserved	$ 13,695,671	$ 1,441,807	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 13,695,671	$ 1,441,807	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

Source: County financial reports

Table 5

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	$ 22,902,166	$ 26,407,115	$ 27,365,128	$ 28,472,840	$ 28,265,340	$ 30,156,224	$ 29,814,950	$ 33,052,057	$ 33,167,127	$ 34,032,340
Other local taxes	7,074,824	7,153,384	6,494,878	6,626,177	5,799,366	6,074,083	6,282,770	6,451,883	6,818,811	6,950,421
Permits, privilege fees and regulatory licenses	537,885	410,932	364,491	259,873	259,962	216,496	174,240	237,446	245,505	312,369
Fines and forfeitures	116,066	132,611	116,316	87,133	91,435	115,006	154,048	132,627	139,238	141,023
Revenue from use of money and property	1,247,708	2,661,235	1,631,765	902,894	660,250	602,854	647,477	571,498	369,202	477,777
Charges for services	1,193,560	1,660,415	1,465,660	600,929	600,018	587,451	616,429	672,811	789,426	752,571
Miscellaneous	661,263	334,911	126,545	285,932	366,878	1,948,711	235,015	217,703	221,521	195,928
Recovered costs	1,079,791	1,328,471	1,429,487	1,982,437	1,465,804	1,383,273	1,657,121	1,396,735	1,391,628	1,563,432
Intergovernmental:										
Commonwealth	13,444,276	9,677,832	12,947,156	9,827,831	10,278,579	10,151,813	9,961,769	9,854,658	10,229,724	10,507,516
Federal	1,112,318	959,582	878,363	2,080,046	1,217,686	1,301,226	1,506,888	1,373,777	1,177,385	916,763
Total revenues	$ 49,369,857	$ 50,726,488	$ 52,819,789	$ 51,126,092	$ 49,005,318	$ 52,537,137	$ 51,050,707	$ 53,961,195	$ 54,549,567	$ 55,850,140
Expenditures										
General government administration	$ 2,591,998	$ 2,666,089	$ 2,896,922	$ 3,133,423	$ 3,217,633	$ 2,946,149	$ 3,163,761	$ 2,865,931	$ 3,443,109	$ 3,630,519
Judicial administration	1,006,931	1,253,243	1,288,367	1,281,196	1,276,576	1,224,399	1,277,824	1,308,558	1,419,922	1,418,447
Public safety	8,199,518	9,814,152	11,782,509	12,709,074	12,621,652	11,570,131	13,447,745	13,406,454	15,094,607	14,972,418
Public works	1,571,094	1,724,833	1,625,801	1,699,314	1,729,418	1,670,355	1,727,239	1,666,210	1,739,422	1,735,611
Health and welfare	3,127,959	3,219,915	3,569,914	3,427,105	3,770,875	3,639,024	3,471,988	3,293,613	3,458,579	3,461,038
Education	18,428,189	18,248,597	19,060,764	21,712,253	19,021,824	20,401,136	20,577,954	21,165,820	21,785,483	21,963,977
Parks, recreation and cultural	1,733,989	2,268,455	2,812,653	2,986,515	2,972,332	2,850,141	2,908,001	2,687,058	3,030,846	2,963,364
Community development	731,012	603,682	1,778,813	496,566	625,127	600,861	289,055	304,429	242,770	211,088
Capital projects	10,802,412	31,516,911	4,916,928	3,067,114	1,014,166	1,016,336	261,819	92,247	776,212	122,404
Debt service										
Principal	1,898,541	1,898,887	2,377,691	2,762,390	2,798,024	2,784,220	2,838,515	2,787,190	2,881,768	3,055,330
Bond issuance cost	157,398	-	-	-	-	31,266	-	-	-	108,500
Interest and other fiscal charges	951,619	2,355,943	2,652,279	2,223,760	2,061,502	1,972,381	1,799,409	1,688,774	1,596,483	1,243,450
Total expenditures	$ 51,200,660	$ 75,570,707	$ 54,762,641	$ 55,498,710	$ 51,109,129	$ 50,706,399	$ 51,763,310	$ 51,266,284	$ 55,469,201	$ 54,886,146
Excess (deficiency)of revenues over (under) expenditures	$ (1,830,803)	$ (24,844,219)	$ (1,942,852)	$ (4,372,618)	$ (2,103,811)	$ 1,830,738	$ (712,603)	$ 2,694,911	$ (919,634)	$ 963,994
Other financing sources (uses)										
Transfers in	$ -	$ -	$ -	$ -	$ -	$ 6,282	$ 7,657	$ -	$ 17,989	$ 3,175,826
Transfers out	(14,489)	(69,880)	(343,649)	(911,991)	-	-	-	(3,555)	-	-
Proceeds from refunding bonds issued	-	-	-	-	-	2,074,298	-	-	-	14,985,611
Payments to refunded bonds escrow agent	-	-	-	-	-	(2,015,000)	-	-	-	(14,878,212)
Proceeds of general obligation bonds	34,438,795	-	-	-	-	-	-	-	446,372	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-	526,304
Sale of assets	-	-	-	-	-	-	341,901	1,705,253	-	238,338
Total other financing sources (uses)	$ 34,424,306	$ (69,880)	$ (343,649)	$ (911,991)	$ -	$ 65,580	$ 349,558	$ 1,701,698	$ 464,361	$ 4,047,867
Net change in fund balances	$ 32,593,503	$ (24,914,099)	$ (2,286,501)	$ (5,284,609)	$ (2,103,811)	$ 1,896,318	$ (363,045)	$ 4,396,609	$ (455,273)	$ 5,011,861
Debt service as a percentage of noncapital expenditures	7.06%	9.66%	10.18%	9.51%	9.70%	9.57%	9.15%	8.88%	8.40%	8.00%

Source: County financial reports

Table 6

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Other Local Taxes	Total
2015	$ 34,032,340	$ 2,677,918	$ 562,325	$ 668,174	$ 263,879	$ 823,543	$ 1,954,582	$ 40,982,761
2014	33,167,127	2,514,913	558,366	661,412	269,869	840,808	1,973,443	39,985,938
2013	33,052,057	2,226,360	702,303	647,951	310,308	875,526	1,689,435	39,503,940
2012	29,814,950	2,164,312	695,430	647,083	256,065	829,929	1,689,951	36,097,720
2011	30,156,224	2,028,548	699,959	632,926	263,973	745,256	1,703,421	36,230,307
2010	28,265,340	1,873,975	694,260	627,860	285,530	779,757	1,537,984	34,064,706
2009	28,472,840	1,930,445	694,849	587,147	296,613	788,003	2,329,120	35,099,017
2008	27,365,128	2,102,537	694,547	25,815	405,937	828,183	2,437,859	33,860,006
2007	26,407,115	2,120,627	946,172	718,797	453,586	780,498	2,133,704	33,560,499
2006	22,902,166	2,043,136	1,114,597	715,817	610,881	761,213	1,829,180	29,976,990

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

Source: County financial reports

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2015	$ 3,287,828,902	$ 318,709,760	$ 7,060,247	$ 186,676,796	$ n/a	$ 220,905,260	$ 0.922	$ 4,021,180,965	$ 4,021,180,965	$ 100.00%
2014	3,257,599,002	314,360,176	7,134,407	175,191,835	n/a	218,475,707	0.919	3,972,761,127	3,972,761,127	100.00%
2013	3,242,699,650	311,958,061	6,950,130	182,418,399	n/a	208,049,845	0.921	3,952,076,085	3,952,076,085	100.00%
2012	3,218,025,862	310,059,737	6,997,205	173,908,916	n/a	194,395,467	0.870	3,903,387,187	3,903,387,187	100.00%
2011	3,235,788,546	300,246,831	7,491,117	194,707,052	n/a	198,118,207	0.852	3,936,351,753	3,936,351,753	100.00%
2010	2,988,312,115	283,659,315	7,399,339	193,749,235	n/a	174,383,239	0.859	3,647,503,243	3,647,503,243	100.00%
2009	2,959,128,712	333,396,867	7,345,446	192,402,843	n/a	163,592,256	0.884	3,655,866,124	3,655,866,124	100.00%
2008	2,895,743,670	308,999,319	7,808,357	172,799,915	n/a	156,941,049	0.872	3,542,292,310	3,542,292,310	100.00%
2007	2,833,082,150	310,621,094	7,700,260	151,870,890	n/a	133,877,838	0.873	3,437,152,232	3,437,152,232	100.00%
2006	2,186,686,112	289,638,810	8,033,414	153,638,605	n/a	135,301,326	0.954	2,773,298,267	2,773,298,267	100.00%

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

Table 8

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

	Direct Rates						Overlapping Rates Town of Buchanan	
Fiscal Years	**Real Estate**	**Personal Property**	**Mobile Homes**	**Machinery and Tools**	**Merchants' Capital**	**Total Direct Tax Rate**	**Real Estate**	**Personal Property**
2015	$ 0.72	$ 2.63	$ 0.72	$ 1.80	n/a	$ 0.922	$ 0.19	$ 0.32
2014	0.72	2.63	0.72	1.80	n/a	0.919	0.19	0.32
2013	0.72	2.63	0.72	1.80	n/a	0.921	0.19	0.32
2012	0.65	2.55	0.65	1.80	n/a	0.870	0.19	0.32
2011	0.65	2.55	0.65	1.80	n/a	0.852	0.19	0.32
2010	0.65	2.55	0.65	1.80	n/a	0.859	0.19	0.32
2009	0.65	2.55	0.65	1.80	n/a	0.884	0.19	0.32
2008	0.65	2.55	0.65	1.80	n/a	0.872	0.19	0.32
2007	0.65	2.55	0.65	1.80	n/a	0.873	0.19	0.32
2006	0.70	2.55	0.70	1.80	n/a	0.954	0.19	0.32

Source: Commissioner of the Revenue

(1) Per $100 of assessed value
Total Direct Tax Rate is for County only; information to develop direct rate inclusive of Town was not readily available.

Table 9

COUNTY OF BOTETOURT, VIRGINIA
Principal Property Taxpayers
Current Year and the Period Nine Years Prior
(dollars in millions)

Taxpayer	Type Business	Fiscal Year 2015 2014 Assessed Valuation	Fiscal Year 2015 % of Total Assessed Valuation	Fiscal Year 2006 2005 Assessed Valuation	Fiscal Year 2006 % of Total Assessed Valuation
American Electric Power	Utility	$ 106.3	2.68%	$ 55.3	2.05%
Roanoke Cement	Manufacturing	48.4	1.22%	44.5	1.65%
CSX Transportation	Railroad	21.0	0.53%	8.9	0.33%
Lumos Network / Telephone	Communications	20.0	0.50%	25.2	0.94%
Lawrence Companies	Transportation / Holdings	18.9	0.48%	9.3	0.35%
Metalsa Roanoke	Manufacturing	18.2	0.46%	15.4	0.57%
Norfolk Sothern Railway	Railroad	17.2	0.43%	8.2	0.30%
Roanoke Gas	Utility	16.3	0.41%	9.3	0.35%
Dynax America Corporation	Manufacturing	12.9	0.32%	9.8	0.36%
Daleville Town Center & Apts.	Commercial / Residential	12.8	0.32%	-	0.00%
	Totals	$ 292.0	7.35%	$ 185.9	6.90%

Source: Commissioner of Revenue

Table 10

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

Fiscal Year Ending June 30	Total Tax Levy for Fiscal Year(1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2015	$ 37,061,446	$ 36,543,004	98.60%	$ -	$ 36,543,004	98.60%
2014	36,509,897	35,922,088	98.39%	348,493	36,270,581	99.34%
2013	36,077,900	35,398,082	98.12%	584,184	35,982,266	99.73%
2012	33,191,396	32,560,205	98.10%	569,630	33,129,835	99.81%
2011	33,292,786	32,733,716	98.32%	523,809	33,257,525	99.89%
2010	31,190,720	30,634,370	98.22%	521,528	31,155,898	99.89%
2009	31,895,673	31,340,826	98.26%	499,298	31,840,124	99.83%
2008	30,514,781	30,086,812	98.60%	415,430	30,502,242	99.96%
2007	29,963,032	29,598,026	98.78%	356,737	29,954,763	99.97%
2006	26,371,905	26,079,420	98.89%	290,942	26,370,362	99.99%

(1) Levy and collections include amounts due under the State Personal Property Tax Relief Act.

Source of information: Commissioner of the Revenue's assessment records and the Treasurer's collections records

Table 11

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

	Governmental Activities				Business-Type Activities				
Fiscal Years	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2015	$ 28,432,950	$ 3,465,440	$ -	$ 526,304	$ 8,949,142	$ -	$ 41,373,836	2.65%	$ 1,234
2014	29,907,498	4,117,370	-	-	9,152,023	-	43,176,891	2.85%	1,292
2013	31,735,140	4,769,300	-	-	9,126,667	-	45,631,107	3.02%	1,371
2012	33,914,576	5,421,230	-	-	7,820,511	-	47,156,317	3.23%	1,412
2011	36,145,337	6,073,160	-	-	7,739,655	-	49,958,152	3.69%	1,504
2010	38,219,274	6,768,321	-	-	7,657,640	-	52,645,235	3.91%	1,588
2009	40,305,216	7,517,663	-	-	8,126,202	-	55,949,081	4.03%	1,676
2008	42,353,932	8,276,193	-	-	8,581,294	-	59,211,419	4.38%	1,785
2007	43,993,111	9,049,323	7,000,000	-	8,950,382	-	68,992,816	5.51%	2,112
2006	45,137,311	9,822,453	6,166,948	-	8,899,259	-	70,025,971	5.94%	2,132

Source: County financial reports

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics - Table 16

Table 12

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2015	$ 31,898,390	-	$ 31,898,390	0.79%	$ 952
2014	34,024,868	-	34,024,868	0.86%	1,018
2013	36,504,440	-	36,504,440	0.92%	1,096
2012	39,335,806	-	39,335,806	1.01%	1,178
2011	42,218,497	-	42,218,497	1.07%	1,271
2010	44,987,595	-	44,987,595	1.23%	1,357
2009	47,822,879	-	47,822,879	1.31%	1,433
2008	50,630,125	-	50,630,125	1.43%	1,526
2007	53,042,434	-	53,042,434	1.54%	1,623
2006	54,959,764	-	54,959,764	1.98%	1,673

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences. Bond indebtedness includes debt to be repaid with general government resources.

Source: County financial reports

Table 13

COUNTY OF BOTETOURT, VIRGINIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Town of Troutville	$ 63,921	100%	$ 63,921
Subtotal, overlapping debt			$ 63,921
County of Botetourt, direct debt			$ 31,898,390
Total direct and overlapping debt			$ 31,962,311

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

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

Source: Financial reports of Towns within the County.

Table 14

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	$ 277,329,827	$ 343,715,223	$ 354,229,231	$ 365,586,612	$ 364,750,324	$ 393,635,175	$ 390,338,719	$ 395,207,609	$ 397,276,113	$ 402,118,097
Total net debt applicable to limit	54,959,764	53,042,434	50,630,125	47,822,879	44,987,595	42,218,497	39,335,806	36,504,440	34,024,868	31,898,390
Legal debt margin	$ 222,370,063	$ 290,672,789	$ 303,599,106	$ 317,763,733	$ 319,762,729	$ 351,416,678	$ 351,002,913	$ 358,703,169	$ 363,251,245	$ 370,219,707
Total net debt applicable to the limit as a percentage of debt limit	19.82%	15.43%	14.29%	13.08%	12.33%	10.73%	10.08%	9.24%	8.56%	7.93%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value	$ 4,021,180,965
Debt limit (10% of total assessed value)	402,118,097
Net debt applicable to limit	31,898,390
Legal debt margin	$ 370,219,707

Table 15

COUNTY OF BOTETOURT, VIRGINIA
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Water/Sewer Revenue Bonds						Special Assessment Bonds			
Fiscal Year	Water/ Sewer Charges and Other(1)	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage
2015	$ 3,015,324	$ 1,559,272	$ 1,456,052	$ 675,725	$ 290,208	1.51	n/a	n/a	n/a	n/a
2014	6,812,390	1,774,092	5,038,298	604,659	327,591	5.40	n/a	n/a	n/a	n/a
2013	7,136,660	1,736,393	5,400,267	527,590	268,949	6.78	n/a	n/a	n/a	n/a
2012	5,590,913	1,595,354	3,995,559	498,158	284,171	5.11	n/a	n/a	n/a	n/a
2011	5,647,072	1,546,418	4,100,654	478,632	288,574	5.34	n/a	n/a	n/a	n/a
2010	5,038,229	1,749,040	3,289,189	464,429	295,806	4.33	n/a	n/a	n/a	n/a
2009	4,623,658	1,637,099	2,986,559	450,580	311,427	3.92	n/a	n/a	n/a	n/a
2008	3,656,258	1,537,690	2,118,568	437,042	234,817	3.15	n/a	n/a	n/a	n/a
2007	3,695,574	1,274,548	2,421,026	308,340	297,595	4.00	n/a	n/a	n/a	n/a
2006	3,686,707	1,165,587	2,521,120	179,807	194,610	6.73	n/a	n/a	n/a	n/a

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

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

Source: County financial reports

Table 16

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

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemploy-ment Rate
2015	33,521	$ 1,564,224	$ 46,664	44.9	4,780	4.62%
2014	33,423	1,514,730	45,320	44.9	4,777	5.07%
2013	33,293	1,508,839	45,320	44.9	4,876	5.18%
2012	33,399	1,460,238	43,721	44.9	4,984	5.57%
2011	33,209	1,354,794	40,796	44.9	4,943	5.80%
2010	33,148	1,348,030	40,667	44.9	4,977	6.40%
2009	33,374	1,388,692	41,610	44.8	4,864	5.00%
2008	33,177	1,352,792	40,775	44.8	4,921	2.93%
2007	32,674	1,252,623	38,337	44.8	4,867	2.53%
2006	32,844	1,178,640	35,886	44.8	4,819	2.60%

Population Source: Weldon Cooper Center (most recent year not available; estimate used)
Income Source: U.S. Bureau of Economic Analysis (most recent year not available)
Median Age figures are estimates using year 2010 (provided by U.S. Census Bureau) as benchmark
School enrollment is derived from March ADM (Average Daily Membership) figures
Unemployment Rate Source: Virginia Employment Commission

Table 17

COUNTY OF BOTETOURT, VIRGINIA
Principal Employers
Current Year and Nine Years Ago

	Fiscal Year 2015			Fiscal Year 2006		
Employer	**Rank**	**Ownership**	**Number of Employees**	**Rank**	**Ownership**	**Number of Employees**
Botetourt County Public Schools	1	Local Government	500-999	1	Local Government	500-999
Dynax America Corporation	2	Private	500-999	2	Private	250 - 499
Altec Industries	3	Private	500-999	6	Private	100-249
County of Botetourt	4	Local Government	250 - 499	4	Local Government	250 - 499
Metalsa Roanoke	5	Private	100-249	3	Private	250 - 499
The Glebe Inc. Dip	6	Private	100-249	19	Private	100-249
Roanoke Cement Company LLC	7	Private	100-249	8	Private	100-249
Lawrence Transportation System	8	Private	100-249	7	Private	100-249
Gala Industries	9	Private	100-249	11	Private	100-249
Virginia Truck Center	10	Private	100-249	13	Private	100-249
Arkay Packaging	11	Private	100-249	14	Private	100-249
Cracker Barrel Old Country Store	12	Private	100-249	17	Private	100-249
Lanford Brothers Company	13	Private	100-249	9	Private	100-249
Kroger	14	Private	100-249	20	Private	100-249
Pepsi Cola Bottling Company	15	Private	100-249	-	-	-
Carringon Place Botetourt	16	Private	50-99	-	-	-
Kirby Vass Insulation	17	Private	50-99	-	-	-
Tread Corporation	18	Private	50-99	-	-	-
Food Lion	19	Private	50-99	-	-	-
Howell's Motor Freight	20	Private	50-99	18	Private	100-249
Koyo Steering Systems				5	Private	100-249
O'Neal Steel				10	Private	100-249
Gneral Shale Brick				12	Private	100-249
Home Instead Senior Care				15	Private	100-249
Davis H. Elliot Company, Inc.				16	Private	100-249

Source: Virginia Employment Commission

Table 18

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

	Fiscal Year									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
General government administration	26	28	29	30	31	31	30	29	30	31
Judicial administration	13	17	17	17	17	16	17	17	17	17
Public safety:										
Sheriffs department	87	103	116	115	108	109	114	113	115	115
Fire & rescue	9	10	14	15	17	25	29	30	34	35
Inspections (Development Services)	6	6	5	5	4	4	8	9	8	9
Animal control	3	3	3	4	4	4	4	4	4	4
GIS / Communications	2	2	2	3	0	0	0	0	0	0
Public works:										
Utilities	8	8	10	11	11	11	12	12	11	11
General maintenance	5	5	6	7	7	7	7	7	7	7
Waste Management	6	5	4	5	4	4	4	4	4	4
Engineering	4	4	4	4	4	4	0	0	0	0
Health and welfare:										
Department of social services	18	18	18	16	16	14	16	15	17	19
Comprehensive Services	1	1	1	1	1	1	1	1	1	1
Culture and recreation:										
Parks and recreation	13	16	18	17	16	15	14	14	13	13
Library	12	13	13	13	14	14	14	13	13	13
Tourism / Marketing	1	1	1	1	1	1	1	1	2	2
Community development:										
Planning	4	4	4	4	4	3	0	0	0	0
Totals	218	244	265	268	259	263	271	269	276	281

Source: Individual county departments
Note: GIS employees have been reallocated to General Government, then Public Works.
Note: Engineering employees have been reallocated to Development Services and Utilities.
Note: Planning employees have been reallocated Development Services.

Table 19

COUNTY OF BOTETOURT, VIRGINIA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Public safety										
Sheriffs department:										
Physical arrests	2,756	2,612	2,422	1,768	1,845	2,402	2,290	2,302	2,051	2,417
Traffic violations	3,494	3,219	2,697	2,330	2,698	3,232	2,951	2,560	3,180	3,199
Civil papers	7,770	6,905	7,298	7,301	7,187	6,955	6,813	6,750	6,335	6,494
Fire and rescue:										
Number of calls answered	4,582	4,956	4,965	5,131	4,615	4,057	4,730	4,719	4,618	4,396
Building inspections:										
Permits issued (same as Planning)	740	667	598	462	475	424	378	395	411	421
Animal control:										
Number of calls answered	3,118	3,484	4,965	6,872	6,082	6,035	6,100	5,210	4,790	5,543
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	3	3	3	3	4	6
Landfill:										
Refuse collected (tons/day)	107	110	33	6.5	6.8	7.1	5.6	6.4	7.1	6.7
Recycling (tons/day)	33	21	17	8.1	9.7	9.5	8.3	10.3	10.7	10.0
Health and welfare										
Department of Social Services:										
Caseload	2,585	2,389	2,448	2,702	3,493	4,125	4,152	4,479	5,014	5,929
Culture and recreation										
Parks and recreation:										
Recreation permits issued	71	78	69	85	86	93	97	129	118	156
Youth sports participants	2,953	3,311	3,511	3,594	3,863	3,960	3,931	4,197	4,725	4,744
Community development										
Planning:										
Zoning permits issued	740	667	598	462	475	424	378	395	411	421
Component Unit - School Board										
Education:										
School age population (per census)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of teachers	387	400	401	409	405	405	414	408	398	393
Local expenditures per pupil	3,788	3,885	4,075	4,369	4,222	4,344	4,304	4,721	5,246	5,082

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

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

Note: Youth sports participants includes a partial year (FY13) and a full year (FY14) of recreation sports post-season playoffs participants.

Note: Social Services caseload includes types of cases that will be repoerted in the future (not reported in prior years).

Table 20

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

	Fiscal Year									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
General government administration										
Administration buildings	3	3	4	4	4	4	4	4	4	4
Vehicles	4	4	4	5	7	7	4	3	5	4
Public safety										
Sheriffs department:										
Patrol units	48	49	51	51	50	51	51	51	51	51
Other vehicles	12	12	13	14	15	16	15	16	18	18
Development Services / Building inspections:										
Vehicles	4	4	3	4	4	4	7	6	8	8
Animal control:										
Vehicles	3	3	3	4	4	4	4	4	4	4
Public works										
General maintenance:										
Trucks/vehicles	10	12	14	15	14	17	19	22	19	20
Landfill:										
Vehicles	12	11	11	11	8	6	6	6	6	6
Equipment	9	9	9	9	9	9	9	9	9	9
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services: Vehicles	-	-	-	-	-	-	-		2	2
County Van Program - Vehicles	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	1	1	1
Vehicles - Parks & Recreation, Library	14	15	16	17	19	19	20	21	21	20
Parks acreage	158	158	158	158	158	158	158	158	158	158
Swimming pools	-	-	-	-	-	-	-	-	-	
Tennis courts	2	2	4	4	4	4	4	4	4	4
Community development										
Planning:										
Vehicles	2	2	2	2	1	2	0	0	0	0
Component Unit - School Board										
Education:										
Schools	12	12	12	12	12	12	12	12	13	13
School buses	77	82	85	89	93	94	96	95	94	95

Source: Individual county departments.
Beginning in FY12, Planning vehicles are combined into Development Services.
Note: Public Works - General maintenance vehicles includes Public Works, Utillities, and Maintenance.

COMPLIANCE SECTION

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

The Honorable Members of the Board of Supervisors
County of Botetourt, Virginia
Fincastle, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Botetourt, Virginia's basic financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Botetourt, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Botetourt, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Botetourt, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 16, 2015

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

The Honorable Members of the Board of Supervisors
County of Botetourt, Virginia
Fincastle, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Botetourt, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Botetourt, Virginia's major federal programs for the year ended June 30, 2015. The County of Botetourt, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Botetourt, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Botetourt, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Botetourt, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Botetourt, Virginia complied, in all material respects, with the types of 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, 2015.

Report on Internal Control over Compliance

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

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 16, 2015

COUNTY OF BOTETOURT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
Pass through payments from:				
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111		$ 141,084
Department of Education:				
Schools and Roads - Grants to States	10.665	43841		50,414
School Breakfast Program (Child Nutrition Cluster)	10.553	40591		101,078
State Department of Agriculture:				
Food Distribution-Schools (Note C) (Child Nutrition Cluster)	10.555	NA	$106,028	
Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	40623	479,993	586,021
Total Department of Agriculture				$ 878,597
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass through payments from:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950110/0950111		$ 9,977
Temporary Assistance for Needy Families	93.558	0400111		140,629
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111		203
Low Income Home Energy Assistance	93.568	0600410/0600411		15,378
Social Services Block Grant	93.667	1000110/1000111		107,715
Chafee Foster Care Independence Program	93.674	9150110/9150111		1,696
Children's Health Insurance Program	93.767	0540110/0540111		4,730
Medical Assistance Program	93.778	1200110/1200111		161,981
Chafee Education and Training Vouchers Program	93.599	9160110		8,002
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110/0900111		956
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111		19,477
Foster Care - Title IV E	93.658	1100110/1100111		52,109
Adoption Assistance	93.659	1120110/1120111		64,552
Total Department of Health and Human Services				$ 587,405
DEPARTMENT OF HOMELAND SECURITY:				
Pass through payments from:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	158		$ 7,500
Total Department of Homeland Security				$ 7,500
DEPARTMENT OF TRANSPORTATION:				
Pass through payments from:				
Department of Motor Vehicles:				
State and Community Highway Safety	20.600	50326		$ 23,840
Department of Conservation and Recreation				
Highway Training and Education	20.216	NA		3,218
Total Department of Transportation				$ 27,058
		Pass-through		
DEPARTMENT OF EDUCATION:				
Pass through payments from:				
Department of Education:				
Career and Technical Education -- Basic Grants to States	84.048	61095		$ 49,500
Adult Education - Basic Grants to States	84.002	42801		26,119
Improving Teacher Quality State Grants	84.367	61480		101,161
English Language Acquisition State Grants	84.365	NA		3,484
Advance Placement Program	84.330	NA		370
Title I Grants to Local Educational Agencies	84.010	42901		412,164
Special Education - Grants to States (Special Eduation Cluster - IDEA)	84.027	73071		1,033,587
Special Education - Preschool Grants (Special Eduation Cluster - IDEA)	84.173	62521		26,287
Total Department of Education				$ 1,652,672
Total Expenditures of Federal Awards				$ 3,153,232

COUNTY OF BOTETOURT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Notes to Schedule of Expenditures of Federal Awards

Note A--Basis of Presentation:
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Botetourt, Virginia under programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Botetourt, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Botetourt, Virginia.

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

(2) Pass-through entity indentifying number are presented where available.

Note C--Food Distribution
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D--Relationship to the Financial Statements:
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Primary government:	
General Fund	$ 916,763
Less: Payment in Lieu of Taxes	(153,716)
Component Unit Schools:	
School Operating Fund	2,390,185
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 3,153,232

County of Botetourt, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster - IDEA

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

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings

There were no prior audit findings related to federal awards.