

COUNTY OF BOTETOURT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

Prepared By:
Department of Financial Services

COUNTY OF BOTETOURT, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	25
Statement of Activities	2	26
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ...	6	30
Statement of Net Assets - Proprietary Funds.....	7	31
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	8	32
Statement of Cash Flows - Proprietary Funds	9	33
Statement of Fiduciary Net Assets - Fiduciary Funds	10	34
Notes to Financial Statements.....		35-66
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund.....	11	67-69
Schedule of Funding Progress Defined Benefit Plan	12	70

COUNTY OF BOTETOURT, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION SECTION

	<u>Exhibit</u>	<u>Page</u>
Supplementary Financial Statements:		
Combining Statement of Fiduciary Net Assets - Fiduciary Funds	13	71
Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds	14	72
Discretely Presented Component Unit - School Board:		
Balance Sheet	15	73
Statement of Revenues, Expenditures, and Changes in Fund Balances		
Governmental Funds	16	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual	17	75
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	76-81
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	82-86

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	87
Changes in Net Assets	2	88-89
Governmental Activities Tax Revenue By Source	3	90
Fund Balances of Governmental Funds	4	91
Changes in Fund Balances of Governmental Funds	5	92
General Governmental Tax Revenues by Source	6	93
Assessed Value and Estimated Actual Value of Taxable Property	7	94
Property Tax Rates - Direct and Overlapping Governments	8	95
Principal Property Taxpayers	9	96
Property Tax Levies and Collections	10	97
Ratios of Outstanding Debt by Type	11	98
Ratios of Net General Bonded Debt to Assessed Value and Net		
Bonded Debt per Capital	12	99
Direct and Overlapping Governmental Activities Debt	13	100
Legal Debt Margin Information	14	101
Pledged - Revenue Coverage	15	102
Demographic and Economic Statistics	16	103
Principal Employers	17	104

COUNTY OF BOTETOURT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	<u>Table</u>	<u>Page</u>
Full-Time Equivalent County Government Employees by Functions	18	105
Operating Indicators by Function	19	106
Capital Asset Statistics by Function.....	20	107

COMPLIANCE SECTION

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	108-109
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	110-111
Schedule of Expenditures of Federal Awards.....	112-114
Schedule of Findings, Responses and Questioned Costs	115-116

INTRODUCTORY SECTION



Botetourt County, Virginia

Office of the County Administrator

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Fax (540) 473-8225

December 18, 2009

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

Board of Supervisors

Wanda C. Wingo
Chairman

Terry L. Austin
Vice Chairman

Don A. Assaid

Stephen P. Clinton

Donald L. Meredith

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, 2009. Botetourt County was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer's Association (GFOA) for its Comprehensive Annual Financial Report for the previous four fiscal years.

The comprehensive annual report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes the transmittal letter, the County's organizational chart, and a list of principal officials. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and notes, required supplemental information, and supporting schedules. The statistical section includes selected financial and demographic data, generally presented on a multi-year basis.

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

Robinson, Farmer, Cox Associates, PLLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of Botetourt County

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

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

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

Local Economics and Demographics

Based upon an updated U. S. Census Bureau estimate, Botetourt County's 2008 population was 32,956, representing an 8% increase since the 2000 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 35% of the jobs in the County, manufacturing 19%, trade 22%, government 14%, construction 8%, and all others 2%. The civilian labor force totals approximately 17,900, with 20% working for the County's top ten 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 \$48,731, which is above the state average and ranks first in a comparison of six surrounding localities. This ranking also holds true for the home ownership rate, which stands at 88%, which is well above the state's average of 68%. Yet again, the median housing value in the County (\$130,500) places first as compared locally, and is above a state average of \$125,400. These figures are as of the 2000 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 (2006/2007). The County's ranking was 97 out of 134 localities, placing Botetourt in the lower 28% range. This is an indication that on a comparable basis, Botetourt County and its residents continue to experience a relatively low level of fiscal strain, which adds to quality of life in the County for its citizens, and indicates responsible management of the County's financial activities.

While FY09 construction starts were less than in recent previous years, Botetourt County continues to experience small layers of economic growth in its residential, commercial, and manufacturing segments. The County's most recent Comprehensive Plan update began in early 2009 and will be completed in early 2010. This Plan provides the framework for managing growth, along with proper

zoning and subdivision ordinances. Residential construction starts include expansions in existing subdivisions as well as development plans for new subdivisions. The total dollar value of residential starts in the County for FY09 represents a 30 % decrease vs. the prior year, with a marked downturn experienced during the winter months. However, the average building permit value for residential building for FY09 was notably higher (18%) than for FY08. Despite the decrease in residential starts and the continued country-wide stagnation in housing activity, some construction activity continues in new subdivisions, as builders continue to recognize the value of investing in Botetourt County.

Manufacturing activity has recently been impacted by the closing of two plants. Johnson Controls, an HVAC parts assembly operation, shutdown in May, 2009, losing 44 employees, and O'Neal Steel, Inc., a metal fabricating plant, closed its plant in August, 2009 due to the closing of their nearby supplier of materials. Approximately 170 jobs were lost as a result of the latter closing. However, the building is being aggressively marketed for replacement tenants. Finally, JTEKT Automotive Virginia, Inc. has announced that the Botetourt County facility will be closing operations in calendar 2010 as a direct result of U.S. automotive production reductions. This closing will impact approximately 265 full-time employees, as the facility is still producing product at a reduced level of production. Botetourt County is partnering with JTEKT to assist them in finding a suitable buyer for the building.

On the plus side, an Australian firm, LiteSteel Technologies America LLC began production in March, 2009 in the County. This \$ 30 million facility produces innovative lightweight steel beams for the construction industry, and will assist as a partial offset to the above-mentioned closings.

Aside from these specific elements concerning the manufacturing sector, it should be noted that FY08 was a foundation year for economic activity in the County's commercial and industrial areas, as several major initiatives took form. In particular, Daleville Town Center, a "traditional neighborhood district" (\$120 million project), as well as several major building additions, and the inclusion of new retail establishments, were all included in FY08 building permit activity. This spike in building activity in FY08 has resulted in a more comparable level of FY09 building activity as seen in FY07; while commercial / industrial permit value for FY09 reflected a decrease of more than 60% versus FY08, the permit value was approximately the same as in FY07. The County has already begun to experience the interest in nearby building activity as a result of the Daleville Town Center: this includes several commercial establishments completed and / or being permitted for construction in 2010 in the adjoining Orchard Marketplace development.

The Town Center will consist of residential, commercial, retail, and office space, with development to be spread over a ten(10) year phase-in. The developers, Fralin and Waldron, have relocated their corporate headquarters to this location, and will be encouraging developmental planned growth on a first-hand basis.

In summary, although there was a slowing of residential and commercial construction activity in FY09, there has been a long trend of a continuing increase in the real estate tax base. These revenues (excluding a \$.05 tax rate reduction reflected in FY07 results) have increased by one-third (33%) since FY04. The County has realized the same percentage increase in general property taxes as a whole over the same period of time.

Public School System

The Botetourt County School System is composed of seven elementary schools serving students in grades kindergarten through fifth grade; two middle schools serving grades six through eight; two high schools serving grades nine through twelve; and a vocational technical school. All schools are accredited by the Virginia State Board of Education and the Southern Association of Colleges and Schools. Admission over the last three years has averaged 4,884, with steady but relatively small increases over eight of the last nine years. The results of the most recent "No Child Left Behind" testing showed all County Schools as making adequate yearly progress. The County's School Board places a high value on continuing education and use of management practices to increase the skill level and teaching proficiency of its professional teaching base.

Higher Education

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

Major Initiatives and Goals

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

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

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

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

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

Current and Future Initiatives

The County has initiated a detailed study of economic development efforts and results over the past several years in order to ascertain whether there is a need and opportunity to fine tune recruiting efforts and policies in attracting new companies and development to the County. This process includes a representative roster of business, government, and citizen leaders which have formed a steering committee, which has provided feedback on past development results, confirmation of resources, and an offering of their perspectives in identifying the unique tangible and intangible aspects that set Botetourt County apart from regional, State, and nearby state competition from an economic development viewpoint.

At this point in time, an economic development consultant is being recruited through the steering committee, and will provide experience and focus to future County economic development decisions and actions. This process will provide the best means of taking advantage of County resources and strategies as the economy trends toward improvement and new investment. Botetourt County is well positioned at this time to take advantage as these opportunities arise, either by proactive recruitment or working with interested parties as they seek developmental partnering.

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

With respect to the County's largest single project at this time, the \$ 1.2 million Eagle Rock Library will be ready for use in Spring, 2010. This new branch library will be situated in the northern portion of the County, where there is a continuing growth pattern, and the need for this facility.

The County made a decision to ultimately discontinue its landfill operations and utilize the transfer station of a nearby locality, by agreement, which provided significant savings by avoiding the construction of a new transfer station in the County. The agreement addresses near-term solid waste disposal needs, and provides an opportunity for addressing long-term needs as well. FY10 will be the first full year for transporting solid waste outside of the County's boundaries. In addition, the County has completed construction of a citizen convenience center on the landfill site, which provides the citizens with a drop off point for solid waste, which is then collected and sent to the contracted transfer station along with the commercial waste, which is transported by a privatized hauler system.

The County continues to enhance its recreational programs and resources in order to accommodate the increasing demand for organizational sports activities for citizens of all ages. As an example, a year-to-year lease for use of ball fields for soccer and baseball has been transformed into a twenty-five year lease with expanded property potential. Tourism efforts continue to expand the cultural interest in Botetourt County, with the development of the James River Water Trail, Wine Trails of Botetourt County, and Downtowns of Botetourt serving as examples of ongoing projects.

With respect to enterprise activity, the County continues to effect water and wastewater improvements in accordance with the County's master plan. An independent study is near completion, and will update the County's water and sewer needs over the next twenty years. In the near term, this may involve water connection and sewer upgrades which will be both internally (water purchase savings) and externally financed over a twenty to thirty year timeframe at estimated costs of approximately \$6 - \$ 7 million.

Finally, the recent economic recession has placed intense pressures on most if not all localities as they continue to struggle with a slow rebound on national, regional, and local fronts. In addition, States are looking to localities as a means of reducing aid in order to balance their (State) budgets. Confronted with this negative picture, Botetourt County took measures to minimize its FY10 Budget, and is closely monitoring current revenue and expenditure activity as it begins the FY11 Budget process.

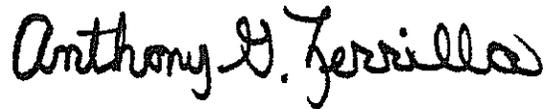
Acknowledgements

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,



Gerald A. Burgess
County Administrator



Anthony G. Zerrilla
Financial Services Manager

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, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R. T.", written in a cursive style.

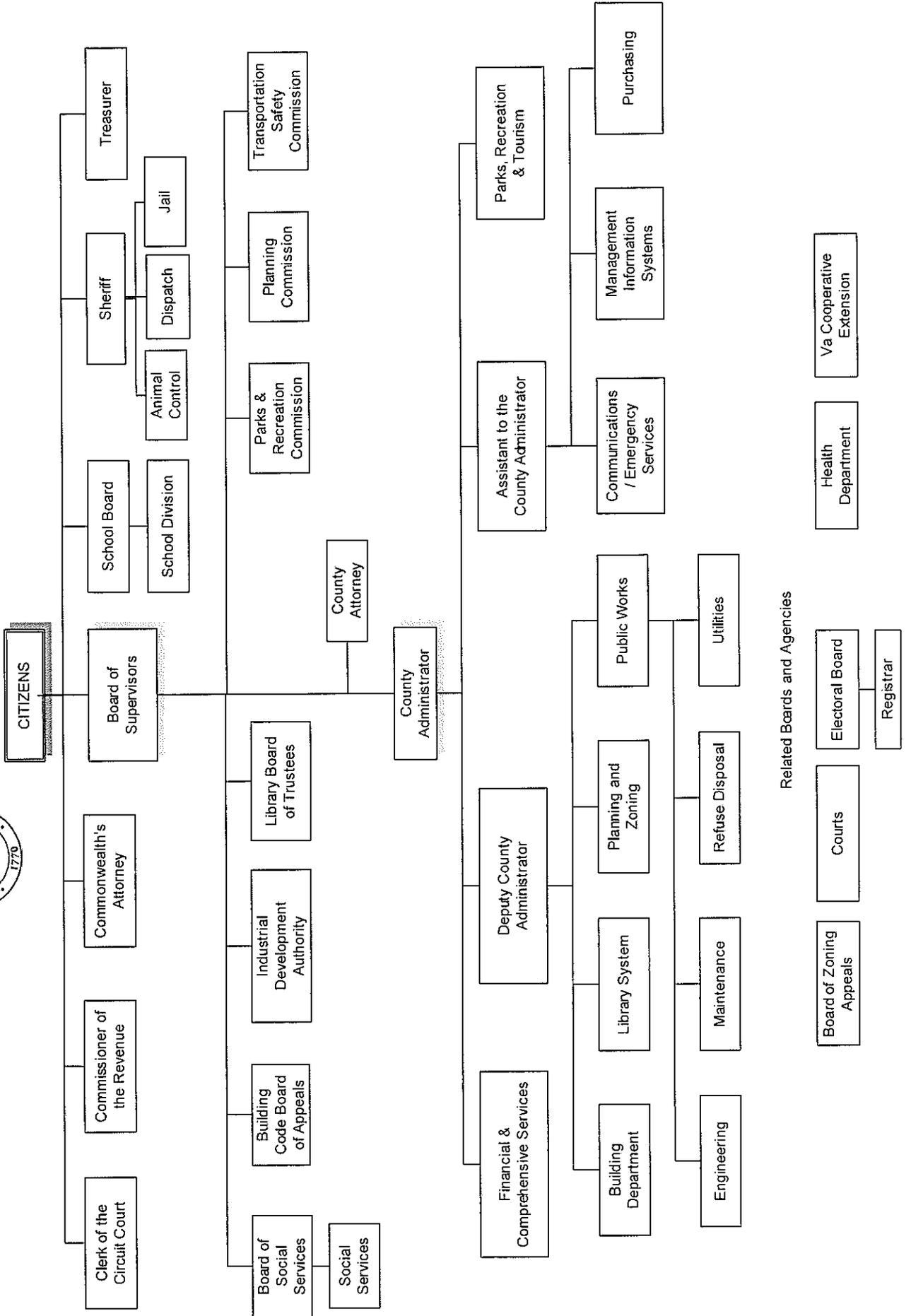
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director



County of Botetourt, Virginia



COUNTY OF BOTETOURT, VIRGINIA

BOARD OF SUPERVISORS

Don A. Assaid, Chair
Donald L. Meredith, Vice Chair
Stephen P. Clinton

Terry L. Austin
Billy W. Martin, Sr.

COUNTY SCHOOL BOARD

Kathy Sullivan, Chair
Michael W. Beahm, Vice Chair
D. Scott Swortzel

Ruth E. Wallace
Jack Leffel, Jr.

SOCIAL SERVICES BOARD

Eugene Trammel, Chair
Sandra Johnson-Harris, Vice Chair
Don Meredith

Kathy Terry
Donna Henderson

OTHER OFFICIALS

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Botetourt, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Botetourt, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Post-Employment Benefits other than Pensions*, effective July 1, 2008.

As discussed in Note 21, the County's estimate, for landfill closure and post-closure costs, was incorrectly calculated. This discovery was made subsequent to the issuance of the financial statements. These financial statements have been restated to reflect this correction.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of the County of Botetourt, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information and the Schedule of Funding Progress Defined Benefit Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Botetourt, Virginia. The combining and individual fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken 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 express no opinion on them.

Robinson, Faener, Co. Associates

Christiansburg, Virginia

October 30, 2009, except for Note 21, as to which the date is March 16, 2010

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Botetourt, Virginia for the fiscal year ended June 30, 2009. 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 two most recent fiscal years. In addition, comments are included which address the economic factors considered in developing Botetourt County's budget for the fiscal year ending June 30, 2010.

Financial Highlights

Government-wide Financial Statements

The assets of the County of Botetourt, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$38,159,058 (net assets). Of this amount, \$10,170,364 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$28,670,859; a significant amount (89%) of these net assets are invested in capital assets. (See Exhibit 1).

The Government's net assets for governmental activities decreased by \$3,931,212, which was primarily due to a reduction in cash and cash equivalents and an increase in the County's landfill closure and post closure costs estimate. The School Board's net assets increased by \$2,492,462. (See Exhibit 2)

Fund Financial Statements

At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,031,339 or 29 percent of total general fund expenditures (See Exhibit 3). This amount includes taxes, and accounts receivable reflected in the fiscal year 2009 budget as well as funds allocated to the School Board and County Capital Improvement Projects for fiscal year 2009.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16,291,663, which is a decrease of \$5,417,290. A decrease in fund balance was anticipated, but was larger due in part to the economic recession, which had a negative impact on local revenues. In addition, the Commonwealth of Virginia imposed a reduction in state aid, which resulted in the return of certain State funds and reductions in other funding, such as library aid. Historically, unanticipated revenues had a tendency to absorb decreases in other revenues to a certain degree, but this was not the case in FY09. When compared to FY05, the County's governmental fund balance has reverted to approximately the same level, and has absorbed several large capital improvement projects, additional debt, and additional operating costs relating to public safety. Of the total fund balance amount, \$16,031,339 is unrestricted and available for spending at the government's discretion (unreserved fund balance). (See Exhibit 3.) This represents a \$ 5.4 million (25%) decrease in unreserved fund balance vs. FY08.

Overview of the Financial Statements

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

Management's Discussion and Analysis

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

Government-wide Financial Statements

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

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

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

Management's Discussion and Analysis

Fund Financial Statements

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

Governmental funds

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to the financial statements

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

Management's Discussion and Analysis

Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the County of Botetourt, assets exceeded liabilities by \$38,159,058 at the end of the fiscal year. The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

County of Botetourt's Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 18,215,115	\$ 23,436,612	\$ 2,298,850	\$ 1,115,739	\$ 20,513,965	\$ 24,552,351
Capital assets	75,551,249	75,414,398	18,073,996	18,616,235	93,625,245	94,030,633
Total assets	<u>\$ 93,766,364</u>	<u>\$ 98,851,010</u>	<u>\$ 20,372,846</u>	<u>\$ 19,731,974</u>	<u>\$ 114,139,210</u>	<u>\$ 118,582,984</u>
Long-term liabilities	\$ 53,745,755	\$ 54,850,051	\$ 8,026,503	\$ 8,450,138	\$ 61,772,258	\$ 63,300,189
Other liabilities	1,861,551	1,910,689	221,125	186,645	2,082,676	2,097,334
Total liabilities	<u>\$ 55,607,306</u>	<u>\$ 56,760,740</u>	<u>\$ 8,247,628</u>	<u>\$ 8,636,783</u>	<u>\$ 63,854,934</u>	<u>\$ 65,397,523</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 27,728,370	\$ 24,784,273	\$ 10,102,393	\$ 10,207,082	\$ 37,830,763	\$ 34,991,355
Restricted	260,324	243,247	-	-	260,324	243,247
Unrestricted	10,170,364	17,062,750	2,022,825	888,109	12,193,189	17,950,859
Total net assets	<u>\$ 38,159,058</u>	<u>\$ 42,090,270</u>	<u>\$ 12,125,218</u>	<u>\$ 11,095,191</u>	<u>\$ 50,284,276</u>	<u>\$ 53,185,461</u>

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

Restricted net assets represent resources that are subject to external restrictions on how they may be used. For governmental activities, these assets represent 1% of total net assets.

The remaining balance of unrestricted net assets, which is \$10,170,364 or 27% of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the government's net assets decreased by \$3,931,212. The primary reason for the decrease relates to a net use of funds for supporting operational activities. An additional \$ 2.9 million was utilized to support education, while Public Safety received an additional \$ 600,000 in funding. With respect to long-term liabilities, approximately \$ 2 million of general obligation debt was retired. Capital assets net of related debt increased approximately \$ 3 million, and these assets have more than tripled since FY05.

Management's Discussion and Analysis

Changes in Net Assets:

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

County of Botetourt's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 947,935	\$ 1,946,467	\$ 2,703,870	\$ 2,788,894	\$ 3,651,805	\$ 4,735,361
Operating grants & contributions	7,900,796	6,804,623	-	-	7,900,796	6,804,623
Capital grants and contributions	-	3,141,221	-	-	-	3,141,221
General revenues:						
General property taxes	28,666,285	27,293,853	-	-	28,666,285	27,293,853
Other local taxes	6,626,177	6,494,878	-	-	6,626,177	6,494,878
Use of money and property	902,894	1,631,765	21,854	17,849	924,748	1,649,614
Other	285,932	126,545	-	-	285,932	126,545
Grants and contributions not restricted to specific programs	4,007,081	3,879,675	97,975	-	4,105,056	3,879,675
Total revenues	\$ 49,337,100	\$ 51,319,027	\$ 2,823,699	\$ 2,806,743	\$ 52,160,799	\$ 54,125,770
Expenses:						
General government	\$ 2,882,831	\$ 2,425,324	\$ -	\$ -	\$ 2,882,831	\$ 2,425,324
Judicial administration	1,307,844	1,315,699	-	-	1,307,844	1,315,699
Public safety	12,008,302	11,408,457	-	-	12,008,302	11,408,457
Public works	3,469,969	1,645,071	-	-	3,469,969	1,645,071
Health and welfare	3,359,650	3,522,298	-	-	3,359,650	3,522,298
Education	22,944,520	20,021,134	-	-	22,944,520	20,021,134
Parks, recreation and cultural	2,932,681	2,801,151	-	-	2,932,681	2,801,151
Community development	1,323,106	2,012,043	-	-	1,323,106	2,012,043
Interest on long-term debt	2,127,418	2,566,987	-	-	2,127,418	2,566,987
Water and sewer	-	-	2,705,663	2,382,201	2,705,663	2,382,201
Total expense	\$ 52,356,321	\$ 47,718,164	\$ 2,705,663	\$ 2,382,201	\$ 55,061,984	\$ 50,100,365
Excess (deficiency) of revenues over (under) expenses	\$ (3,019,221)	\$ 3,600,863	\$ 118,036	\$ 424,542	\$ (2,901,185)	\$ 4,025,405
Transfers in (out)	\$ (911,991)	\$ (343,649)	\$ 911,991	\$ 343,649	\$ -	\$ -
Increase (decrease) in net assets	\$ (3,931,212)	\$ 3,257,214	\$ 1,030,027	\$ 768,191	\$ (2,901,185)	\$ 4,025,405
Net assets, July 1, 2008	42,090,270	38,833,056	11,095,191	10,327,000	53,185,461	49,160,056
Net assets, June 30, 2009	\$ 38,159,058	\$ 42,090,270	\$ 12,125,218	\$ 11,095,191	\$ 50,284,276	\$ 53,185,461

Management's Discussion and Analysis

Governmental Activities

The County's net assets decreased by \$3,931,212. Key elements of this decrease are as follows:

- Revenues: Charges for Services decreased 51% due primarily to reduced revenues from landfill operations, as the County diverted nearly all solid waste to a non-County location in the second half of FY09. Operating Grants and Contributions includes a significant increase in revenues from Public Safety in the form of salary and operating reimbursements, while Public Works was credited with the receipt of revenues from industrial road and rail grants.
- Revenues: Capital grants and contributions in FY08 reflected the County's successful attempt to request and obtain additional reimbursement grant funds (due to increased construction costs) from the State. Capital contributions totaled \$3.1 million for FY08, and were nonrecurring for FY09.
- Other Local Taxes increased \$ 131,000 (2%) as a combination of a) receipt of revenues in FY09 deferred in FY08 in the form of a fee replacing motor vehicle decal fees and b) a reduction in other taxes associated with economic activity, such as local sales and use, recordation, business license, and hotel and motel taxes.
- Also, with respect to General Property Taxes, these taxes increased \$1.4 million (5%) due to a continued increase (4%) in real property tax revenues, and an 11% increase in machinery & tools taxes. These are positive results and assist somewhat as a partial offset to reductions in other revenues affected by the economic slowdown experienced in FY09.
- Revenues: Revenues for Use of Money and Property decreased significantly (45%), as rates of return on investments and funds available for investing were less than in FY08.
- Revenues: Combined revenues from miscellaneous activity and non-restricted revenues from grants and programs increased \$ 287,000 (7%) due to the receipt of cost recovery funds from the Town of Fincastle associated with the transfer of ownership of a wastewater treatment plant.
- Expenses: General Government Administration expenses increased by \$ 458,000 due primarily to expenses incurred (\$ 204,000) as a result of the first phase of activity by the County's independent Assessor, as a new expense cycle began for real estate reassessment (once every four years). Also, there were additional resource and equipment requirements in the Registrar's department for FY09.
- Expenses: Public Works expense increased \$ 1,824,898 due in large part to a \$ 1,691,070 increase in the accrual for landfill closure and post closure costs estimate. In FY08, there was a \$ 172,000 decrease in this accrual.
- Expenses: Public Safety costs increased approximately \$ 600,000 (5%) vs. FY08. The majority of this increase is reflected in incremental support for fire and rescue services (both volunteer and career elements), with increases as well in support for correction and detention and dispatch services.

Management's Discussion and Analysis

- Expenses: Parks, Recreation, and Cultural expenses increased by approximately \$ 132,000 (5%). Continued investment in Buchanan Park accounts for the increase in expense in this area.
- Expenses: The largest single categorical increase was reflected in Education, which increased \$ 2,923,000 (15%). Approximately 90% of this increase includes \$ 2.6 million in additional funding shown as Contributions to the County School Board. With other categories reflecting reductions or smaller increases, the increase in Education expenditures accounts for 34% of the increase in total expense from FY08 to FY09.

Business-type Activities

Business-type activities increased the County's net assets by \$ 1,030,027. This activity is comprised of Water and Sewer revenues and expenses. Key elements of FY09 water and sewer activity are as follows:

- Total revenues increased \$ 17,000, or less than 1 percent from the prior year, as connection fee revenues were not at FY08 levels. Water and sewer rates and connection fees will be reviewed in the short-term.
- Total operating expenses increased approximately \$ 323,000 (14%) vs. the prior year, due to an increase in personnel services, utilities expenses, and increased depreciation charges. The increases in operating expenses are due in large part to the need to service a growing customer base and provide improvements to the County's water & sewer systems. The increase in depreciation charges accounts for nearly one-half of the total increase in expenses.
- In summary, Net assets for FY09 increased \$ 1,030,027 vs. \$ 768,191 for FY08 due primarily to the net impact of capital contributions and funds transfers relating to the support of water and sewer activities.

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 (general fund) 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 unreserved fund balances as a percentage of governmental fund expenditures, it can be noted that FY09's figure of 29% reflects a decrease vs. FY08's figure of 39%. This reduction is due to a decrease in fund balance related to stagnant local revenues, and a \$ 1.5 million combined reduction vs. FY08 in State and Federal revenues. In addition, expenses in the Public Safety and Education areas increased a combined \$ 3.5 million (11%). These factors served to drive down the unreserved fund balance percentage to governmental expenditures.

Management's Discussion and Analysis

At the end of the fiscal year, the County's governmental funds (general fund) reported an ending fund balance of \$16,291,663, a decrease of \$ 5,417,290 versus the prior year. FY09 revenues decreased 3%, but FY09 expenditures were \$ 1.5 million (3%) greater than FY09 revenues (Exhibit 5), with transfers contributing approximately \$ 912,000 to the net decrease in fund balance. When compared to FY08, the FY09 unreserved portion (\$16,031,339) of the ending fund balance represents a \$ 5.4 million decrease in unreserved fund balance, but still provides significant flexibility with respect to future discretionary spending.

As previously stated, the County's governmental fund balance decreased by \$ 5,417,290. Fiscal Year 2009 Operational highlights include the following:

- Revenues: (A) Steady growth (4%) in the real property tax base. (B) An 11% increase in Machinery & Tool Tax revenues. (C) A slight increase (2%) in Total Other Local Taxes, despite a continuing downturn in national, regional, and local economic activity. (D) A \$ 94,000 (11%) increase in reclaimed costs from the County's emergency services cost recovery program. (E) A \$ 671,000 (43%) decrease in revenues from the use of money and property. (F) A planned reduction in Charges for Services for waste removal, which totaled \$ 755,000. It should be noted that \$ 950,000 of State Compensation Board reimbursement funds for the Sheriff's department was classified as federal funding (State fiscal stabilization fund – ARRA – Please see Schedule 1, page 4.
- Expenditures: As previously stated, general government administration, public works, public safety, parks and recreation, and education expenses represented significant FY09 increases. In addition, there was \$826,417 spent in industrial development, which was approximately the amount spent in FY08 for this item. Industrial development spending is viewed as an investment, which will yield a return in the form of providing an incremental tax base for the County in future years, both short-term and long-term.
- Capital Improvement Projects – In sharp contrast to recent years, there was a significant reduction in capital projects activity for FY09. There was only one large dollar item, which was construction of a customer convenience center for refuse disposal. This centralized location provides for the efficient transfer of solid waste to an out-of-County disposal site.

Proprietary funds

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

Unrestricted net assets of the County's Water and Sewer Enterprise Fund at the end of the year were \$2,022,825, which is a marked increase versus FY08's figure of \$888,109. Other factors concerning the finances of this fund were discussed in the County's business-type activities section of this letter.

Management's Discussion and Analysis

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final budgeted expenditures for the General Fund totaled \$6,591,992. This difference was primarily due to supplemental appropriations. Major components of this difference are as follows:

- Appropriation of budgeted carryover funds from the fiscal year ended June 30, 2008 for programs and capital projects in the amount of \$3,983,316. In addition, there was a \$ 245,000 appropriation for the School Component for trailing expenses for renovation of the James River High School project.
- Appropriations in the amount of \$1,083,329 relating to industrial development activities, including \$375,000 for a pass-through of Governor's Opportunity Funds, a County match of \$275,000, and an appropriation for a future receipt of a State railroad access grant of \$ 433,000.
- Appropriation of \$239,633 representing funds returned to the State in the form of reduction in aid.
- Appropriations totaling \$145,234 for pass-through funding for the County's volunteer fire and rescue agencies.
- Appropriations totaling \$123,102 for E911 grant funds for replacement of a radio system.
- Appropriations totaling \$108,471 for the application of final original work performed related to startup costs associated with the Public Safety Building.
- Appropriations totaling \$99,198 for Emergency Services grants and reimbursed costs.
- Appropriations totaling \$80,324 for Sheriff's department grants and reimbursed costs.
- Appropriation totaling \$53,302 for twenty (20) electronic poll books used during the voting process.
- Appropriations totaling \$49,058 as the State's share of fines collected by the County court system.
- Appropriations totaling \$33,887 representing tourism grants and reimbursed costs.

The above-mentioned appropriations for amended budget expenditures total \$6,243,854 or 95% of the difference between the original budget appropriation and the amended budget.

With respect to FY09 amended budget vs. actual results, general fund revenues for the primary government were approximately 2% under budget for the year. Results for revenues from local sources accounted for approximately 97% of the negative variance, as results for Other Local Taxes and Revenues From The Use Of Money and Property yielded large negative variances that were only partially offset by results versus budget for General Property Taxes and Miscellaneous Revenues. With respect to non-local revenues, actual state revenues fell below anticipated amounts, while revenue results for the federal government were slightly (1%) over budget, and was a product of a) receiving less welfare funding than budget and b) receiving more in

Management's Discussion and Analysis

Payments in Lieu of Taxes than budgeted. Revenue results for the Component-unit School Board yielded a .5% negative variance, as a revenue shortfall in cafeteria sales and sales tax receipts were the prime factors resulting in an overall (\$269,000) revenue shortage for the School component for FY09 versus budget.

Amended budget vs. actual results for general fund government expenditures for FY09 reflected a 8% (\$4.8 million) positive variance due to significant savings in several categories. Most notably, spending was deferred to the next fiscal year for capital project items totaling \$815,000. Other significant expenditure savings vs. budget were experienced in general government administration, public safety, health and welfare, and parks and recreation categories. These positive results played a role in an effort to contend with the impact of revenue shortfalls in several categorical areas, as previously highlighted in Governmental Activities.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2009 is \$75,551,249 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total represents less than a 1% increase, as construction in progress decreased approximately \$243,000 as larger prior year projects are complete, with the only notable construction in progress activity represented by the Eagle Rock Library project.

Major capital asset events for governmental activities during FY09 included the following:

- Completion of the Customer Convenience Center at the landfill site. (Gross cost of \$ 1.6 million).
- Installation of a new Emergency Communications Radio Dispatch System (Gross cost of \$ 154,000).
- Continued progress on the construction of the Eagle Rock Library.

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

	Governmental activities		Business-type activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 11,979,101	\$ 11,979,101	\$ 43,010	\$ 43,010	\$ 12,022,111	\$ 12,022,111
Buildings	59,776,767	59,407,928	-	-	59,776,767	59,407,928
Machinery and equipment	2,614,130	2,603,296	-	-	2,614,130	2,603,296
Infrastructure	-	-	18,004,764	18,573,225	18,004,764	18,573,225
Construction in progress	1,181,251	1,424,073	26,222	-	1,207,473	1,424,073
Total	\$ 75,551,249	\$ 75,414,398	\$ 18,073,996	\$ 18,616,235	\$ 93,625,245	\$ 94,030,633

The results for Business-type activities (Enterprise Fund) include continued investment in the County's water and sewer infrastructure in order to sufficiently meet the current and future demands of customers. Additional information on the County's capital assets can be found in note 12 to the financial statements.

Management's Discussion and Analysis

Long-term debt

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

County of Botetourt's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 40,305,216	\$ 42,353,932	\$ -	\$ -	\$ 40,305,216	\$ 42,353,932
Literary Loans	7,517,663	8,276,193	-	-	7,517,663	8,276,193
Revenue Bonds	-	-	7,971,603	8,409,153	7,971,603	8,409,153
Grant Anticipation Note	-	-	-	-	-	-
Landfill closure / post-closure	5,324,165	3,633,095	-	-	5,324,165	3,633,095
Compensated absences	598,711	586,831	54,900	40,985	665,611	627,816
Total	\$ 53,745,755	\$ 54,850,051	\$ 8,026,503	\$ 8,450,138	\$ 61,784,258	\$ 63,300,189

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Botetourt County's FY09 outstanding debt for governmental activities decreased \$1,104,296 due primarily to principal payments for general obligation and literary fund debt. With respect to landfill obligations, cost estimates provided by an independent consulting firm resulted in a 46% increase in the liability. For business-type activities, outstanding debt decreased by \$423,635 due to principal payments for revenue bonds.

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

- Net bonded debt-per-capita, limit \$2,000, actual \$1,416.
- Net bonded debt to assessed value, limit 4%, actual (1.28%).
- Ratio of debt service to general governmental expenditures, limit 10%, actual 5.79%.

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

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

As was the case for all localities, the economic recession forced Botetourt County to take a very firm and realistic approach to all components of the FY10 Budget. Historical and trended expenditures were scrutinized for cost reduction opportunities as a means of contending with anticipated stagnant and reduced revenues. A hiring freeze and elimination of consideration of employee raises were incorporated into the FY10 Budget. In addition, the FY10 Capital Improvement Plan was reduced by 69% compared to the previous year's plan.

- The unemployment rate for the County is currently 6.0 percent, which is an increase from the rate of 3.7 percent a year ago. This compares favorably to the state's current unemployment rate of 6.6 percent and the current national rate of 9.5 percent. In terms of a positive trend, Botetourt County's monthly unemployment rate has reflected a reduced percentage for four consecutive months.
- Funding from the Commonwealth of Virginia for the Component-unit School Board is expected to decrease by approximately \$2.2 million (8%) in the next fiscal year. Federal Stimulus Funds are expected to make up for 75% of the reduction in State Revenues for the School Component. With respect to support from the County, the FY10 Budget reflects flat funding, which equates to the same dollar support as from the previous year (FY09).
- General fund revenues in total for FY10 vs. FY09 Budget are expected to decrease by approximately \$700,000 (1.4%). This reduction is due in part to economic pressures relating to reduced residential construction activity and the impact on associated revenue streams, such as building permits and recordation fees. Personal property tax revenues are expected to decrease by \$ 560,000 (12%) due to A) reductions in value for used vehicles and B) reduced purchase values for new vehicles. On the positive side, FY09 machinery & tool taxes increased by \$375,000 (12%) compared to actual FY08 revenues, and therefore the FY10 Budget incorporates a higher figure as compared to the budget for the previous year. Earnings on Investments will decrease significantly on a FY10 vs. FY09 Budget basis, as this income will be more reflective of actual earnings experienced for FY09. Only slight decreases vs. budget are expected in transient occupancy, meals, and local sales taxes, as these local activity revenues continue to be supported by a) the attraction of the Botetourt Sports Complex in hosting regional and national tournaments and b) focused efforts and investment in tourism activity offerings. Another plus is the receipt of revenues as a result of the County's Emergency Services Cost Recovery Program, which has yielded annual incremental revenues since inception in FY06. The FY10 Budget projects \$ 1 million in revenues for this program.
- FY10 General fund budgeted expenditures include a \$239,000 giveback to the State as a reduction in aid. A similar amount was also refunded to the State in FY09, but was not incorporated in the FY09 Budget due to timing. Excluding the FY10 budgeted giveback of reimbursement funds, General Fund expenditures (excluding education funding mentioned above) are budgeted to decrease by approximately \$ 1.5 million (5.6%). Capital spending is budgeted to decrease by \$ 1.6 million, as several projects have been deferred to planning in future years, and several construction projects have recently concluded.
- During the budget process, measures were taken to seek opportunities for cost reduction and minimization at the departmental level. As a result, twenty-five (25) of forty-four (44) County oriented departments realized reduced or flat budgets vs. FY09, with another six (6) departments budgeted for increases of less than 2%. Two (2) other departments experienced increases due to the real estate tax reassessment process, while three (3) public safety department / areas required additional funding.

Management's Discussion and Analysis

- The general fund balance for the County relating to the FY10 budget anticipates a reduction of \$ 2.4 million. However, during the first quarter of FY10, County administration is reviewing operational results on a month-by-month basis, and has identified additional cost reduction opportunities in order to contend with the potential for an extended economic recovery period.
- For business-type activities, water and sewer revenues are anticipated to increase 3% from FY09 to FY10. This is due to a projected increase in water charges due to a) a small increase in the customer base and b) associated increase in usage.
- Construction of a landfill convenience center was completed in FY09 and serves to provide disposal services to citizens. The FY10 Budget includes a full year of transporting solid waste to a near-city transfer station.
- Construction is well under way for the Eagle Rock Library, which will be situated in the northern part of the County. This \$ 1.2 million project will be completed in FY10.
- Other than the Library project, all other capital improvement projects are on a small scale, including projects to expand the County's recreational and cultural resources. These FY10 Budgeted projects will be prioritized further in an effort to minimize their impact on FY10 results.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

Contacting the County's Financial Management

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

Basic Financial Statements

County of Botetourt, Virginia
Statement of Net Assets
June 30, 2009

	Primary Government				
	Governmental	Business-type	Total	Component Units	
	Activities	Activities		School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 15,065,745	\$ 1,896,606	\$ 16,962,351	\$ 7,059,600	\$ -
Cash in custody of others	-	-	-	-	1,365
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,018,403	-	1,018,403	-	-
Accounts receivable	8,687	353,585	362,272	50,938	-
Due from component unit	144,156	-	144,156	-	-
Due from other governmental units	1,524,096	-	1,524,096	1,238,180	-
Prepaid expenses	54,845	1,210	56,055	530,295	-
Deferred charges	138,859	47,449	186,308	-	-
Restricted assets:					
Temporarily restricted:					
Investments (in custody of others)	-	-	-	-	471,673
Cash and cash equivalents	260,324	-	260,324	39,840	-
Capital assets (net of accumulated depreciation):					
Land	11,979,101	43,010	12,022,111	1,455,729	-
Buildings and improvements	59,776,767	-	59,776,767	21,670,119	4,334,366
Machinery and equipment	2,614,130	-	2,614,130	2,242,933	-
Infrastructure	-	18,004,764	18,004,764	-	-
Construction in progress	1,181,251	26,222	1,207,473	72,151	-
Total assets	<u>\$ 93,766,364</u>	<u>\$ 20,372,846</u>	<u>\$ 114,139,210</u>	<u>\$ 34,359,785</u>	<u>\$ 4,807,404</u>
LIABILITIES					
Accounts payable	\$ 943,808	\$ 116,818	\$ 1,060,626	\$ 357,961	\$ -
Contracts payable	-	-	-	4,082,416	-
Customers' deposits	-	33,696	33,696	-	-
Accrued interest payable	823,984	70,611	894,595	-	6,338
Due to primary government	-	-	-	144,156	-
Unearned revenue	93,759	-	93,759	-	28,750
Long-term liabilities:					
Due within one year	3,247,057	505,604	3,752,661	595,795	209,709
Due in more than one year	50,498,698	7,520,899	58,019,597	508,598	3,096,137
Total liabilities	<u>\$ 55,607,306</u>	<u>\$ 8,247,628</u>	<u>\$ 63,854,934</u>	<u>\$ 5,688,926</u>	<u>\$ 3,340,934</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 27,728,370	\$ 10,102,393	\$ 37,830,763	\$ 25,440,932	\$ 1,028,520
Restricted for:					
Law library	45,577	-	45,577	-	-
Emergency 911	15,578	-	15,578	-	-
Cafeteria operations	-	-	-	39,840	-
Property seizure	156,443	-	156,443	-	-
Debt service	-	-	-	-	408,513
Van program	42,726	-	42,726	-	-
Unrestricted	10,170,364	2,022,825	12,193,189	3,190,087	29,437
Total net assets	<u>\$ 38,159,058</u>	<u>\$ 12,125,218</u>	<u>\$ 50,284,276</u>	<u>\$ 28,670,859</u>	<u>\$ 1,466,470</u>

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

County of Botetourt, Virginia
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				Component Units			
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total	School Board	IDA	Net (Expense) Revenue and Changes in Net Assets		
			Grants and Contributions	Capital Grants and Contributions						Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:												
Governmental activities:												
General government administration	\$ 2,882,831	\$ 606	\$ 324,322	\$ -	\$ (2,557,903)	\$ -	\$ (2,557,903)	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	1,307,844	79,072	720,100	-	(508,672)	-	(508,672)	-	-	-	-	-
Public safety	12,008,302	542,087	4,391,452	-	(7,074,763)	-	(7,074,763)	-	-	-	-	-
Public works	3,469,969	176,935	450,000	-	(2,843,034)	-	(2,843,034)	-	-	-	-	-
Health and welfare	3,359,650	-	1,861,638	-	(1,498,012)	-	(1,498,012)	-	-	-	-	-
Education	22,944,520	-	-	-	(22,944,520)	-	(22,944,520)	-	-	-	-	-
Parks, recreation, and cultural	2,932,681	149,235	153,284	-	(2,630,162)	-	(2,630,162)	-	-	-	-	-
Community development	1,323,106	-	-	-	(1,323,106)	-	(1,323,106)	-	-	-	-	-
Interest on long-term debt	2,127,418	-	-	-	(2,127,418)	-	(2,127,418)	-	-	-	-	-
Total governmental activities	\$ 52,356,321	\$ 947,935	\$ 7,900,796	\$ -	\$ (43,507,590)	\$ -	\$ (43,507,590)	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities:												
Water and sewer	\$ 2,705,663	\$ 2,703,870	\$ -	\$ 97,975	\$ -	\$ 96,182	\$ 96,182	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 55,061,984	\$ 3,651,805	\$ 7,900,796	\$ 97,975	\$ (43,507,590)	\$ 96,182	\$ (43,411,408)	\$ -	\$ -	\$ -	\$ -	\$ -
COMPONENT UNITS:												
School Board	\$ 52,342,294	\$ 1,677,958	\$ 29,944,874	\$ -	\$ -	\$ -	\$ -	\$ (20,719,462)	\$ -	\$ -	\$ -	\$ 44,379
Industrial Development Authority	300,621	345,000	-	-	-	-	-	-	-	-	-	44,379
Total component units	\$ 52,642,915	\$ 2,022,958	\$ 29,944,874	\$ -	\$ -	\$ -	\$ -	\$ (20,719,462)	\$ -	\$ -	\$ -	\$ 44,379
General revenues:												
General property taxes					\$ 28,666,285	\$ -	\$ 28,666,285	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:												
Local sales and use taxes					1,930,445	-	1,930,445	-	-	-	-	-
Consumers' utility taxes					694,849	-	694,849	-	-	-	-	-
Business license taxes					788,003	-	788,003	-	-	-	-	-
Motor vehicle taxes					587,147	-	587,147	-	-	-	-	-
Restaurant food taxes					1,097,813	-	1,097,813	-	-	-	-	-
Other local taxes					1,527,920	-	1,527,920	-	-	-	-	-
Unrestricted revenues from the use of money and property					902,894	21,854	924,748	168,745	-	-	-	2,932
Miscellaneous					285,932	-	285,932	150,968	-	-	-	-
Grants and contributions not restricted to specific programs					4,007,081	-	4,007,081	22,892,211	-	-	-	2,500
Transfers					(911,991)	911,991	-	-	-	-	-	-
Total general revenues					\$ 39,576,378	\$ 933,845	\$ 40,510,223	\$ 23,211,924	\$ 5,432	\$ -	\$ -	\$ 5,432
Change in net assets					\$ (3,931,212)	\$ 1,030,027	\$ (2,901,185)	\$ 2,492,462	\$ 49,811	\$ -	\$ -	\$ 49,811
Net assets - beginning					42,090,270	11,095,191	53,185,461	26,178,397	1,416,659	-	-	1,416,659
Net assets - ending					\$ 38,159,058	\$ 12,125,218	\$ 50,284,276	\$ 28,670,859	\$ 1,466,470	\$ -	\$ -	\$ 1,466,470

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

County of Botetourt, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 15,326,069
Receivables (net of allowance for uncollectibles):	
Taxes receivable	1,018,403
Accounts receivable	8,687
Due from component unit	144,156
Due from other governmental units	1,524,096
Prepaid items	54,845
Total assets	<u>\$ 18,076,256</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 943,808
Deferred revenue	840,785
Total liabilities	<u>\$ 1,784,593</u>
 Fund balance:	
Reserved for:	
Law library	\$ 45,577
Emergency 911	15,578
Property seizure	156,443
Van program	42,726
Unreserved, reported in:	
General fund	16,031,339
Total fund balances	<u>\$ 16,291,663</u>
Total liabilities and fund balances	<u>\$ 18,076,256</u>

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

County of Botetourt, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,291,663
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	75,551,249
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. The assets are as follows:	747,026
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(54,430,880)
Net assets of governmental activities	<u>\$ 38,159,058</u>

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

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>
REVENUES	
General property taxes	\$ 28,472,840
Other local taxes	6,626,177
Permits, privilege fees, and regulatory licenses	259,873
Fines and forfeitures	87,133
Revenue from the use of money and property	902,894
Charges for services	600,929
Miscellaneous	285,932
Recovered costs	1,849,756
Intergovernmental revenues:	
Commonwealth	9,827,831
Federal	2,080,046
Total revenues	<u>\$ 50,993,411</u>
EXPENDITURES	
Current:	
General government administration	\$ 3,133,423
Judicial administration	1,281,196
Public safety	12,709,074
Public works	1,699,314
Health and welfare	3,427,105
Education	21,712,253
Parks, recreation, and cultural	2,986,515
Community development	496,566
Capital projects	3,067,114
Debt service:	
Principal retirement	2,762,390
Interest and other fiscal charges	2,223,760
Total expenditures	<u>\$ 55,498,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,505,299)</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (911,991)
Total other financing sources (uses)	<u>\$ (911,991)</u>
Net change in fund balances	\$ (5,417,290)
Fund balances - beginning	21,708,953
Fund balances - ending	<u>\$ 16,291,663</u>

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

County of Botetourt, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$ (5,417,290)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	136,851
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	193,445
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,071,320
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.	84,462
Change in net assets of governmental activities	<u>\$ (3,931,212)</u>

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

County of Botetourt, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Enterprise Fund Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,896,606
Accounts receivable, net of allowance for uncollectibles	353,585
Prepaid expenses	1,210
Total current assets	<u>\$ 2,251,401</u>
Noncurrent assets:	
Other assets:	
Unamortized bond issue costs	\$ 47,449
Capital assets:	
Land	43,010
Utility plant in service	26,207,105
Machinery and equipment	35,062
Construction in progress	26,222
Less accumulated depreciation	(8,237,403)
Total capital assets	<u>\$ 18,073,996</u>
Total noncurrent assets	<u>\$ 18,121,445</u>
Total assets	<u>\$ 20,372,846</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 116,818
Customers' deposits	33,696
Accrued interest payable	70,611
Compensated absences - current portion	41,175
Bonds payable - current portion	464,429
Total current liabilities	<u>\$ 726,729</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 13,725
Bonds payable - net of current portion	7,507,174
Total noncurrent liabilities	<u>\$ 7,520,899</u>
Total liabilities	<u>\$ 8,247,628</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 10,102,393
Unrestricted	2,022,825
Total net assets	<u>\$ 12,125,218</u>

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

County of Botetourt, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues pledged as security for revenue bonds	\$ 951,926
Sewer revenues pledged as security for revenue bonds	1,551,180
Tap fees	198,880
Other revenues	1,884
Total operating revenues	\$ 2,703,870
OPERATING EXPENSES	
Personnel services	\$ 478,695
Contractual services	143,739
Utilities and office expense	788,234
Repair and maintenance	226,431
Depreciation	742,517
Total operating expenses	\$ 2,379,616
Operating income (loss)	\$ 324,254
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 21,854
Interest expense	(326,047)
Total nonoperating revenues (expenses)	\$ (304,193)
Income before contributions and transfers	\$ 20,061
Capital contributions and construction grants	\$ 97,975
Transfers in	911,991
Change in net assets	\$ 1,030,027
Total net assets - beginning	11,095,191
Total net assets - ending	\$ 12,125,218

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

County of Botetourt, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,727,052
Payments to suppliers	(1,124,645)
Payments to employees	(464,780)
Net cash provided (used) by operating activities	\$ 1,137,627
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 761,991
Net cash provided (used) by noncapital financing activities	\$ 761,991
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (200,278)
Principal payments on bonds	(450,580)
Contributions in aid of construction	97,975
Interest payments	(311,427)
Net cash provided (used) by capital and related financing activities	\$ (864,310)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 21,854
Net cash provided (used) by investing activities	\$ 21,854
Net increase (decrease) in cash and cash equivalents	\$ 1,057,162
Cash and cash equivalents - beginning	839,444
Cash and cash equivalents - ending	\$ 1,896,606
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 324,254
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 742,517
(Increase) decrease in accounts receivable	19,876
(Increase) decrease in prepaid expenses	(1,210)
Increase (decrease) in customer deposits	3,306
Increase (decrease) in operating payables	34,969
Increase (decrease) accrued leave	13,915
Total adjustments	\$ 813,373
Net cash provided (used) by operating activities	\$ 1,137,627

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

County of Botetourt, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,003,774
Total assets	<u>\$ 1,003,774</u>
LIABILITIES	
Amounts held for social services clients	\$ 21,852
Amounts held for employees	33,644
Amounts held for the Roanoke Valley Regional Board	843,883
Amounts held for performance bond	52,864
Amounts held for inmates	51,531
Total liabilities	<u>\$ 1,003,774</u>

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

COUNTY OF BOTETOURT, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

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

The Botetourt County Industrial Development Authority 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. The Industrial Development Authority is presented as an enterprise fund type. Complete financial statements for the Industrial Development Authority may be obtained at the County's administrative offices: 1 West Main Street, Fincastle, VA 24090.

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

Jointly Governed Organizations - The County, in conjunction with other localities, participates in supporting the Blue Ridge Library and the Blue Ridge Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$238,867 for operations to the Blue Ridge Regional Library, and \$37,983 to the Blue Ridge Community Services Board. The County does not have any ongoing financial responsibilities for these organizations.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

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

2. Receivables and payables

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$327,838 at June 30, 2009. The allowance consists of delinquent taxes in the amount of \$73,120 and delinquent water and sewer bills of \$254,718.

5. Use of Estimates

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

6. Capital assets

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

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

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

6. Capital assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water and Sewer Fund during the current fiscal year was \$326,047. No interest was capitalized during the year.

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

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

7. Compensated Absences

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

8. Long-term obligations

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

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

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

8. Long-term obligations (Continued)

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

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

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

11. Prepaid Items

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

12. Restricted Assets

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

13. Inventories

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$136,851 and \$956,034 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlays	\$ 3,506,581	\$ 1,960,425
Loss on sale of capital asset	(64,113)	-
Transfer assets to School Board (net of depreciation)	(633,272)	633,272
Depreciation expense	<u>(2,672,345)</u>	<u>(1,637,663)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 136,851</u>	<u>\$ 956,034</u>

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

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

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,071,320 difference in the primary government are as follows:

Increase in estimated liability		
Accrued landfill closure/postclosure		\$ (1,691,070)
Principal repayments:		
General obligation debt		2,003,860
Literary loans		<u>758,530</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>		<u>\$ 1,071,320</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these \$84,462 and (\$199,819) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
(Increase) decrease in compensated absences	\$ (11,880)	\$ 110,181
(Increase)decrease in OPEB obligation	-	(310,000)
(Increase) decrease in accrued interest	57,649	-
Amortization of bond issuance costs	(6,163)	-
Amortization of premium	<u>44,856</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 84,462</u>	<u>\$ (199,819)</u>

Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund and the School Operating Fund
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or fund level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

There were no expenditures exceeding appropriations for the year ended June 30, 2009.

C. Deficit fund equity

At June 30, 2009, there were no funds with deficit fund equity.

Note 4-Deposits and Investments:

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

Investments: Statutes authorize 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).

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2009 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 15,643,387

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

External Investment Pools

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

Interest Rate Risk

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

Note 4-Deposits and Investments: (Continued)

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 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 440,149	\$ -
Categorical aid-State sales tax	-	782,445
Categorical aid-Other	677,493	-
Non-categorical aid	190,657	-
Categorical aid-Virginia Public Assistance	40,009	-
Categorical aid-Comprehensive Services Act	118,320	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	57,468	-
Categorical aid-Other	-	455,735
Totals	<u>\$ 1,524,096</u>	<u>\$ 1,238,180</u>

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 144,156
Component Unit - School Board:		
School Fund	\$ 144,156	\$ -
Totals	<u>\$ 144,156</u>	<u>\$ 144,156</u>

Note 7-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 911,991
Water and Sewer Fund	911,991	-
Total	<u>\$ 911,991</u>	<u>\$ 911,991</u>

Primary government contributions to component units for the year ended June 30, 2009, consisted of the following:

Component Unit:	
School Board	\$ 21,699,944

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 8-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest
2010	\$ 2,048,682	1,877,148	\$ 749,342	\$ 225,530
2011	2,089,059	1,779,703	695,161	203,050
2012	2,145,019	1,675,712	651,930	182,195
2013	2,111,393	1,569,632	651,930	162,637
2014	2,165,408	1,462,886	651,930	143,079
2015-2019	8,314,777	5,942,796	3,259,650	422,026
2020-2024	8,265,000	4,035,018	857,720	41,830
2025-2029	7,875,000	1,924,413	-	-
2030-2034	4,410,000	453,405	-	-
Totals	\$ 39,424,338	\$ 20,720,713	\$ 7,517,663	\$ 1,380,347

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2009.

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
General Obligation Bonds	\$ 41,428,198	\$ -	\$ (2,003,860)	\$ 39,424,338
Unamortized Premium	925,734	-	(44,856)	880,878
Literary Loans	8,276,193	-	(758,530)	7,517,663
Landfill closure/ postclosure liability	3,633,095	1,691,070	-	5,324,165
Compensated absences	586,831	452,003	(440,123)	598,711
Total	\$ 54,850,051	\$ 2,143,073	\$ (3,247,369)	\$ 53,745,755

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

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

Note 8-Long-Term Debt: (Continued)

Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

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	3.65% - 5%	3/1/1998	2015	\$ 6,660,000	\$ 3,065,000	\$ 530,000
General projects	5.1% - 6.1%	12/21/1995	2016	8,385,372	3,271,034	441,947
School construction	4.1% - 5.225%	4/30/1998	2019	1,545,000	750,000	75,000
School construction	4.85% - 6.6%	Aug. 1991	2012	1,267,416	238,304	76,735
School construction	4.1% - 5.1%	5/11/2006	2026	15,890,000	14,915,000	525,000
Jail Construction	3.6325% - 4.9866%	6/8/2006	2032	17,570,000	17,185,000	400,000
Total GO Bonds					\$ 39,424,338	\$ 2,048,682
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 880,878	\$ -
Net GO Bonds					\$ 40,305,216	\$ 2,048,682
Other Long-term Debt: (Literary Fund Loans)						
School construction	3.00%	12/1/1989	2010	\$ 180,064	\$ 9,064	\$ 9,064
School construction	3.00%	12/1/1989	2010	121,883	5,983	5,983
School construction	3.00%	3/1/1990	2010	300,000	15,000	15,000
School construction	3.00%	12/1/1990	2011	97,255	7,255	5,000
School construction	3.00%	7/15/1990	2011	1,180,976	100,976	60,000
School construction	3.00%	5/1/1990	2010	220,865	2,365	2,365
School construction	3.00%	12/1/2000	2021	7,500,000	4,500,000	375,000
School construction	3.00%	2/1/1999	2019	5,000,000	2,500,000	250,000
School construction	3.00%	1/15/2003	2023	538,600	377,020	26,930
Total Literary Fund Loans					\$ 7,517,663	\$ 749,342
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 598,711	\$ 449,033
Landfill closure/post-closure monitoring	n/a	n/a	n/a	n/a	5,324,165	-
Total Other Obligations					\$ 5,922,876	\$ 449,033
Total Long-term debt					\$ 53,745,755	\$ 3,247,057

Note 8-Long-Term Debt: (Continued)

Primary Government - Enterprise Activity Indebtedness:

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2010	\$ 464,429	\$ 295,806
2011	478,639	279,363
2012	498,172	262,420
2013	513,040	244,872
2014	533,255	226,573
2015-2019	2,977,529	796,381
2020-2024	2,130,649	259,503
2025-2027	490,724	23,043
Totals	\$ 8,086,437	\$ 2,387,961

The following is a summary of long-term debt transactions of the Enterprise Fund for the year ended June 30, 2009.

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
Revenue Bonds	\$ 8,537,017	\$ -	\$ (450,580)	\$ 8,086,437
Unamortized Premium	44,277	-	(4,512)	39,765
Deferred amount on refunding	(172,141)	-	17,542	(154,599)
Compensated absences	40,985	44,654	(30,739)	54,900
Total	\$ 8,450,138	\$ 44,654	\$ (468,289)	\$ 8,026,503

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 8-Long-Term Debt: (Continued)

Primary Government - Enterprise Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Revenue Bonds:						
VRA Refunding Bond	3.1% - 4.9269%	5/17/2005	2023	\$ 4,250,000	\$ 3,620,000	\$ 200,000
VRA Bond	4.75%	7/31/1997	2019	8,385,372	1,705,479	143,472
VRA Bond	3.10%	8/1/2004	2027	4,032,975	2,760,958	120,957
Total Revenue Bonds					<u>\$ 8,086,437</u>	<u>\$ 464,429</u>
Add:						
Unamortized premium					\$ 39,765	\$ -
Deferred amount on refunding					(154,599)	-
Net Revenue Bonds					<u>\$ 7,971,603</u>	<u>\$ 464,429</u>
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	<u>\$ 54,900</u>	<u>\$ 41,175</u>
Total Long-term debt					<u>\$ 8,026,503</u>	<u>\$ 505,604</u>

Note 9-Long-Term Debt-Component Units:

Discretely Presented Component Unit - School Board Indebtedness:

The following is a summary of long-term debt transactions of the Component Unit-School Board for the year ended June 30, 2009.

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
OPEB obligation	\$ -	\$ 480,000	\$ (170,000)	\$ 310,000
Compensated absences	904,574	568,250	(678,431)	794,393
Total	<u>\$ 904,574</u>	<u>\$ 1,048,250</u>	<u>\$ (848,431)</u>	<u>\$ 1,104,393</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

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

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

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
OPEB Obligation	n/a	n/a	n/a	n/a	\$ 310,000	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	794,393	595,795
Total long-term debt					\$ 1,104,393	\$ 595,795

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

Discretely Presented Component Unit - Industrial Development Authority Indebtedness:

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

Year Ending June 30,	Lease Revenue Bond	
	Principal	Interest
2010	209,709	152,225
2011	219,638	142,296
2012	230,037	131,897
2013	240,929	121,005
2014	252,336	109,598
2015-2019	1,452,618	313,123
2020	700,579	28,872
Totals	\$ 3,305,846	\$ 999,016

The following is a summary of long-term debt transactions of the Component Unit-Industrial Development Authority for the year ended June 30, 2009.

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
Lease Revenue Bond	\$ 3,504,724	\$ -	\$ (198,878)	\$ 3,305,846

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

Discretely Presented Component Unit - Industrial Development Authority Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Lease Revenue Bonds:						
Lease Revenue Bond	4.68%	5/1/1999	2020	\$ 4,812,833	\$ 3,305,846	\$ 209,709

Note 10-Employee Retirement System and Pension Plans:

A. Plan Description

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

The County contributes to the Virginia Retirement System (VRS). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/Publications/2008_annurept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

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

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County of Botetourt, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Botetourt, Virginia's contribution rate for the fiscal year ended 2009 was 10.38% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County of Botetourt, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Botetourt, Virginia's contribution rate for the fiscal year ended 2009 was 10.98% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2009, the County of Botetourt, Virginia's annual pension cost of \$1,058,913 and \$340,177 was equal to the County of Botetourt, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Primary Government:</u>				
County	6/30/2009	\$ 1,058,913	100.00%	\$ -
	6/30/2008	1,387,075	100.00%	-
	6/30/2007	1,149,510	100.00%	-
<u>Discretely Presented-Component Unit:</u>				
School Board Non-Professional	6/30/2009	\$ 340,177	100.00%	\$ -
	6/30/2008	297,546	100.00%	-
	6/30/2007	292,828	100.00%	-

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

C. Annual Pension Cost (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost of living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Botetourt, Virginia's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Botetourt, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2008, the most recent actuarial valuation date, the plan was 84.17% funded. The actuarial accrued liability for benefits was \$29,858,584, and the actuarial value of assets was \$25,132,707, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,725,877. The covered payroll (annual payroll of active employees covered by the plan) was \$9,866,757, and ratio of the UAAL to the covered payroll was 47.90%.

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

As of June 30, 2008, the most recent actuarial valuation date, the plan was 85.63% funded. The actuarial accrued liability for benefits was \$10,941,756, and the actuarial value of assets was \$9,369,812, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,571,944. The covered payroll (annual payroll of active employees covered by the plan) was \$2,964,772, and ratio of the UAAL to the covered payroll was 53.02%.

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

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

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

Plan Description

The Botetourt County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$2,283,774, \$2,547,921, and \$2,181,288 for the fiscal years ended 2009, 2008, and 2007, respectively. Required employer contributions represented 8.81%, 10.30%, and 9.20% of covered payroll for the fiscal years ended 2009, 2008, and 2007, respectively.

Note 11-Deferred (Unearned) Revenue:

Deferred (unearned) revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$93,759 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009, but paid in advance by the taxpayers totaled \$93,759 at June 30, 2009.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,979,101	\$ -	\$ -	\$ 11,979,101
Construction in progress	814,865	2,701,615	(2,335,229)	1,181,251
Total capital assets not being depreciated	<u>\$ 12,793,966</u>	<u>\$ 2,701,615</u>	<u>\$ (2,335,229)</u>	<u>\$ 13,160,352</u>
Capital assets, being depreciated:				
Buildings	\$ 70,385,845	\$ 1,889,740	\$ (320,000)	\$ 71,955,585
Machinery and equipment	7,087,243	773,106	(269,882)	7,590,467
Total capital assets being depreciated	<u>\$ 77,473,088</u>	<u>\$ 2,662,846</u>	<u>\$ (589,882)</u>	<u>\$ 79,546,052</u>
Less: accumulated depreciation for:				
Buildings	\$ (10,368,709)	\$ (1,974,186)	\$ 164,077	\$ (12,178,818)
Machinery and equipment	(4,483,947)	(698,159)	205,769	(4,976,337)
Total accumulated depreciation	<u>\$ (14,852,656)</u>	<u>\$ (2,672,345)</u>	<u>\$ 369,846</u>	<u>\$ (17,155,155)</u>
Total capital assets being depreciated, net	<u>\$ 62,620,432</u>	<u>\$ (9,499)</u>	<u>\$ (220,036)</u>	<u>\$ 62,390,897</u>
Governmental activities capital assets, net	<u>\$ 75,414,398</u>	<u>\$ 2,692,116</u>	<u>\$ (2,555,265)</u>	<u>\$ 75,551,249</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2009

Note 12-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 43,010	\$ -	\$ -	\$ 43,010
Construction in progress	-	26,222	-	26,222
Total capital assets not being depreciated	<u>\$ 43,010</u>	<u>\$ 26,222</u>	<u>\$ -</u>	<u>\$ 69,232</u>
Capital assets, being depreciated:				
Utility plant and equipment	\$ 26,033,049	\$ 174,056	\$ -	\$ 26,207,105
Machinery and equipment	35,062	-	-	35,062
Total capital assets being depreciated	<u>\$ 26,068,111</u>	<u>\$ 174,056</u>	<u>\$ -</u>	<u>\$ 26,242,167</u>
Less: accumulated depreciation for:				
Utility plant and equipment	\$ (7,459,824)	\$ (742,517)	\$ -	\$ (8,202,341)
Machinery and equipment	(35,062)	-	-	(35,062)
Total accumulated depreciation	<u>\$ (7,494,886)</u>	<u>\$ (742,517)</u>	<u>\$ -</u>	<u>\$ (8,237,403)</u>
Total capital assets being depreciated, net	<u>\$ 18,573,225</u>	<u>\$ (568,461)</u>	<u>\$ -</u>	<u>\$ 18,004,764</u>
Business-type activities capital assets, net	<u>\$ 18,616,235</u>	<u>\$ (542,239)</u>	<u>\$ -</u>	<u>\$ 18,073,996</u>

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

Governmental activities:	
General government	\$ 198,001
Judicial administration	26,648
Public safety	1,134,241
Public works	65,609
Education	1,036,344
Parks, recreation, and culture	211,490
Community development	12
Total depreciation expense-governmental activities	<u>\$ 2,672,345</u>
Business-type activities:	
Service authority	\$ 742,517

Note 12-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2009 was as follows:

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,455,729	\$ -	\$ -	\$ 1,455,729
Construction in progress	-	72,151	-	72,151
Total capital assets not being depreciated	<u>\$ 1,455,729</u>	<u>\$ 72,151</u>	<u>\$ -</u>	<u>\$ 1,527,880</u>
Capital assets, being depreciated:				
Buildings	\$ 35,821,162	\$ 2,195,829	\$ -	\$ 38,016,991
Machinery and equipment	5,850,597	489,794	(121,000)	6,219,391
Total capital assets being depreciated	<u>\$ 41,671,759</u>	<u>\$ 2,685,623</u>	<u>\$ (121,000)</u>	<u>\$ 44,236,382</u>
Less: accumulated depreciation for:				
Buildings	\$ (15,147,663)	\$ (1,199,209)	\$ -	\$ (16,346,872)
Machinery and equipment	(3,494,927)	(602,531)	121,000	(3,976,458)
Total accumulated depreciation	<u>\$ (18,642,590)</u>	<u>\$ (1,801,740)</u>	<u>\$ 121,000</u>	<u>\$ (20,323,330)</u>
Total capital assets being depreciated, net	<u>\$ 23,029,169</u>	<u>\$ 883,883</u>	<u>\$ -</u>	<u>\$ 23,913,052</u>
Governmental activities capital assets, net	<u>\$ 24,484,898</u>	<u>\$ 956,034</u>	<u>\$ -</u>	<u>\$ 25,440,932</u>

Note 13-Risk Management:

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

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

Note 13-Risk Management: (Continued)

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

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

Note 14-Contingent Liabilities:

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

Note 15-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Tommy Moore, Clerk of the Circuit Court	\$ 270,000
Benton Bolton, Treasurer	500,000
John L. Etzler, Commissioner of the Revenue	3,000
Ronald N. Sprinkle, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
<u>Selective Insurance Company of America:</u>	
Gerald A. Burgess, County Administrator	\$ 250,000
David Moorman, Deputy County Administrator	150,000
Anthony Zerrilla, Finance Manager	150,000
Barbara Ennis, Bookkeeper	150,000
Veronica Ramsey, Bookkeeper Technician	150,000
All administrative employees	50,000
All Social Services employees: blanket bond	100,000

Note 15-Surety Bonds: (Continued)

United States Fidelity and Guaranty Company-Surety:

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

Component Unit - School Board:

The Continental Insurance Company:

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

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The County's landfill has reached approximately 87% of its estimated capacity. Total closure and post-closure care cost have been estimated to be \$6,107,130 based on 100% usage of the facility. This represents what it would cost to perform all closure and post-closure care in 2009. Landfill closure and post-closure care costs are allocated based on landfill capacity to date. As such, approximately 87% of the aforementioned amount has been recognized as a liability in the financial statements (\$5,324,165). The remaining amount to be recognized, \$782,965, will be recognized over the landfill's remaining life based on usage. As of June 30, 2009, the landfill's remaining life is estimated to be 2.50 years. Actual costs for closure and post-closure monitoring may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and post-closure costs.

Note 17 - Commitments and Contingencies:

The County entered into a major construction project during the fiscal year as presented below along with the anticipated funding source.

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Amount Outstanding at June 30, 2009</u>	<u>Funding Source</u>
Eagle Rock Library	\$ 1,078,000	\$ 729,800	General Fund

Note 18 - Arbitrage Rebate Compliance:

As of June 30, 2009 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Note 19-Other Postemployment Benefits (OPEB):

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the School Board recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Component Unit: School Board

A. Plan Description

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

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 744 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 rates were as follows at June 30, 2009:

<u>Participants</u>	<u>Total Premium</u>
Employee	\$ 369.22
Employee / Spouse	738.41
Employee / Child	535.36
Family	930.39

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

Component Unit: School Board (Continued)

B. Funding Policy (Continued)

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.

C. Annual OPEB Cost and Net OPEB Obligation

For 2009, the Board's annual OPEB cost (expense) of \$170,000 did not equal the ARC of \$480,000. The obligation calculation is as follows:

Annual required contribution	\$ 480,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>480,000</u>
Contributions made	<u>170,000</u>
Increase in net OPEB obligation	310,000
Net OPEB obligation - beginning of year	-
Net OPEB obligation - ending of year	<u>\$ 310,000</u>

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 170,000	35%	\$ 310,000

* Information has only been available for one year.

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

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 4,699,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 4,699,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 2,964,772
UAAL as a percentage of covered payroll	158.49%

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

E. Actuarial Methods and Assumptions

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

In the June 30, 2008, actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, and investment rate of return at 4.5%, and a health care trend rate of 10% graded to 5% over 5 years. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2009, was 29 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 20-New Accounting Standards:

The Government Accounting Standards Board (GASB) has issued its Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*. The statement establishes standards for the measurement, recognition and display of intangible assets in the financial statements. Management has not completed the process of evaluating the impact that will result from adoption of the standard, and is therefore unable to disclose the impact of adoption. The County will implement this standard for the fiscal year ending June 30, 2010.

The Government Accounting Standards Board has issued Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*. At the present time, this statement will not have any impact on the County's financial reporting.

Note 21-Restatement of Net Assets:

After the initial release of these financial statements, it was determined that the County's estimate for landfill closure and post closure care was incorrectly calculated. Under review by the County engineer the estimate for landfill closure and post closure costs was revised to \$6,107,130 from a prior estimate of \$4,309,666. These financial statements have been revised for the updated estimate.

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 28,084,500	\$ 27,771,429	\$ 28,472,840	\$ 701,411
Other local taxes	7,520,000	7,520,000	6,626,177	(893,823)
Permits, privilege fees, and regulatory licenses	406,900	406,900	259,873	(147,027)
Fines and forfeitures	140,200	140,200	87,133	(53,067)
Revenue from the use of money and property	1,244,000	1,244,000	902,894	(341,106)
Charges for services	820,900	820,900	600,929	(219,971)
Miscellaneous	242,000	242,000	285,932	43,932
Recovered costs	1,259,400	1,617,436	1,849,756	232,320
Intergovernmental revenues:				
Commonwealth	9,911,600	10,308,481	9,827,831	(480,650)
Federal	967,000	2,053,050	2,080,046	26,996
Total revenues	\$ 50,596,500	\$ 52,124,396	\$ 50,993,411	\$ (1,130,985)
EXPENDITURES				
General government administration:				
Board of supervisors	\$ 245,417	\$ 304,490	\$ 304,490	\$ -
County administrator	330,900	335,332	296,074	39,258
Deputy administrators	410,513	413,105	345,571	67,534
Central garage	70,723	70,719	60,086	10,633
Commissioner of revenue	378,414	368,288	330,632	37,656
Assessor	158,200	203,513	203,513	-
Equilization Board	2,000	581	408	173
Central purchasing	154,572	157,508	147,363	10,145
Treasurer	428,523	448,394	381,174	67,220
Management information systems	608,446	626,277	514,088	112,189
Financial services	311,026	310,932	275,524	35,408
Electoral board/registrar	209,024	279,797	274,500	5,297
Total general government administration	\$ 3,307,758	\$ 3,518,936	\$ 3,133,423	\$ 385,513
Judicial administration:				
Circuit court	\$ 59,664	\$ 59,667	\$ 55,863	\$ 3,804
General district court	28,500	36,999	26,468	10,531
Magistrate	1,100	967	42	925
Clerk of the circuit court	590,895	627,408	567,088	60,320
Commonwealth's attorney	661,180	668,404	631,735	36,669
Total judicial administration	\$ 1,341,339	\$ 1,393,445	\$ 1,281,196	\$ 112,249
Public safety:				
Sheriff	\$ 4,159,655	\$ 4,326,807	\$ 4,239,953	\$ 86,854
GIS communications	190,028	194,088	165,291	28,797
Volunteer fire department	1,500,129	2,191,963	1,714,140	477,823
Supplemental rescue	853,570	862,872	792,985	69,887
Western Virginia EMS	6,722	6,722	6,722	-
County operated institutions - jail	3,549,104	3,606,300	3,564,395	41,905
Probation office	23,750	41,583	21,644	19,939
Building	337,310	346,318	310,844	35,474
Animal control	476,291	482,876	446,721	36,155

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Public safety: (continued)				
Emergency services	\$ 468,087	\$ 627,020	\$ 595,917	\$ 31,103
Dispatch	797,222	903,556	850,462	53,094
Total public safety	<u>\$ 12,361,868</u>	<u>\$ 13,590,105</u>	<u>\$ 12,709,074</u>	<u>\$ 881,031</u>
Public works:				
Refuse collection and disposal	\$ 603,617	\$ 589,659	\$ 589,659	\$ -
County engineer	360,217	360,289	332,921	27,368
Public works	149,257	97,131	97,131	-
General properties	668,093	697,084	679,603	17,481
Total public works	<u>\$ 1,781,184</u>	<u>\$ 1,744,163</u>	<u>\$ 1,699,314</u>	<u>\$ 44,849</u>
Health and welfare:				
Supplement of local health department	\$ 394,000	\$ 394,000	\$ 344,660	\$ 49,340
State and local hospitalization	10,500	10,500	9,508	992
Mental health contribution	37,983	37,983	37,983	-
Welfare administration and programs	1,875,790	1,875,790	1,707,018	168,772
Comprehensive services act	1,435,200	1,435,145	1,199,168	235,977
Senior van program	77,097	76,946	74,187	2,759
Resource center	7,500	7,500	7,500	-
Other welfare programs	40,673	47,081	47,081	-
Total health and welfare	<u>\$ 3,878,743</u>	<u>\$ 3,884,945</u>	<u>\$ 3,427,105</u>	<u>\$ 457,840</u>
Education:				
Contributions to Community Colleges	\$ 12,309	\$ 12,309	\$ 12,309	\$ -
Contribution to County School Board	20,691,429	21,699,944	21,699,944	-
Total education	<u>\$ 20,703,738</u>	<u>\$ 21,712,253</u>	<u>\$ 21,712,253</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Supervision of parks and recreation	\$ 1,460,123	\$ 1,561,946	\$ 1,448,726	\$ 113,220
Sports complex	353,404	355,481	351,462	4,019
Tourism	144,166	178,023	177,766	257
Contributions to cultural organizations	70,753	77,003	77,003	-
Greenfield Historical Resources	50,000	50,000	-	50,000
Library expenses	776,690	776,639	692,691	83,948
Regional library	252,770	254,324	238,867	15,457
Total parks, recreation, and cultural	<u>\$ 3,107,906</u>	<u>\$ 3,253,416</u>	<u>\$ 2,986,515</u>	<u>\$ 266,901</u>

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Community development:				
Planning and Zoning	394,766	394,215	294,571	\$ 99,644
Planning commission	25,326	25,326	25,326	-
Industrial development	81,476	81,476	80,441	1,035
Other environmental management	20,300	20,300	20,298	2
Extension office	90,060	90,061	75,930	14,131
Total community development	<u>\$ 611,928</u>	<u>\$ 611,378</u>	<u>\$ 496,566</u>	<u>\$ 114,812</u>
Capital projects:				
Courthouse improvements	\$ -	\$ 25,031	\$ 10,691	\$ 14,340
Emergency communications project	-	250,000	20,663	229,337
Emergency services vehicle storage	-	6,334	-	6,334
Eagle Rock Library	1,250,000	1,579,041	501,552	1,077,489
Office renovations	-	52,160	38,551	13,609
Public safety building	-	172,471	-	172,471
Buchanan park	25,000	212,926	8,713	204,213
Solid waste transfer station	-	1,701,529	1,608,252	93,277
Industrial site development	100,000	1,341,052	826,417	514,635
Recreation facility (Greenfield park)	-	12,275	12,275	-
Other capital projects	40,000	40,000	40,000	-
Total capital projects	<u>\$ 1,415,000</u>	<u>\$ 5,392,819</u>	<u>\$ 3,067,114</u>	<u>\$ 2,325,705</u>
Debt service:				
Principal retirement	\$ 2,762,390	\$ 2,762,390	\$ 2,762,390	\$ -
Interest and other fiscal charges	2,435,493	2,435,489	2,223,760	211,729
Total debt service	<u>\$ 5,197,883</u>	<u>\$ 5,197,879</u>	<u>\$ 4,986,150</u>	<u>\$ 211,729</u>
Total expenditures	<u>\$ 53,707,347</u>	<u>\$ 60,299,339</u>	<u>\$ 55,498,710</u>	<u>\$ 4,800,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,110,847)</u>	<u>\$ (8,174,943)</u>	<u>\$ (4,505,299)</u>	<u>\$ 3,669,644</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (911,991)	\$ (911,991)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (911,991)</u>	<u>\$ (911,991)</u>
Net change in fund balances	\$ (3,110,847)	\$ (8,174,943)	\$ (5,417,290)	\$ 2,757,653
Fund balances - beginning	3,110,847	8,174,943	21,708,953	13,534,010
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,291,663</u>	<u>\$ 16,291,663</u>

Note 1: GAAP serves as the budgetary basis of accounting

County of Botetourt, Virginia
Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plan
For the Year Ended June 30, 2009

Primary Government: County Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2008	\$ 25,132,707	\$ 29,858,584	\$ 4,725,877	84.17%	\$ 9,866,757	47.90%
June 30, 2007	21,684,042	26,433,805	4,749,763	82.03%	8,322,040	57.07%
June 30, 2006	18,418,527	23,401,271	4,982,744	78.71%	7,562,235	65.89%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2008	\$ 9,369,812	\$ 10,941,756	\$ 1,571,944	85.63%	\$ 2,964,772	53.02%
June 30, 2007	8,503,154	10,590,733	2,087,579	80.29%	2,923,719	71.40%
June 30, 2006	7,497,798	9,350,370	1,852,572	80.19%	2,761,078	67.10%

School Board Healthcare Plan

Valuation as of*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2008	-	\$ 4,699,000	\$ 4,699,000	0.00%	\$ 2,964,772	158.49%

*Only one year of data available

Other Supplementary Information

FIDUCIARY FUNDS - AGENCY FUNDS

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

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

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

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

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

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

County of Botetourt, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds						<u>Total</u>
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Inmate Trust and Canteen</u>	<u>Cafeteria Plan</u>	<u>Escrow</u>	<u>Roanoke Valley Regional Board</u>	
ASSETS							
Cash and cash equivalents	\$ 21,852	\$ 28,687	\$ 51,531	\$ 4,957	\$ 52,864	\$ 843,883	\$ 1,003,774
Total assets	<u>\$ 21,852</u>	<u>\$ 28,687</u>	<u>\$ 51,531</u>	<u>\$ 4,957</u>	<u>\$ 52,864</u>	<u>\$ 843,883</u>	<u>\$ 1,003,774</u>
LIABILITIES							
Amounts held for social services clients	\$ 21,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,852
Amounts held for employees	-	28,687	-	4,957	-	-	33,644
Amounts held for other agencies	-	-	-	-	-	843,883	843,883
Amounts held for performance bond	-	-	-	-	52,864	-	52,864
Amounts held for inmates	-	-	51,531	-	-	-	51,531
Total liabilities	<u>\$ 21,852</u>	<u>\$ 28,687</u>	<u>\$ 51,531</u>	<u>\$ 4,957</u>	<u>\$ 52,864</u>	<u>\$ 843,883</u>	<u>\$ 1,003,774</u>

County of Botetourt, Virginia
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2009

	Agency Funds						
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Inmate Trust and Canteen</u>	<u>Cafeteria Plan</u>	<u>Escrow</u>	<u>Roanoke Valley Regional Board</u>	<u>Total</u>
ASSETS							
Balance, June 30, 2008	\$ 24,057	\$ 30,868	\$ 57,267	\$ 3,320	\$ 165,365	\$ 650,585	\$ 931,462
Additions	95,358	269,912	109,872	38,176	1,000	3,748,285	4,262,603
Deductions	(97,563)	(272,093)	(115,608)	(36,539)	(113,501)	(3,554,987)	(4,190,291)
Balance, June 30, 2009	<u>\$ 21,852</u>	<u>\$ 28,687</u>	<u>\$ 51,531</u>	<u>\$ 4,957</u>	<u>\$ 52,864</u>	<u>\$ 843,883</u>	<u>\$ 1,003,774</u>
LIABILITIES							
Balance, June 30, 2008	\$ 24,057	\$ 30,868	\$ 57,267	\$ 3,320	\$ 165,365	\$ 650,585	\$ 931,462
Additions	95,358	269,912	109,872	38,176	1,000	3,748,285	4,262,603
Deductions	(97,563)	(272,093)	(115,608)	(36,539)	(113,501)	(3,554,987)	(4,190,291)
Balance, June 30, 2009	<u>\$ 21,852</u>	<u>\$ 28,687</u>	<u>\$ 51,531</u>	<u>\$ 4,957</u>	<u>\$ 52,864</u>	<u>\$ 843,883</u>	<u>\$ 1,003,774</u>

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL
BOARD**

MAJOR GOVERNMENTAL FUNDS

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

County of Botetourt, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 7,099,440
Receivables (net of allowance for uncollectibles):	
Accounts receivable	50,938
Due from other governmental units	1,238,180
Prepaid items	530,295
Total assets	<u>\$ 8,918,853</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 357,961
Salaries payable	4,082,416
Due to primary government	144,156
Total liabilities	<u>\$ 4,584,533</u>
Fund balances:	
Reserved for:	
School cafeterias	\$ 39,840
Unreserved:	
Undesignated	4,294,480
Total fund balances	<u>\$ 4,334,320</u>
Total liabilities and fund balances	<u>\$ 8,918,853</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 4,334,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,440,932
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,104,393)
Net assets of governmental activities	<u>\$ 28,670,859</u>

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	<u>Total Governmental Funds</u>
REVENUES	
Revenue from the use of money and property	\$ 168,745
Charges for services	1,677,958
Miscellaneous	150,968
Recovered costs	96,407
Intergovernmental revenues:	
Local government	21,699,944
Commonwealth	27,325,417
Federal	2,619,457
Total revenues	<u>\$ 53,738,896</u>
EXPENDITURES	
Current:	
Education	\$ 52,002,649
Total expenditures	<u>\$ 52,002,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,736,247</u>
Net change in fund balances	\$ 1,736,247
Fund balances - beginning	2,598,073
Fund balances - ending	<u>\$ 4,334,320</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ 1,736,247
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.	956,034
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.	(199,819)
Change in net assets of governmental activities	<u>\$ 2,492,462</u>

County of Botetourt, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 60,300	\$ 110,300	\$ 168,745	\$ 58,445
Charges for services	2,144,335	2,144,335	1,677,958	(466,377)
Miscellaneous	100,641	100,641	150,968	50,327
Recovered costs	31,500	31,500	96,407	64,907
Intergovernmental revenues:				
Local government	20,291,429	21,699,944	21,699,944	-
Commonwealth	27,552,750	27,552,750	27,325,417	(227,333)
Federal	2,232,202	2,232,202	2,619,457	387,255
Total revenues	<u>\$ 52,413,157</u>	<u>\$ 53,871,672</u>	<u>\$ 53,738,896</u>	<u>\$ (132,776)</u>
EXPENDITURES				
Current:				
Education	\$ 52,803,157	\$ 53,048,157	\$ 52,002,649	\$ 1,045,508
Total expenditures	<u>\$ 52,803,157</u>	<u>\$ 53,048,157</u>	<u>\$ 52,002,649</u>	<u>\$ 1,045,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (390,000)</u>	<u>\$ 823,515</u>	<u>\$ 1,736,247</u>	<u>\$ 912,732</u>
Net change in fund balances	\$ (390,000)	\$ 823,515	\$ 1,736,247	\$ 912,732
Fund balances - beginning	390,000	585,000	2,598,073	2,013,073
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,408,515</u>	<u>\$ 4,334,320</u>	<u>\$ 2,925,805</u>

Supporting Schedules

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,757,500	\$ 18,444,429	\$ 19,022,760	\$ 578,331
Real and personal public service corporation taxes	1,105,000	1,105,000	1,072,392	(32,608)
Personal property taxes	4,752,000	4,752,000	4,606,483	(145,517)
Mobile home taxes	48,000	48,000	42,233	(5,767)
Machinery and tools taxes	3,200,000	3,200,000	3,507,888	307,888
Penalties	150,000	150,000	145,718	(4,282)
Interest	72,000	72,000	75,366	3,366
Total general property taxes	<u>\$ 28,084,500</u>	<u>\$ 27,771,429</u>	<u>\$ 28,472,840</u>	<u>\$ 701,411</u>
Other local taxes:				
Local sales and use taxes	\$ 2,320,000	\$ 2,320,000	\$ 1,930,445	\$ (389,555)
Communications sales and use taxes	785,000	785,000	745,939	(39,061)
Consumers' utility taxes	545,000	545,000	546,232	1,232
Local consumption tax	165,000	165,000	148,617	(16,383)
E-911 telephone taxes	75,000	75,000	61,690	(13,310)
Business license taxes	832,000	832,000	788,003	(43,997)
Franchise license tax	40,000	40,000	42,610	2,610
Motor vehicle licenses	700,000	700,000	587,147	(112,853)
Bank stock taxes	110,000	110,000	130,536	20,536
Taxes on recordation and wills	428,000	428,000	296,613	(131,387)
Hotel and motel room taxes	350,000	350,000	250,532	(99,468)
Restaurant food taxes	1,170,000	1,170,000	1,097,813	(72,187)
Total other local taxes	<u>\$ 7,520,000</u>	<u>\$ 7,520,000</u>	<u>\$ 6,626,177</u>	<u>\$ (893,823)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 24,000	\$ 24,000	\$ 25,120	\$ 1,120
Land use application fees	2,500	2,500	851	(1,649)
Transfer fees	2,000	2,000	950	(1,050)
Building permits and other licenses	332,400	332,400	215,190	(117,210)
Zoning fees	46,000	46,000	17,762	(28,238)
Total permits, privilege fees, and regulatory licenses	<u>\$ 406,900</u>	<u>\$ 406,900</u>	<u>\$ 259,873</u>	<u>\$ (147,027)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 140,200	\$ 140,200	\$ 87,133	\$ (53,067)
Total fines and forfeitures	<u>\$ 140,200</u>	<u>\$ 140,200</u>	<u>\$ 87,133</u>	<u>\$ (53,067)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 982,000	\$ 982,000	\$ 619,038	\$ (362,962)
Revenue from use of property	262,000	262,000	283,856	21,856
Total revenue from use of money and property	<u>\$ 1,244,000</u>	<u>\$ 1,244,000</u>	<u>\$ 902,894</u>	<u>\$ (341,106)</u>

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 65,000	\$ 65,000	\$ 7,319	\$ (57,681)
Charges for law enforcement and traffic control	47,400	47,400	58,143	10,743
Charges for courthouse maintenance	26,000	26,000	18,757	(7,243)
Charges for courtroom security	120,000	120,000	93,207	(26,793)
Court appointed attorneys	-	-	25,551	25,551
Miscellaneous jail and inmate fees	35,000	35,000	28,751	(6,249)
Jail processing fees	7,000	7,000	5,688	(1,312)
Charges for Commonwealth's Attorney	94,000	94,000	40,924	(53,076)
Charges for board and care of animals	10,000	10,000	5,355	(4,645)
Charges for sanitation and waste removal	193,000	193,000	158,178	(34,822)
Charges for parks and recreation	204,000	204,000	131,661	(72,339)
Charges for engineering reviews	-	-	3,937	3,937
Other charges for services	1,500	1,500	606	(894)
Charges for law library	-	-	5,278	5,278
Charges for library	18,000	18,000	17,574	(426)
Total charges for services	<u>\$ 820,900</u>	<u>\$ 820,900</u>	<u>\$ 600,929</u>	<u>\$ (219,971)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 8,000	\$ 8,000	\$ 98,102	\$ 90,102
Sale of salvage	2,000	2,000	88	(1,912)
Revenue sharing payments	202,000	202,000	126,820	(75,180)
Telephone commissions	25,000	25,000	23,078	(1,922)
Forfeiture funds	-	-	9,638	9,638
Donations	5,000	5,000	28,206	23,206
Total miscellaneous revenue	<u>\$ 242,000</u>	<u>\$ 242,000</u>	<u>\$ 285,932</u>	<u>\$ 43,932</u>
Recovered costs:				
Local jails	\$ 270,000	\$ 270,000	\$ 282,572	\$ 12,572
ES cost recoveries	575,000	575,000	930,459	355,459
Town of Fincastle recoveries	-	375,000	375,000	-
Joint Library	52,000	52,000	73,920	21,920
Regional jail	104,400	104,400	104,416	16
Medical co-pay	6,000	6,000	5,566	(434)
CSA refunds	62,000	62,000	53,453	(8,547)
Social services refunds	8,000	8,000	3,753	(4,247)
Other recovered costs	182,000	165,036	20,617	(144,419)
Total recovered costs	<u>\$ 1,259,400</u>	<u>\$ 1,617,436</u>	<u>\$ 1,849,756</u>	<u>\$ 232,320</u>
Total revenue from local sources	<u>\$ 39,717,900</u>	<u>\$ 39,762,865</u>	<u>\$ 39,085,534</u>	<u>\$ (677,331)</u>

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 18,000	\$ -	\$ -	\$ -
Wine taxes	18,000	-	-	-
Rolling Stock Tax	132,000	132,000	152,895	20,895
Motor vehicle carriers' tax	6,500	6,500	-	(6,500)
Mobile home titling tax	58,000	58,000	52,774	(5,226)
Grantor's tax	200,000	200,000	168,366	(31,634)
Personal property tax relief funds	3,418,000	3,418,000	3,418,137	137
Total noncategorical aid	<u>\$ 3,850,500</u>	<u>\$ 3,814,500</u>	<u>\$ 3,792,172</u>	<u>\$ (22,328)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 432,000	\$ 432,000	\$ 405,254	\$ (26,746)
Sheriff	3,390,000	2,439,552	2,434,342	(5,210)
Commissioner of revenue	131,500	131,500	126,833	(4,667)
Treasurer	143,600	143,600	138,271	(5,329)
Registrar/electoral board	58,000	58,000	51,964	(6,036)
Clerk of the Circuit Court	290,000	290,000	314,846	24,846
Total shared expenses	<u>\$ 4,445,100</u>	<u>\$ 3,494,652</u>	<u>\$ 3,471,510</u>	<u>\$ (23,142)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 400,000	\$ 400,000	\$ 490,352	\$ 90,352
Comprehensive services act	813,000	813,000	637,074	(175,926)
Domestic preparedness grant	-	-	5,746	5,746
Emergency medical services	150,000	150,000	213,321	63,321
Library grant	160,000	160,000	152,784	(7,216)
Industrial access road grant	-	450,000	450,000	-
Rail access grant	-	433,329	-	(433,329)
Property seizure	-	-	10,684	10,684
Governors opportunity funds	-	500,000	500,000	-
VJCCA grant	18,000	18,000	17,154	(846)
Bulletproof vest program	-	-	799	799
Fire program	70,000	70,000	78,481	8,481
Recreation grant	-	-	500	500
Other categorical aid	5,000	5,000	7,254	2,254
Total other categorical aid	<u>\$ 1,616,000</u>	<u>\$ 2,999,329</u>	<u>\$ 2,564,149</u>	<u>\$ (435,180)</u>
Total categorical aid	<u>\$ 6,061,100</u>	<u>\$ 6,493,981</u>	<u>\$ 6,035,659</u>	<u>\$ (458,322)</u>
Total revenue from the Commonwealth	<u>\$ 9,911,600</u>	<u>\$ 10,308,481</u>	<u>\$ 9,827,831</u>	<u>\$ (480,650)</u>

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 99,000	\$ 99,000	\$ 214,909	\$ 115,909
Categorical aid:				
Public assistance and welfare administration	\$ 860,000	\$ 860,000	\$ 732,880	\$ (127,120)
Public assistance and welfare administration - ARRA	-	-	1,332	1,332
State fiscal stabilization fund - ARRA	-	950,448	950,448	-
Emergency management grant	-	135,602	171,864	36,262
State and community highway safety	8,000	8,000	8,613	613
Total categorical aid	<u>\$ 868,000</u>	<u>\$ 1,954,050</u>	<u>\$ 1,865,137</u>	<u>\$ (88,913)</u>
Total revenue from the federal government	<u>\$ 967,000</u>	<u>\$ 2,053,050</u>	<u>\$ 2,080,046</u>	<u>\$ 26,996</u>
Total General Fund	<u>\$ 50,596,500</u>	<u>\$ 52,124,396</u>	<u>\$ 50,993,411</u>	<u>\$ (1,130,985)</u>
Total Primary Government	<u>\$ 50,596,500</u>	<u>\$ 52,124,396</u>	<u>\$ 50,993,411</u>	<u>\$ (1,130,985)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 60,300	\$ 60,300	\$ 20,105	\$ (40,195)
Revenue from the use of property	-	50,000	148,640	98,640
Total revenue from use of money and property	<u>\$ 60,300</u>	<u>\$ 110,300</u>	<u>\$ 168,745</u>	<u>\$ 58,445</u>
Charges for services:				
Cafeteria sales	\$ 1,915,292	\$ 1,915,292	\$ 1,463,566	\$ (451,726)
Transportation of pupils	25,000.00	25,000.00	45,509	20,509
Tuition and payments from other divisions	204,043	204,043	168,883	(35,160)
Total charges for services	<u>\$ 2,144,335</u>	<u>\$ 2,144,335</u>	<u>\$ 1,677,958</u>	<u>\$ (466,377)</u>
Miscellaneous revenue:				
Other miscellaneous	100,641	100,641	150,968	50,327
Total miscellaneous revenue	<u>\$ 100,641</u>	<u>\$ 100,641</u>	<u>\$ 150,968</u>	<u>\$ 50,327</u>
Recovered costs:				
Other recovered costs	31,500	31,500	96,407	64,907
Total recovered costs	<u>\$ 31,500</u>	<u>\$ 31,500</u>	<u>\$ 96,407</u>	<u>\$ 64,907</u>
Total revenue from local sources	<u>\$ 2,336,776</u>	<u>\$ 2,386,776</u>	<u>\$ 2,094,078</u>	<u>\$ (292,698)</u>

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Botetourt, Virginia	\$ 20,291,429	\$ 21,699,944	\$ 21,699,944	\$ -
Total revenues from local governments	<u>\$ 20,291,429</u>	<u>\$ 21,699,944</u>	<u>\$ 21,699,944</u>	<u>\$ -</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,007,481	\$ 5,007,481	\$ 4,592,167	\$ (415,314)
Basic school aid	15,918,354	15,918,354	16,095,547	177,193
Remedial summer education	31,448	31,448	33,525	2,077
Regular foster care	34,796	34,796	71,520	36,724
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	140,268	140,268	139,941	(327)
Remedial education	109,098	109,098	108,843	(255)
Enrollment loss	-	-	85,822	85,822
School construction	164,700	164,700	164,839	139
School food	23,168	23,168	30,808	7,640
Special education	1,599,059	1,599,059	1,595,329	(3,730)
Textbook payment	369,436	369,436	368,574	(862)
Standards of Learning algebra readiness	16,030	16,030	16,030	-
Vocational education SOQ payments	542,371	542,371	541,106	(1,265)
Social security fringe benefits	813,557	813,557	811,659	(1,898)
Share of fringe benefits	1,050,454	1,050,454	1,048,004	(2,450)
Group life insurance instructional	34,288	34,288	34,208	(80)
State lottery payments	742,674	742,674	617,700	(124,974)
Early reading intervention	60,814	60,814	49,044	(11,770)
Homebound education	15,276	15,276	30,051	14,775
Vocational education	59,078	59,078	55,588	(3,490)
Salary supplement	35,000	35,000	42,500	7,500
Special education - foster children	64,621	64,621	56,764	(7,857)
Special education - regional programs	108,772	108,772	156,193	47,421
At risk payments	29,404	29,404	29,283	(121)
Mentor teacher program	3,339	3,339	3,771	432
Reduced K-3	79,709	79,709	78,691	(1,018)
Technology	362,000	362,000	362,000	-
At risk four-year olds	115,092	115,092	88,237	(26,855)
English as a second language	14,604	14,604	9,736	(4,868)
Other state funds	-	-	78	78
Total categorical aid	<u>\$ 27,552,750</u>	<u>\$ 27,552,750</u>	<u>\$ 27,325,417</u>	<u>\$ (227,333)</u>
Total revenue from the Commonwealth	<u>\$ 27,552,750</u>	<u>\$ 27,552,750</u>	<u>\$ 27,325,417</u>	<u>\$ (227,333)</u>

County of Botetourt, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Schools and Roads Grant	\$ 17,016	\$ 17,016	\$ 83,906	\$ 66,890
School breakfast program	65,000	65,000	79,111	14,111
School lunch program	265,000	265,000	526,855	261,855
Title I	396,000	396,000	332,480	(63,520)
Title IV Part B Innovative programs	10,000	10,000	-	(10,000)
Title VI-B, Special education flow-through	1,094,430	1,094,430	1,376,754	282,324
Vocational education	47,598	47,598	53,483	5,885
Title VI-B, Special education pre-school	28,018	28,018	25,042	(2,976)
Drug free schools	17,000	17,000	15,648	(1,352)
Title II	10,000	10,000	-	(10,000)
Adult basic education	17,500	17,500	15,759	(1,741)
Title V, Part A	127,640	127,640	-	(127,640)
Improving teacher quality	137,000	137,000	110,419	(26,581)
Total categorical aid	<u>\$ 2,232,202</u>	<u>\$ 2,232,202</u>	<u>\$ 2,619,457</u>	<u>\$ 387,255</u>
Total revenue from the federal government	<u>\$ 2,232,202</u>	<u>\$ 2,232,202</u>	<u>\$ 2,619,457</u>	<u>\$ 387,255</u>
Total School Operating Fund	<u>\$ 52,413,157</u>	<u>\$ 53,871,672</u>	<u>\$ 53,738,896</u>	<u>\$ (132,776)</u>
Total Component-Unit School Board	<u>\$ 52,413,157</u>	<u>\$ 53,871,672</u>	<u>\$ 53,738,896</u>	<u>\$ (132,776)</u>

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 245,417	\$ 304,490	\$ 304,490	\$ -
General and financial administration:				
County administrator	\$ 330,900	\$ 335,332	\$ 296,074	\$ 39,258
Deputy administrators	410,513	413,105	345,571	67,534
Central garage	70,723	70,719	60,086	10,633
Commissioner of revenue	378,414	368,288	330,632	37,656
Assessor	158,200	203,513	203,513	-
Equilization Board	2,000	581	408	173
Central purchasing	154,572	157,508	147,363	10,145
Treasurer	428,523	448,394	381,174	67,220
Management information systems	608,446	626,277	514,088	112,189
Financial services	311,026	310,932	275,524	35,408
Total general and financial administration	<u>\$ 2,853,317</u>	<u>\$ 2,934,649</u>	<u>\$ 2,554,433</u>	<u>\$ 380,216</u>
Board of elections:				
Electoral board/registrar	\$ 209,024	\$ 279,797	\$ 274,500	\$ 5,297
Total general government administration	<u>\$ 3,307,758</u>	<u>\$ 3,518,936</u>	<u>\$ 3,133,423</u>	<u>\$ 385,513</u>
Judicial administration:				
Courts:				
Circuit court	\$ 59,664	\$ 59,667	\$ 55,863	\$ 3,804
General district court	28,500	36,999	26,468	10,531
Magistrate	1,100	967	42	925
Clerk of the circuit court	590,895	627,408	567,088	60,320
Total courts	<u>\$ 680,159</u>	<u>\$ 725,041</u>	<u>\$ 649,461</u>	<u>\$ 75,580</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 661,180	\$ 668,404	\$ 631,735	\$ 36,669
Total judicial administration	<u>\$ 1,341,339</u>	<u>\$ 1,393,445</u>	<u>\$ 1,281,196</u>	<u>\$ 112,249</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,159,655	\$ 4,326,807	\$ 4,239,953	\$ 86,854
GIS communications	190,028	194,088	165,291	28,797
Total law enforcement and traffic control	<u>\$ 4,349,683</u>	<u>\$ 4,520,895</u>	<u>\$ 4,405,244</u>	<u>\$ 115,651</u>

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 1,500,129	\$ 2,191,963	\$ 1,714,140	\$ 477,823
Supplemental rescue	853,570	862,872	792,985	69,887
Western Virginia EMS	6,722	6,722	6,722	-
Total fire and rescue services	<u>\$ 2,360,421</u>	<u>\$ 3,061,557</u>	<u>\$ 2,513,847</u>	<u>\$ 547,710</u>
Correction and detention:				
County operated institutions - jail	\$ 3,549,104	\$ 3,606,300	\$ 3,564,395	\$ 41,905
Probation office	23,750	41,583	21,644	19,939
Total correction and detention	<u>\$ 3,572,854</u>	<u>\$ 3,647,883</u>	<u>\$ 3,586,039</u>	<u>\$ 61,844</u>
Inspections:				
Building	\$ 337,310	\$ 346,318	\$ 310,844	\$ 35,474
Other protection:				
Animal control	\$ 476,291	\$ 482,876	\$ 446,721	\$ 36,155
Emergency services	468,087	627,020	595,917	31,103
Dispatch	797,222	903,556	850,462	53,094
Total other protection	<u>\$ 1,741,600</u>	<u>\$ 2,013,452</u>	<u>\$ 1,893,100</u>	<u>\$ 120,352</u>
Total public safety	<u>\$ 12,361,868</u>	<u>\$ 13,590,105</u>	<u>\$ 12,709,074</u>	<u>\$ 881,031</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 603,617	\$ 589,659	\$ 589,659	\$ -
County engineer	360,217	360,289	332,921	27,368
Public works	149,257	97,131	97,131	-
Total sanitation and waste removal	<u>\$ 1,113,091</u>	<u>\$ 1,047,079</u>	<u>\$ 1,019,711</u>	<u>\$ 27,368</u>
Maintenance of general buildings and grounds:				
General properties	\$ 668,093	\$ 697,084	\$ 679,603	\$ 17,481
Total public works	<u>\$ 1,781,184</u>	<u>\$ 1,744,163</u>	<u>\$ 1,699,314</u>	<u>\$ 44,849</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 394,000	\$ 394,000	\$ 344,660	\$ 49,340

County of Botetourt, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
State and local hospitalization	\$ 10,500	\$ 10,500	\$ 9,508	\$ 992
Mental health contribution	37,983	37,983	37,983	-
Total mental health and mental retardation	<u>\$ 48,483</u>	<u>\$ 48,483</u>	<u>\$ 47,491</u>	<u>\$ 992</u>
Welfare:				
Welfare administration and programs	\$ 1,875,790	\$ 1,875,790	\$ 1,707,018	\$ 168,772
Comprehensive services act	1,435,200	1,435,145	1,199,168	235,977
Senior van program	77,097	76,946	74,187	2,759
Resource center	7,500	7,500	7,500	-
Other welfare programs	40,673	47,081	47,081	-
Total welfare	<u>\$ 3,436,260</u>	<u>\$ 3,442,462</u>	<u>\$ 3,034,954</u>	<u>\$ 407,508</u>
Total health and welfare	<u>\$ 3,878,743</u>	<u>\$ 3,884,945</u>	<u>\$ 3,427,105</u>	<u>\$ 457,840</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 12,309	\$ 12,309	\$ 12,309	\$ -
Contribution to County School Board	20,691,429	21,699,944	21,699,944	-
Total education	<u>\$ 20,703,738</u>	<u>\$ 21,712,253</u>	<u>\$ 21,712,253</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,460,123	\$ 1,561,946	\$ 1,448,726	\$ 113,220
Sports Complex	353,404	355,481	351,462	4,019
Tourism	144,166	178,023	177,766	257
Total parks and recreation	<u>\$ 1,957,693</u>	<u>\$ 2,095,450</u>	<u>\$ 1,977,954</u>	<u>\$ 117,496</u>
Cultural enrichment:				
Contributions to cultural organizations	\$ 70,753	\$ 77,003	\$ 77,003	\$ -
Greenfield Historical Resources	50,000	50,000	-	50,000
Total cultural enrichment	<u>\$ 120,753</u>	<u>\$ 127,003</u>	<u>\$ 77,003</u>	<u>\$ 50,000</u>
Library:				
Library expenses	\$ 776,690	\$ 776,639	\$ 692,691	\$ 83,948
Regional library	252,770	254,324	238,867	15,457
Total library	<u>\$ 1,029,460</u>	<u>\$ 1,030,963</u>	<u>\$ 931,558</u>	<u>\$ 99,405</u>
Total parks, recreation, and cultural	<u>\$ 3,107,906</u>	<u>\$ 3,253,416</u>	<u>\$ 2,986,515</u>	<u>\$ 266,901</u>

County of Botetourt, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and Zoning	\$ 394,766	\$ 394,215	\$ 294,571	\$ 99,644
Planning commission	25,326	25,326	25,326	-
Industrial development	81,476	81,476	80,441	1,035
Total planning and community development	<u>\$ 501,568</u>	<u>\$ 501,017</u>	<u>\$ 400,338</u>	<u>\$ 100,679</u>
Environmental management:				
Other environmental management	\$ 20,300	\$ 20,300	\$ 20,298	\$ 2
Cooperative extension program:				
Extension office	\$ 90,060	\$ 90,061	\$ 75,930	\$ 14,131
Total community development	<u>\$ 611,928</u>	<u>\$ 611,378</u>	<u>\$ 496,566</u>	<u>\$ 114,812</u>
Capital projects:				
Emergency Services Vehicle Storage	\$ -	\$ 6,334	\$ -	\$ 6,334
Emergency communications project	-	250,000	20,663	229,337
Courthouse improvements	-	25,031	10,691	14,340
Buchanan Park	25,000	212,926	8,713	204,213
Eagle Rock Library	1,250,000	1,579,041	501,552	1,077,489
Landfill lifecycle extension	-	10,000	-	10,000
Industrial site development	100,000	1,341,052	826,417	514,635
Office renovations	-	52,160	38,551	13,609
Public safety building	-	172,471	-	172,471
Recreation facility (Greenfield park)	-	12,275	12,275	-
School capital projects	40,000	40,000	40,000	-
Solid Waste Transfer Station	-	1,691,529	1,608,252	83,277
Total capital projects	<u>\$ 1,415,000</u>	<u>\$ 5,392,819</u>	<u>\$ 3,067,114</u>	<u>\$ 2,325,705</u>
Debt service:				
Principal retirement	\$ 2,762,390	\$ 2,762,390	\$ 2,762,390	\$ -
Interest and other fiscal charges	2,435,493	2,435,489	2,223,760	211,729
Total debt service	<u>\$ 5,197,883</u>	<u>\$ 5,197,879</u>	<u>\$ 4,986,150</u>	<u>\$ 211,729</u>
Total General Fund	<u>\$ 53,707,347</u>	<u>\$ 60,299,339</u>	<u>\$ 55,498,710</u>	<u>\$ 4,800,629</u>
Total Primary Government	<u>\$ 53,707,347</u>	<u>\$ 60,299,339</u>	<u>\$ 55,498,710</u>	<u>\$ 4,800,629</u>

County of Botetourt, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 2,446,738	\$ 2,446,748	\$ 1,905,267	\$ 541,481
Instruction costs:				
Instructional costs	\$ 37,456,965	\$ 37,116,622	\$ 35,964,559	\$ 1,152,063
Operating costs:				
Pupil transportation	\$ 3,331,252	\$ 3,556,599	\$ 3,172,472	\$ 384,127
Operation and maintenance of school plant	4,620,979	4,620,979	5,115,804	(494,825)
School food service	2,278,760	2,276,760	2,214,346	62,414
Facilities	1,125,000	1,370,000	1,705,589	(335,589)
Technology	1,543,463	1,660,449	1,924,612	(264,163)
Total operating costs	<u>\$ 12,899,454</u>	<u>\$ 13,484,787</u>	<u>\$ 14,132,823</u>	<u>\$ (648,036)</u>
Total education	<u>\$ 52,803,157</u>	<u>\$ 53,048,157</u>	<u>\$ 52,002,649</u>	<u>\$ 1,045,508</u>
Total School Fund	<u>\$ 52,803,157</u>	<u>\$ 53,048,157</u>	<u>\$ 52,002,649</u>	<u>\$ 1,045,508</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 52,803,157</u>	<u>\$ 53,048,157</u>	<u>\$ 52,002,649</u>	<u>\$ 1,045,508</u>

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

Statistical Section

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 6

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11 - 15

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

16

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

17 - 20

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2001; schedules presenting government-wide information include information beginning in that year.

Table 1

COUNTY OF BOTETOURT, VIRGINIA

Net Assets by Component

Last Seven Fiscal Years

(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 6,195,850	\$ 7,141,095	\$ 8,692,418	\$ 12,273,356	\$ 18,097,591	\$ 24,784,273	\$ 27,728,370
Restricted	118,523	144,886	116,975	676,265	666,969	243,247	260,324
Unrestricted	3,966,387	6,463,347	10,173,008	18,758,845	20,068,496	17,062,750	10,170,364
Total governmental activities net assets	\$ 10,280,760	\$ 13,749,328	\$ 18,982,401	\$ 31,708,466	\$ 38,833,056	\$ 42,090,270	\$ 38,159,058
Business-type activities							
Invested in capital assets, net of related debt	\$ 7,853,689	\$ 7,519,539	\$ 8,841,644	\$ 8,909,696	\$ 10,031,502	\$ 10,207,082	\$ 10,102,393
Unrestricted	1,393,862	2,035,410	1,340,450	1,401,069	295,498	888,109	2,022,825
Total business-type activities net assets	\$ 9,247,551	\$ 9,554,949	\$ 10,182,094	\$ 10,310,765	\$ 10,327,000	\$ 11,095,191	\$ 12,125,218
Primary government							
Invested in capital assets, net of related debt	\$ 14,049,539	\$ 14,660,634	\$ 17,534,062	\$ 21,183,052	\$ 28,129,093	\$ 34,991,355	\$ 37,830,763
Restricted	118,523	144,886	116,975	676,265	666,969	243,247	260,324
Unrestricted	5,360,249	8,498,757	12,339,079	20,159,914	20,363,994	17,950,859	12,193,189
Total primary government net assets	\$ 19,528,311	\$ 23,304,277	\$ 29,990,116	\$ 42,019,231	\$ 49,160,056	\$ 53,185,461	\$ 50,284,276

Information has only been available for seven years.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 2,012,402	\$ 2,230,461	\$ 2,396,259	\$ 2,623,963	\$ 2,474,879	\$ 2,425,324	\$ 2,882,831
Judicial administration	606,205	850,225	898,610	1,007,505	1,247,810	1,315,699	1,307,844
Public safety	6,460,243	6,800,812	7,214,325	7,541,698	9,005,396	11,408,457	12,008,302
Public works	2,195,276	1,634,166	1,087,768	(342,596)	2,094,816	1,645,071	3,469,969
Health and welfare	2,550,130	2,964,610	3,089,866	3,078,876	3,155,210	3,522,298	3,359,650
Education	16,570,067	17,302,062	16,869,552	19,071,338	18,891,746	20,021,134	22,944,520
Parks, recreation and cultural	1,324,480	1,349,839	1,708,618	1,756,571	2,172,778	2,801,151	2,932,681
Community development	466,355	802,821	1,022,648	564,789	582,609	2,012,043	1,323,106
Interest on long-term debt	1,075,768	1,014,329	949,361	1,081,456	2,712,171	2,566,987	2,127,418
Total governmental activities expenses	\$ 33,261,926	\$ 34,949,325	\$ 35,237,007	\$ 36,383,600	\$ 42,337,415	\$ 47,718,164	\$ 52,356,321
Business-type activities:							
Water	\$ 1,691,872	\$ 1,490,662	\$ 1,524,165	\$ 2,035,296	\$ 2,095,311	\$ 2,382,201	\$ 2,705,663
Total primary government expenses	\$ 34,953,798	\$ 36,439,987	\$ 36,761,172	\$ 38,418,896	\$ 44,432,726	\$ 50,100,365	\$ 55,061,984
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 801	\$ 10,104	\$ -	\$ 2,220	\$ 1,090	\$ 1,202	\$ 606
Judicial administration	209,353	336,028	222,281	337,141	304,025	293,937	79,072
Public safety	111,999	687,202	574,937	624,263	541,492	584,434	542,087
Public works	763,073	670,364	874,485	853,104	1,255,980	936,821	176,935
Parks, recreation and cultural	16,524	9,007	28,141	30,786	61,788	130,073	149,235
Community development	-	-	-	-	39,582	-	-
Operating grants and contributions	4,485,440	4,844,407	5,527,195	5,884,760	5,813,858	6,804,623	7,900,796
Capital grants and contributions	-	-	825,621	5,341,327	833,052	3,141,221	-
Total governmental activities program revenues	\$ 5,587,190	\$ 6,557,112	\$ 8,052,660	\$ 13,073,601	\$ 8,850,867	\$ 11,892,311	\$ 8,848,731
Business-type activities:							
Charges for services:							
Water	\$ 1,299,743	\$ 1,730,084	\$ 1,844,364	\$ 1,903,624	\$ 1,965,855	\$ 2,788,894	\$ 2,703,870
Operating grants and contributions	-	123,452	-	-	-	-	-
Capital grants and contributions	-	-	242,320	184,415	14,270	-	97,975
Total business-type activities program revenues	\$ 1,299,743	\$ 1,853,536	\$ 2,086,684	\$ 2,088,039	\$ 1,980,125	\$ 2,788,894	\$ 2,801,845
Total primary government program revenues	\$ 6,886,933	\$ 8,410,648	\$ 10,139,344	\$ 15,161,640	\$ 10,830,992	\$ 14,681,205	\$ 11,650,576

COUNTY OF BOTETOURT, VIRGINIA

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (expense) / revenue							
Governmental activities	\$ (27,674,736)	\$ (28,392,213)	\$ (27,184,347)	\$ (23,309,999)	\$ (33,486,548)	\$ (35,825,853)	\$ (43,507,590)
Business-type activities	(392,129)	362,874	562,519	52,743	(115,186)	408,693	96,182
Total primary government net expense	\$ (28,066,865)	\$ (28,029,339)	\$ (26,621,828)	\$ (23,257,256)	\$ (33,601,734)	\$ (35,419,160)	\$ (43,411,408)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 21,118,883	\$ 21,511,158	\$ 21,959,664	\$ 22,943,504	\$ 26,540,984	\$ 27,293,853	\$ 28,666,285
Local sales and use taxes	1,627,979	1,902,149	1,907,016	2,043,136	2,120,627	2,102,537	1,930,445
Taxes on recordation and wills	226,559	269,075	345,583	610,881	453,586	405,937	296,613
Motor vehicle licenses taxes	654,769	672,656	694,280	715,817	718,797	25,815	587,147
Consumer utility taxes	496,838	722,673	1,097,302	1,114,597	946,172	694,547	694,849
Business licenses taxes	479,334	591,582	717,265	761,213	780,498	828,183	788,003
Other local taxes	2,004,431	1,743,015	1,648,434	1,829,180	2,133,704	2,437,859	2,329,120
Unrestricted grants and contributions	3,598,245	3,815,309	3,684,929	3,330,507	3,990,504	3,879,675	4,007,081
Unrestricted revenues from use of money and property	331,740	270,904	760,822	1,247,708	2,661,235	1,631,765	902,894
Miscellaneous	446,480	283,959	270,663	628,389	334,911	126,545	285,932
Transfers	(271,103)	78,302	(30,875)	(14,489)	(69,880)	(343,649)	(911,991)
Total governmental activities	\$ 30,714,165	\$ 31,860,782	\$ 33,055,083	\$ 35,210,443	\$ 40,611,138	\$ 39,083,067	\$ 39,576,378
Business-type activities:							
Unrestricted revenues from use of money and property	\$ 19,199	\$ 16,950	\$ 33,751	\$ 61,439	\$ 61,541	\$ 17,849	\$ 21,854
Miscellaneous	2,107	5,876	-	-	-	-	-
Transfers	271,103	(78,302)	30,875	14,489	69,880	343,649	911,991
Total business-type activities	\$ 292,409	\$ (55,476)	\$ 64,626	\$ 75,928	\$ 131,421	\$ 361,498	\$ 933,845
Total primary government	\$ 31,006,574	\$ 31,805,306	\$ 33,119,709	\$ 35,286,371	\$ 40,742,559	\$ 39,444,565	\$ 40,510,223
Change in Net Assets							
Governmental activities	\$ 3,039,429	\$ 3,468,569	\$ 5,870,736	\$ 11,900,444	\$ 7,124,590	\$ 3,257,214	\$ (3,931,212)
Business-type activities	(99,720)	307,398	627,145	128,671	16,235	768,191	1,030,027
Total primary government	\$ 2,939,709	\$ 3,775,967	\$ 6,497,881	\$ 12,029,115	\$ 7,140,825	\$ 4,025,405	\$ (2,901,185)

Information has only been available for seven years.

Table 3

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

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

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

Information has only been available for seven years.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ 118,523	\$ 144,886	\$ 116,975	\$ 18,610,318	\$ 4,884,335	\$ 243,247	\$ 260,324
Unreserved	5,389,261	5,464,978	7,990,176	10,429,369	13,076,070	16,199,075	16,603,564	17,669,312	21,465,706	16,031,339
Total general fund	\$ 5,389,261	\$ 5,464,978	\$ 7,990,176	\$ 10,547,892	\$ 13,220,956	\$ 16,316,050	\$ 35,213,882	\$ 22,553,647	\$ 21,708,953	\$ 16,291,663
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,695,671	\$ 1,441,807	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	47,316	45,945	100,452	-	-	-	-	-	-	-
Total all other governmental funds	\$ 47,316	\$ 45,945	\$ 100,452	\$ -	\$ -	\$ -	\$ 13,695,671	\$ 1,441,807	\$ -	\$ -

Table 5

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
General property taxes	\$ 17,921,721	\$ 18,158,809	\$ 18,529,587	\$ 21,108,595	\$ 21,469,051	\$ 21,956,002	\$ 22,902,166	\$ 26,407,115	\$ 27,365,128	\$ 28,472,840
Other local taxes	4,626,717	4,944,374	5,012,489	5,188,186	5,901,150	6,409,880	7,074,824	7,153,384	6,494,878	6,626,177
Permits, privilege fees and regulatory licenses	301,536	266,197	243,482	301,734	543,063	436,836	537,885	410,932	364,491	259,873
Fines and forfeitures	128,340	194,520	174,778	169,024	170,769	213,182	116,066	132,611	116,316	87,133
Revenue from use of money and property	817,301	754,602	342,864	331,740	270,904	760,822	1,247,708	2,661,235	1,631,765	902,894
Charges for services	521,900	548,034	549,659	932,726	998,873	1,049,826	1,193,560	1,660,415	1,465,660	600,929
Miscellaneous	167,787	274,327	159,766	446,460	309,235	270,663	661,263	334,911	126,545	285,932
Recovered costs	411,315	562,933	583,765	309,381	329,355	441,512	1,079,791	1,328,471	1,429,487	1,849,756
Intergovernmental:										
Commonwealth	5,478,991	6,294,796	7,607,499	7,211,333	7,663,789	9,041,764	13,444,276	9,677,832	12,947,156	9,827,831
Federal	1,124,784	784,031	1,000,360	872,352	995,927	995,981	1,112,318	959,562	878,363	2,080,046
Total revenues	\$ 31,501,392	\$ 32,782,625	\$ 34,204,249	\$ 36,871,552	\$ 41,616,468	\$ 49,369,857	\$ 50,726,488	\$ 52,819,789	\$ 52,819,789	\$ 50,993,411
Expenditures										
General government administration	\$ 1,548,460	\$ 2,057,108	\$ 2,018,660	\$ 1,889,219	\$ 2,060,828	\$ 2,350,299	\$ 2,591,988	\$ 2,666,089	\$ 2,896,922	\$ 3,133,423
Judicial administration	518,527	547,335	567,154	601,548	843,482	891,129	1,006,931	1,253,243	1,288,367	1,281,196
Public safety	5,444,336	5,917,742	6,578,673	6,691,120	7,003,462	7,382,662	8,199,518	9,814,152	11,782,509	12,709,074
Public works	1,274,190	1,057,466	1,376,391	1,590,427	1,435,431	1,677,815	1,571,094	1,724,833	1,625,801	1,689,314
Health and welfare	2,067,878	2,089,337	2,565,915	2,548,996	2,957,939	3,135,064	3,127,959	3,219,915	3,569,914	3,427,105
Education	2,665	10,125	10,830	15,901,919	16,194,823	16,226,404	18,428,189	18,248,597	19,060,764	21,712,253
Parks, recreation and cultural	1,109,682	1,244,587	1,326,089	1,414,061	1,563,106	1,685,404	1,733,989	2,268,455	2,812,653	2,986,515
Community development	1,752,468	296,125	355,147	467,517	799,379	1,020,840	731,012	603,682	1,778,813	496,566
Capital projects	7,513,370	1,244,312	808,094	744,708	239,276	1,429,944	10,802,412	31,516,911	4,916,928	3,067,114
Debt service	933,504	937,659	-	1,905,688	1,905,711	1,891,773	1,898,541	1,898,887	2,377,691	2,762,390
Principal	-	-	-	-	-	-	157,398	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	-	-	-
Interest and other fiscal charges	801,863	919,066	57,194	1,113,506	1,050,735	987,125	951,619	2,355,943	2,652,279	2,223,760
Total expenditures	\$ 22,966,743	\$ 16,320,862	\$ 15,664,157	\$ 34,868,709	\$ 36,054,172	\$ 38,678,459	\$ 51,200,660	\$ 75,570,707	\$ 54,762,641	\$ 55,498,710
Excess of revenues over (under) expenditures	\$ 8,534,649	\$ 16,461,763	\$ 18,540,092	\$ 2,002,843	\$ 2,597,944	\$ 2,938,009	\$ (1,830,803)	\$ (24,844,219)	\$ (1,942,852)	\$ (4,505,299)
Other financing sources (uses)										
Transfers in	\$ -	\$ -	\$ 843,413	\$ 250	\$ 175,020	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	(14,471,874)	(16,387,417)	(16,803,800)	(271,103)	(99,900)	(30,875)	(14,489)	(69,880)	(343,649)	(911,991)
Proceeds of general obligation bonds	-	-	-	-	-	-	33,460,000	-	-	-
Proceeds of literary loans	-	-	-	611,600	-	-	-	-	-	-
Proceeds of revenue anticipation notes	-	-	-	-	-	825,621	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	978,795	-	-	-
Sale of capital assets	130,020	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ (14,341,854)	\$ (16,387,417)	\$ (15,960,387)	\$ 340,747	\$ 75,120	\$ 794,746	\$ 34,424,306	\$ (69,880)	\$ (343,649)	\$ (911,991)
Net change in fund balances	\$ (5,807,205)	\$ 74,346	\$ 2,579,705	\$ 2,343,590	\$ 2,673,064	\$ 3,732,755	\$ 32,593,503	\$ (24,914,059)	\$ (2,286,501)	\$ (5,417,290)
Debt service as a percentage of noncapital expenditures	11.23%	12.32%	0.38%	8.85%	8.25%	7.73%	7.06%	9.66%	10.18%	9.51%

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	Consumer Utility Tax	Motor Vehicle License Tax		Recordation and Wills Tax	Business License Tax	Other Local Taxes	Total
				Motor Vehicle License Tax	Motor Vehicle License Tax				
2009	\$ 28,472,840	\$ 1,930,445	\$ 546,232	\$ 587,147	\$ 296,613	\$ 788,003	\$ 2,477,737	\$ 35,099,017	
2008	27,365,128	2,102,537	539,236	25,815	405,937	828,183	2,593,170	33,860,006	
2007	26,407,115	2,120,627	787,430	718,797	453,586	780,498	2,292,446	33,560,499	
2006	22,902,166	2,043,136	959,263	715,817	610,881	761,213	1,984,514	29,976,990	
2005	21,996,002	1,907,016	948,046	694,280	345,583	717,265	1,797,690	28,405,882	
2004	21,469,051	1,902,149	722,673	672,656	269,075	591,582	1,743,015	27,370,201	
2003	21,108,596	1,627,979	496,838	654,769	226,569	479,334	1,702,697	26,296,782	
2002	18,529,587	1,649,981	483,091	651,120	210,008	502,783	1,236,424	23,262,994	
2001	18,158,809	1,626,643	528,702	639,114	152,697	528,038	1,248,683	22,882,686	
2000	17,921,721	1,530,491	458,539	626,418	145,485	482,533	1,127,707	22,292,894	

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	\$ 2,959,128,712	\$ 333,396,867	\$ 7,345,446	\$ 192,402,843	n/a	\$ 163,592,256	\$ 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	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	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	2,773,298,267	2,773,298,267	100.00%
2005	2,139,938,316	256,968,546	8,158,314	146,973,693	n/a	142,625,259	2,694,664,128	2,694,664,128	100.00%
2004	2,085,489,629	257,232,958	8,321,274	136,994,597	n/a	153,383,435	2,641,421,893	2,641,421,893	100.00%
2003	2,035,695,125	280,283,007	9,730,292	130,338,657	n/a	160,027,136	2,616,074,217	2,616,074,217	100.00%
2002	1,712,528,114	237,877,380	9,907,597	124,340,420	n/a	135,333,628	2,219,987,139	2,219,987,139	100.00%
2001	1,649,675,453	225,736,869	10,134,387	106,572,560	n/a	134,704,812	2,126,824,081	2,126,824,081	100.00%
2000	1,565,997,892	223,546,051	10,904,797	98,166,878	n/a	135,186,550	2,033,802,168	2,033,802,168	100.00%

Note: Breakout of personal property taxes is not readily available prior to FY2000.

Source: Commissioner of Revenue

Table 8

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

Fiscal Years	Direct Rates					Overlapping Rates Town of Buchanan	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Real Estate	Personal Property
2009	\$ 0.65	2.55	0.65	1.80	n/a	\$ 0.19	0.32
2008	0.65	2.55	0.65	1.80	n/a	0.19	0.32
2007	0.65	2.55	0.65	1.80	n/a	0.19	0.32
2006	0.70	2.55	0.70	1.80	n/a	0.19	0.32
2005	0.70	2.55	0.70	1.80	n/a	0.19	0.32
2004	0.70	2.55	0.70	1.80	n/a	0.19	0.32
2003	0.70	2.55	0.70	1.80	n/a	0.19	0.32
2002	0.70	2.55	0.70	1.80	n/a	0.19	0.32
2001	0.70	2.55	0.70	1.80	n/a	0.19	0.32
2000	0.70	2.55	0.70	1.80	n/a	0.19	0.32

(1) Per \$100 of assessed value

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 2009		Fiscal Year 2000	
		2008 Assessed Valuation	% of Total Assessed Valuation	1999 Assessed Valuation	% of Total Assessed Valuation
American Electric Power	Utility	\$ 66.6	2.51%	\$ 55.2	3.40%
Roanoke Cement	Manufacturing	46.2	1.74%	35.1	2.10%
Nitelos/R&B	Communications	24.9	0.94%	21.3	1.30%
Metalsa Roanoke	Manufacturing	19.4	0.73%	-	0.00%
Dynax America Corporation	Manufacturing	12.6	0.47%	8.4	0.51%
JTEKT Automotive Virginia	Manufacturing	12.4	0.47%	-	0.00%
Carilion Medical	Health Care	9.7	0.37%	1.3	0.08%
Altec Industries	Manufacturing	9.2	0.35%	-	0.00%
A.R. Overbay	Real Estate	9.1	0.34%	6.6	0.40%
Harris Holdings	Real Estate	8.5	0.32%	-	0.00%
		\$ 218.6	8.24%	\$ 127.9	7.79%

Note: For historical information FY2000 (1999 assessed information) was the earliest information readily available.

Source: Commissioner of Revenue

Table 10

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

Fiscal Year	Total Tax Levy for Fiscal Year	Total Collections Amount	Percentage of Levy
2009	\$ 32,319,345	\$ 31,669,893	97.99%
2008	30,889,723	30,683,398	99.33%
2007	30,308,125	29,797,613	98.32%
2006	26,240,340	26,107,882	99.50%
2005	25,088,385	24,910,666	99.29%
2004	24,770,764	24,498,317	98.90%
2003	24,046,201	23,934,427	99.54%
2002	21,153,271	21,271,228	100.56%
2001	20,083,992	19,943,260	99.30%
2000	19,156,700	18,860,746	98.46%

Table 11

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

Fiscal Years	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases	Revenue Bonds	Capital Leases	Government	Income (1)			
2009	\$ 39,424,338	\$ 7,517,663	\$ -	\$ -	\$ 8,086,437	\$ -	\$ -	\$ 55,028,438	4.39%	\$ 1,660	
2008	41,428,198	8,276,193	-	-	8,537,017	-	-	58,241,408	4.78%	1,767	
2007	43,032,759	9,049,323	7,000,000	-	8,901,138	-	-	67,983,220	5.97%	2,094	
2006	45,137,311	9,822,453	6,166,948	-	8,686,912	-	-	69,813,624	6.35%	2,137	
2005	11,823,927	10,595,583	825,621	-	7,986,472	-	-	31,231,603	3.18%	987	
2004	12,942,570	11,368,713	-	-	7,834,606	-	-	32,145,889	3.40%	1,027	
2003	14,075,151	12,141,843	-	-	7,385,311	-	-	33,602,305	3.64%	1,084	
2002	13,079,762	12,311,843	-	-	7,611,356	-	-	33,002,961	3.53%	1,075	
2001	14,026,793	13,093,443	-	-	7,847,877	-	-	34,968,113	3.97%	1,146	
2000	14,964,452	6,046,243	-	7,500,000	8,076,239	-	-	36,586,934	4.40%	1,200	

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)
2009	\$ 46,942,001	-	\$ 46,942,001	1.28%	\$ 1,416
2008	49,704,391	-	49,704,391	1.40%	1,508
2007	52,082,082	-	52,082,082	1.52%	1,604
2006	54,959,764	-	54,959,764	1.98%	1,682
2005	23,245,131	-	23,245,131	0.86%	734
2004	24,311,283	-	24,311,283	0.92%	777
2003	26,216,994	-	26,216,994	1.00%	846
2002	27,511,082	-	27,511,082	1.24%	896
2001	29,410,700	-	29,410,700	1.38%	964
2000	23,575,827	-	23,575,827	1.16%	773

(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.

COUNTY OF BOTETOURT, VIRGINIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Town of Troutville	\$ -	100%	\$ -
Debt repaid with property taxes: Town of Fincastle	12,406	100%	12,406
Debt repaid with property taxes: Town of Buchanan	-	100%	-
Subtotal, overlapping debt			<u>\$ 12,406</u>
County of Botetourt, direct debt			<u>\$ 46,942,001</u>
Total direct and overlapping debt			<u><u>\$ 46,954,407</u></u>

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

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

Table 14

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 217,481,617	\$ 226,803,478	\$ 238,506,624	\$ 281,445,247	\$ 284,258,374	\$ 289,726,978	\$ 297,731,822	\$ 367,940,803	\$ 378,621,801	\$ 365,586,612
Total net debt applicable to limit	23,575,827	29,410,700	27,511,082	26,216,994	24,311,283	23,245,131	54,959,764	52,082,082	49,704,391	46,942,001
Legal debt margin	\$ 193,905,790	\$ 197,392,778	\$ 210,995,542	\$ 255,228,253	\$ 259,947,091	\$ 266,481,847	\$ 242,772,058	\$ 315,858,721	\$ 328,917,410	\$ 318,644,611
Total net debt applicable to the limit as a percentage of debt limit	10.84%	12.97%	11.53%	9.32%	8.55%	8.02%	18.46%	14.16%	13.13%	12.84%

Legal Debt Margin Calculation for Fiscal Year 2009

Total assessed value	\$ 3,655,866,124
Debt limit (10% of total assessed value)	\$ 365,586,612
Net debt applicable to limit	46,942,001
Legal debt margin	\$ 318,644,611

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

Fiscal Year	Water/Sewer Revenue Bonds				Special Assessment Bonds			
	Water/ Sewer Charges and Other(1)	Less: Operating Expenses	Net Available Revenue	Debt Service Principal Interest	Special Assessment Collections	Principal	Interest	Coverage
2009	4,623,658	1,637,099	2,986,559	450,580 311,427	n/a	n/a	n/a	n/a
2008	3,656,258	1,537,690	2,118,568	437,042 234,817	n/a	n/a	n/a	n/a
2007	3,695,574	1,274,548	2,421,026	308,340 297,595	n/a	n/a	n/a	n/a
2006	3,686,707	1,165,587	2,521,120	179,807 194,610	n/a	n/a	n/a	n/a
2005	4,154,552	658,558	3,495,994	1,014,542 355,444	n/a	n/a	n/a	n/a
2004	3,243,629	623,053	2,620,576	309,805 354,306	n/a	n/a	n/a	n/a
2003	2,903,111	797,004	2,106,107	253,044 380,907	n/a	n/a	n/a	n/a
2002	3,165,592	626,156	2,539,436	238,090 395,225	n/a	n/a	n/a	n/a
2001	3,223,702	725,321	2,498,381	228,362 396,156	n/a	n/a	n/a	n/a
2000	3,293,606	655,039	2,638,567	178,316 531,320	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.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	33,150 \$	1,252,256 \$	37,775	45.0	4,864	5.00%
2008	32,956	1,219,334	36,999	45.0	4,921	2.93%
2007	32,471	1,138,758	35,070	44.8	4,867	2.53%
2006	32,670	1,099,501	33,655	44.8	4,819	2.60%
2005	31,657	981,747	31,012	44.8	4,782	3.00%
2004	31,300	946,856	29,693	44.0	4,736	2.90%
2003	31,000	924,110	30,416	43.2	4,700	3.40%
2002	30,700	934,754	28,807	42.3	4,697	3.30%
2001	30,500	879,834	27,246	41.5	4,593	2.00%
2000	30,496	830,894	26,293	40.7	4,547	1.70%

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

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

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

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

Unemployment Rate Source: Virginia Employment Commission

Table 17

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

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees	Rank	% of Total County Employment	Employees		% of Total County Employment
Botetourt County Public Schools	779	1	7.61%	655		9.28%
Dynax America Corporation	295	2	2.88%	50		0.71%
JTEKT Automotive Virginia, Inc.	265	3	2.59%	6		0.08%
Botetourt County Government	297	4	2.90%	179		2.54%
Altec Industries	224	5	2.19%	0		0.00%
Lanford Brothers	245	6	2.39%	193		2.73%
Metalsa Roanoke	180	7	1.76%	140		1.98%
Gala Industries	184	8	1.80%	259		3.67%
Roanoke Cement	200	9	1.95%	195		2.76%
Pepsi Cola Bottling Company	180	10	1.76%	170		2.41%
O'Neal Steel, inc.	115	11	1.12%	132		1.87%
nTelos	108	12	1.06%	76		1.08%
Arkay Packaging	135	13	1.32%	63		0.89%
Lawrence Transportation System	186	14	1.82%	139		1.97%
General Shale Products	160	15	1.56%	110		1.56%
Tread Corporation	146	16	1.43%	0		0.00%
Virginia Truck Center	123	17	1.20%	91		1.29%
Bank of Botetourt	102	18	1.00%	59		0.84%
Carmeuse Lime & Stone - James River	71	19	0.69%	122		1.73%
Virginia Forge	42	20	0.00%	57		0.81%
Totals	<u>4,037</u>		<u>39.44%</u>	<u>2,696</u>		<u>38.18%</u>

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

Table 18

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	25	25	25	25	26	26	26	28	29	30
Judicial administration	7	7	7	7	12	12	13	17	17	17
Public safety:	81	82	83	87	87	87	87	103	116	115
Sheriffs department	0	0	2	2	4	5	9	10	14	15
Fire & rescue	6	6	6	6	6	6	6	6	5	5
Building inspections	2	2	2	2	2	3	3	3	3	3
Animal control	1	1	1	1	2	2	2	2	2	3
GIS / Communications	5	5	6	7	7	8	8	8	10	11
Public works:	4	4	4	5	5	5	5	5	6	7
Utilities	6	6	6	6	6	6	6	5	4	5
General maintenance	3	3	3	3	4	4	4	4	4	4
Health and welfare:	18	18	18	18	18	18	18	18	18	16
Department of social services	0	0	0	0	0	1	1	1	1	1
Comprehensive Services	7	10	10	11	12	13	13	16	18	17
Culture and recreation:	11	11	11	11	12	12	12	13	13	13
Parks and recreation	0	0	0	0	0	0	1	1	1	1
Library	3	3	3	3	3	3	4	4	4	4
Tourism / Marketing	179	183	187	194	206	211	218	244	265	267
Community development:										
Planning										
Totals										

Source: Individual county departments

Table 19

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Sheriffs department:										
Physical arrests	1,870	1,929	1,880	1,887	2,162	2,565	2,756	2,612	2,422	1,768
Traffic violations	n/a	n/a	3,183	2,838	3,082	3,582	3,494	3,219	2,697	2,330
Civil papers	7,070	7,681	7,871	8,057	8,244	7,906	7,770	6,905	7,298	7,301
Fire and rescue:										
Number of calls answered	n/a	n/a	n/a	4,211	4,673	4,186	4,582	4,956	4,965	5,131
Building inspections:										
Permits issued (same as Planning)	865	623	663	634	789	627	740	667	598	462
Animal control:										
Number of calls answered	1,129	1,371	1,634	1,815	2,507	3,079	3,118	3,484	4,965	6,872
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	3	3	3	3	3	3
Landfill:										
Refuse collected (tons/day)	91	94	95	90	95	99	107	110	33	6.5
Recycling (tons/day)	n/a	n/a	n/a	n/a	n/a	29	33	21	17	8.1
Health and welfare										
Department of Social Services:										
Caseload	n/a	n/a	n/a	n/a	1,786	2,300	2,585	2,389	2,448	2,702
Culture and recreation										
Parks and recreation:										
Recreation permits issued	n/a	n/a	n/a	n/a	n/a	70	71	78	69	85
After-school program participants	-	-	-	-	-	-	-	-	-	-
Youth sports participants	2,972	2,765	2,976	2,898	2,924	2,717	2,953	3,311	3,511	3,594
Community development										
Planning:										
Zoning permits issued	865	623	663	634	789	627	740	667	598	462
Component Unit - School Board										
Education:										
School age population (per census)	362	367	6,028	371	376	375	n/a	400	n/a	n/a
Number of teachers	4,698	5,438	3,766	3,535	3,573	3,601	3,788	3,885	4,075	4,369
Local expenditures per pupil										

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

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

Table 20

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Administration buildings	2	3	3	3	3	3	3	3	4	4
Vehicles	3	3	4	4	3	3	4	4	4	5
Public safety										
Sheriffs department:										
Patrol units	n/a	n/a	49	48	48	48	48	49	51	51
Other vehicles	n/a	n/a	8	11	12	10	12	12	13	14
Building inspections:										
Vehicles	4	4	4	4	4	4	4	4	3	4
Animal control:										
Vehicles	2	2	2	2	3	3	3	3	3	4
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	3	3	3	3	4	4
Landfill:										
Vehicles	12	12	12	12	12	12	12	11	11	11
Equipment	7	7	7	9	9	9	9	9	9	9
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services:										
Vehicles	-	-	-	-	-	-	-	-	-	-
Culture and recreation										
Parks and recreation:										
Community centers	3	3	3	3	2	2	2	2	2	2
Vehicles	9	10	11	11	11	12	12	11	12	13
Parks acreage	20	20	20	20	20	20	158	158	158	158
Swimming pools	-	-	-	-	-	-	-	-	-	-
Tennis courts	2	2	2	2	2	2	2	2	4	4
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Component Unit - School Board										
Education:										
Schools	11	12	12	12	12	12	12	12	12	12
School buses	74	74	75	75	74	79	77	82	85	89

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, business-type activities, the aggregate 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, 2009, which collectively comprise the County of Botetourt, Virginia's basic financial statements and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings, responses and questioned costs (reference 2009-1) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also

considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Botetourt, Virginia in a separate letter dated October 30, 2009.

The County of Botetourt, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings, responses and questioned costs. We did not audit the County of Botetourt, Virginia's responses and, accordingly, we express no opinion on them.

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

Robinson, Jaeger, Co. Associates

Christiansburg, Virginia
October 30, 2009

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the County of Botetourt, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Botetourt, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Botetourt, Virginia's management. Our responsibility is to express an opinion on County of Botetourt, Virginia's compliance based on our audit.

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

In our opinion, the County of Botetourt, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Botetourt, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Botetourt, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Robinson, Turner, Cox Associates

Christiansburg, Virginia
October 30, 2009

COUNTY OF BOTETOURT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ State Pass-Through Grantor/ Program Title/Pass Through Grantor's Number	Federal Catalogue Number	Federal Awards
DEPARTMENT OF AGRICULTURE:		
Pass Through Payments:		
<i>State Department of Agriculture:</i>		
Food Distribution-Schools (Note 2)	10.555	\$ 135,753
<i>Department of Social Services:</i>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Programs	10.561	130,592
<i>Department of Education:</i>		
School Breakfast Program	10.553	79,111
National School Lunch Program	10.555	391,102
Secure Payments for States and Counties Containing Federal Lands	10.665	83,906
Total Department of Agriculture		<u>\$ 820,464</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Pass Through Payments:		
<i>Department of Social Services:</i>		
Promoting Safe and Stable Families	93.556	\$ 16,821
Temporary Assistance for Needy Families	93.558	115,819
Refugee and Entrant Assistance - State Administered Programs	93.566	240
Low Income Home Energy Assistance	93.568	6,562
Child Care and Development Block Grant	93.575	123,630
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	59,612
Child Welfare Services - State grants	93.645	759
Foster Care - Title IV E	93.658	67,633
Foster Care - ARRA	93.658	319
Adoption Assistance	93.659	26,289
Adoption Assistance - ARRA	93.659	262
Social Services Block Grant	93.667	80,943
Chafee Foster Care Independence Programs	93.674	5,414
Child Care and Development Block Grant - ARRA	93.713	751
Children's Health Insurance Program	93.767	9,453
Medical Assistance Program	93.778	84,458
Chafee Education & Training Vouchers Program	93.599	4,655
Total Department of Health and Human Services		<u>\$ 603,620</u>

COUNTY OF BOTETOURT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ State Pass-Through Grantor/ Program Title/Pass Through Grantor's Number	Federal Catalogue Number	Federal Awards
<i>U. S. DEPARTMENT OF HOMELAND SECURITY:</i>		
Pass Through Payments:		
<i>Department of Emergency Management:</i>		
State Homeland Preparedness Equipment Support Program	97.004	\$ 171,864
<i>DEPARTMENT OF TRANSPORTATION:</i>		
Pass Through Payments:		
<i>Department of Motor Vehicles:</i>		
State and Community Highway Safety	20.600	\$ 8,613
<i>DEPARTMENT OF EDUCATION:</i>		
Pass Through Payments:		
<i>State of Virginia Compensation Board:</i>		
State Fiscal Stabilization Fund	84.397	\$ 950,448
<i>Department of Education:</i>		
Adult Education - Basic Grants to States	84.002	15,759
Title I Grants to Local Educational Agencies	84.010	332,480
Special Education-Grants to States (Title VI-B)	84.027	1,376,754
Career and Technical Education-Basic Grants to States	84.048	53,483
Special Education-Preschool Grant to States	84.173	25,042
Safe and Drug-Free Schools and Communities-State Grants	84.186	15,648
Improving Teacher Quality State Grants	84.367	110,419
Total Department of Education		<u>\$ 2,880,033</u>
Total Federal Financial Assistance		<u>\$ 4,484,594</u>

COUNTY OF BOTETOURT, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

NOTE 1--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Botetourt, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 3 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,080,046
Less: Payments in Lieu of Taxes	(214,909)
General Fund	<u>\$ 1,865,137</u>

Component Unit Schools:

School Operating Fund	<u>\$ 2,619,457</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,484,594</u></u>
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County of Botetourt, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
84.397	State Fiscal Stabilization Fund

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

County of Botetourt, Virginia

Schedule of Findings, Responses and Questioned Costs
Year Ended June 30, 2009

Section II - Financial Statement Findings

2009-1

Condition: Currently the County does not segregate the billing and collection functions for water and sewer charges.

Criteria: A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Management's

Response: Management acknowledges that the revenues generated by the aforementioned activities continue to grow at an accelerated pace and controls should be established to adequately protect these resources. The collection function will be transferred to the Treasurer's Department in early 2010.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior audit findings related to federal awards.