

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

Prepared by

Melissa Meyerhoeffer, Assistant Director of Finance

Jennifer M. Whetzel, Director of Finance

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-5
GFOA Certificate of Achievement.....	6
Organizational Chart	7
List of Elected and Appointed Officials	8

FINANCIAL SECTION

Independent Auditors' Report		9-10
Management's Discussion and Analysis		11-19
	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	25
Statement of Activities	2	26-27
Fund Financial Statements:		
Balance Sheet—Governmental Funds	3	31
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	32
Statement of Revenues, Expenditures and Change in Fund Balances— Governmental Funds	5	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6	34
Statement of Net Assets—Proprietary Funds	7	35
Statement of Revenues, Expenses, and Changes In Fund Net Assets— Proprietary Funds	8	36
Statement of Cash Flows—Proprietary Funds.....	9	37
Statement of Fiduciary Net Assets—Fiduciary Funds	10	38
Notes to the Financial Statements.....		39-67

**COUNTY OF AUGUSTA, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2009 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual:		
General Fund	11	71
Special Revenue Fund	12	72
Schedule of Pension Funding Progress.....	13	73
Schedule of Pension OPEB Progress.....	14	74
Other Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual:		
School Debt Service Fund	15	76
County Capital Projects Fund.....	16	77
School Capital Projects Fund.....	17	78
Combining and Individual Fund Statements and Schedules:		
Combining Statement of Fiduciary Net Assets—Fiduciary Funds.....	18	81
Combining Statement of Changes in Assets and Liabilities—Agency Funds	19	82-83
Combining Statement of Net Assets—Internal Service Funds	20	84
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds.....	21	85
Combining Statement of Cash Flows—Internal Service Funds.....	22	86
Capital Assets - Used in the Operation of Governmental Funds:		
Comparative Schedules by Source.....	23	88
Schedule by Function and Activity	24	89
Schedule of Changes by Function and Activity.....	25	90
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet.....	26	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds.....	27	93

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information: (Continued)		
Discretely Presented Component Unit - School Board:(Continued)		
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	28	94-95
Statement of Fiduciary Net Assets—Fiduciary Fund	29	96
Statement of Changes in Fiduciary Net Assets—Fiduciary Funds.....	30	97
Nonmajor Special Revenue Funds:		
Combining Balance Sheet.....	31	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	32	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	33	100-101
Capital Assets Used in the Operation of Governmental Funds		
Comparative Schedules by Source.....	34	102
Schedule of by Function and Activity	35	103
Schedule of Changes by Function and Activity.....	36	104
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues—Budget and Actual—Governmental Funds	1	106-112
Schedule of Expenditures—Budget and Actual—Governmental Funds	2	113-118

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	120-121
Changes in Net Assets	2	122-125
Governmental Activities Tax Revenues by Source	3	127
Fund Balances of Governmental Funds.....	4	128-129

COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009 (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	<u>Table</u>	<u>Page</u>
Changes in Fund Balances of Governmental Funds	5	130-131
General Governmental Tax Revenues by Source.....	6	132
Assessed Value and Estimated Actual Value of Taxable Property.....	7	133
Property Tax Rates – Direct and Overlapping Governments.....	8	134
Principal Property Taxpayers.....	9	135
Property Tax Levies and Collections	10	137
Ratios of Outstanding Debt by Type.....	11	138-139
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita ...	12	140
Demographic and Economic Statistics	13	141
Principal Employers	14	143
Full-time Equivalent County Government Employees by Function	15	144-145
Operating Indicators by Function.....	16	146-147
Capital Asset Statistics by Function.....	17	148

COMPLIANCE SECTION

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>	149-150
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	151-152
Schedule of Expenditures of Federal Awards.....	153-155
Schedule of Findings and Questioned Costs	156

INTRODUCTORY SECTION



COUNTY OF AUGUSTA

Finance Department

18 Government Center Lane * PO Box 590

Verona, VA 24482-0590

Phone: 540-245-5741 * Fax: 540-245-5742

November 30, 2009

To the Honorable Board of Supervisors of the County of Augusta, Virginia:

The comprehensive annual financial report of the County of Augusta for the year ended June 30, 2009 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Augusta issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the County of Augusta. All disclosures necessary to enable the reader to gain an understanding of the County of Augusta's activities have been included.

The financial reporting entity (*the government*) includes all funds of the primary government (*i.e., the County of Augusta as legally defined*), as well as all of its component units. The government provides a full range of services including police and fire protection; sanitation services; recreational activities; cultural events; and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component unit included in this report is the Augusta County School Board. The financial statements for the Middle River Regional Jail Authority and the Industrial Development Authority of Augusta County, Virginia are not included in the County report as these organizations are administered by boards separate from and independent of the County of Augusta Board of Supervisors.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Augusta's MD&A can be found immediately following the report of the independent auditors.

□ **The Reporting Entity and Economic Outlook** □

The County of Augusta was formed in 1738 and named for Augusta, Princess of Wales and the mother of King George, III. The original western boundary of the County was the western edge of Virginia, which at that time was the Mississippi River. The present boundaries of the county were set in 1790. Situated in the Shenandoah Valley of Virginia, the County of Augusta is at the juncture of Interstates 64 and 81, and the headwaters of the James River and the Potomac River basins. It is 150 miles southwest of the nation's capital, Washington, D.C., 100 miles west of the state capital, Richmond, and 85 miles north of the City of Roanoke. Within the boundaries of the County of Augusta are the independent cities of Staunton, founded in 1747 and Waynesboro, founded in 1801. The County of Augusta is a political subdivision of the Commonwealth of Virginia administered by a seven member board elected by magisterial district for four year concurrent terms. The Board of Supervisors elects one of its own to serve as Chairman and selects a County Administrator to oversee the general administration of the County of Augusta.

Although primarily a rural county, Augusta County's 2008 population was 71,586. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 22% of the jobs in the County. Agriculture accounts for less than 1% of the jobs in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. The ten largest manufacturers employ approximately 5,600 of 36,000 plus workers in the County's labor force and make-up 6% of the total local property taxes. The national recession and slowing housing market began to have an impact on Augusta County during fiscal year 2009. The County saw declines in the housing market and significant decreases in interest rates. Due to lack of consumer confidence in the economy many citizens cut back on spending and reduced their amount of travel. This directly correlated with the decreases seen in sales, hotel, and meals taxes for the County. Unemployment remains below the State average for another year. However, during the 2008 calendar year Augusta County saw unemployment rates rise to 3.6 percent an increase of 1 percent over the previous calendar year. Total taxable sales were nearly \$416 million in 2008.

During fiscal year 2009, Augusta County conducted a mass general reassessment on all real estate property within the County. In accordance with Virginia Code Section 58.1-3252, there shall be a general reassessment of real estate every four to six years in Augusta County. This reassessment will update real estate assessments to fair market value. The 2009 reassessment increased property values by approximately \$1.2 billion, which is a 22 percent increase excluding growth.

There are two methods of appeal traditionally available to taxpayers in regards to their reassessment; the Board of Equalization and petition to the Circuit Court. The County of Augusta created the Board of Assessors to work with the contract appraiser to hear complaints from taxpayers and to revise individual assessments either up or down to attain uniformity in assessments and equal distribution of the County tax burden. The Board of Assessors conducted the process of the mass appraisal with the assistance of County staff and an independent contractor. During the appeal process there were approximately 8,000 parcel requests that were reviewed by the Board of Assessors. Of those 8,000 parcels approximately 58% resulted in an assessment change and 37% resulted in no change in the assessment. The remaining 5% did not attend their appeal hearing. If taxpayers were still not satisfied with the outcome from the Board of Assessors they were granted an opportunity to appeal to the Board of Equalization. There were approximately 1,000 parcels that were reviewed by the Board of Equalization. Of those 1,000 parcels approximately 47% resulted in an assessment change and 39% resulted in no change in the assessment. The remaining 14% was the result of no contest or cancellations of their appeal hearings. After review by the Board of Assessors and the Board of Equalization a taxpayer may still take their appeal to the Circuit Court for review. To date, four citizens have appealed their reassessment to

Augusta County Circuit Court. Of the four appeals, two resulted in favor of the County reassessment. The remaining two appeals are yet to be determined.

Augusta County had previously not changed their tax rate of \$0.58 per \$100 valuation since 1983. However, to ease the burden of the increase in property values the Augusta County Board of Supervisors decided to equalize the tax rate to \$0.48 per \$100 valuation. The budgeting philosophy has been to live within growth for three years and, during the reassessment year, evaluate capital and operating demands which have been delayed or set aside over the preceding three years. Due to the equalization of the tax rate no additional revenue will be generated from property taxes and the reassessment. Therefore, capital and operating projects will remain on hold until revenues begin to stabilize. The County expanded the tax relief it provides for the elderly and disabled citizens who might find it difficult to pay their taxes. In order to qualify for tax relief a citizen must own and occupy property in the County, be over the age of 65 or permanently disabled, not have a gross income that exceeds \$32,000 or have a net financial worth that exceeds \$75,000. The County also has an extensive Land Use program to ease the tax burden on land zoned agricultural and used for the qualifying production for sale.

□ Major Initiatives and Goals □

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

“The government of Augusta County exists to provide the citizens of the County with essential services which will address their individual and collective well-being. In partnership with the community of residents, the government of Augusta County pledges civic stewardship that is fiscally accountable, socially responsive, and worthy of the citizens trust.”

□ Financial Information □

The management of the County of Augusta is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Augusta's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2009 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

In addition to internal accounting controls the County also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the County Board of Supervisors. Budgetary control is maintained at the function level and any unspent appropriations at the fiscal year end may be reappropriated as part of the following year's revised budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Debt Administration

At June 30, 2009, the County had a number of debt issues outstanding. These issues totaled \$68,092,773 in general obligation bonds.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 2 to 8 percent. Due to the decrease in rates on bonds and mutual funds, the County has revised its investment policy to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates dropped to below 2 percent in 2009. The County was able to pull some funds out of LGIP and invest in money market accounts that were offering higher yields than what was available through LGIP. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

Risk Management

The County periodically reviews its risk management program. Substantially all of the County's coverage is through independent third party insurers.

□ OTHER INFORMATION □

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the County. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of federal Single Audit Act of 1984, as amended in 1997, and related OMB Circular A-133. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This is the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

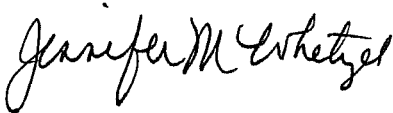
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this annual financial report could not have been accomplished without the dedicated effort of Mr. Patrick J. Coffield, County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, Director of Finance, School Board, and the members of their staffs. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

Also, without the leadership and support of the Board of Supervisors, preparation of this report would not have been possible.

Sincerely,



Jennifer M. Whetzel
Director of Finance



Melissa Meyerhoeffer
Assistant Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Augusta
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.

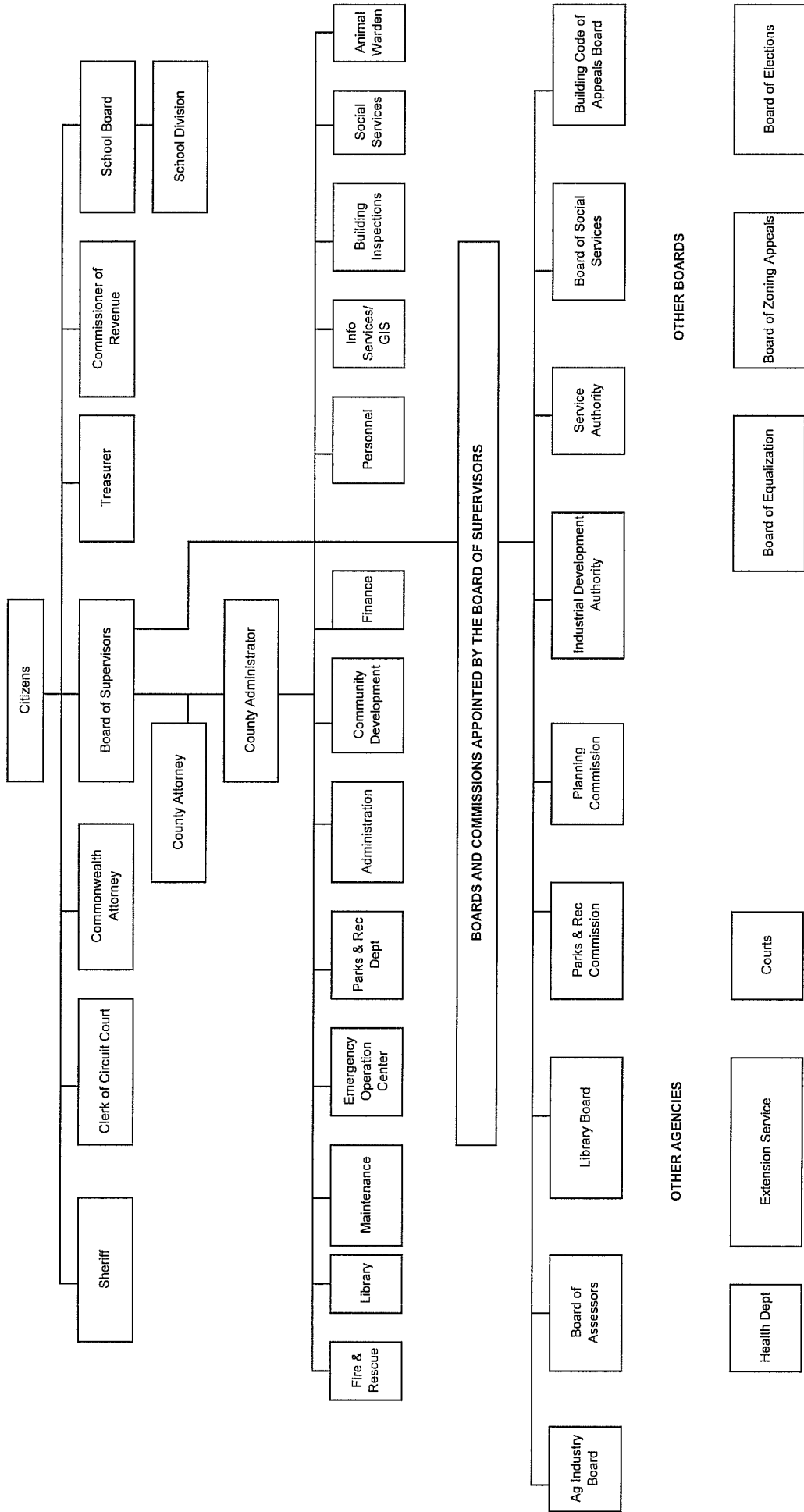
President

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

Executive Director

County of Augusta, Virginia

Organizational Chart



COUNTY OF AUGUSTA, VIRGINIA

BOARD OF SUPERVISORS

Larry C. Howdysshell, Chairman
Gerald W. Garber, Vice-Chairman

Wendell L. Coleman
Tracy C. Pyles, Jr.
David R. Beyeler

Nancy Taylor Sorrels
Jeremy L. Shifflett
Patrick J. Coffield, Clerk

COUNTY SCHOOL BOARD

David R. Shifflett, Chairman
John L. Ocheltree, Vice-Chairman

Jeff A. Moore
Chad D. Shomo
Nicholas T. Collins

Timothy R. Quillen
Roger L. Zirkle
Marsha K. Buehner, Clerk

OTHER OFFICIALS

Judge of the Circuit Court	Victor V. Ludwig
Judge of the General District Court.....	A. Lee McGratty
Judge of the Juvenile & Domestic Court.....	Charles L. Ricketts, III
Clerk of the General District Court.....	Christy Hostetter
Clerk of the Juvenile & Domestic Court.....	Donna C. Bosserman
Clerk of the Circuit Court.....	John B. Davis
Commonwealth's Attorney	A. Lee Ervin
Commissioner of the Revenue.....	W. Jean Shrewsbury
Treasurer	Richard T. Homes
Sheriff	Randall D. Fisher
Superintendent of Schools.....	Gary D. McQuain, Ed.D.
Director of Augusta County Service Authority.....	Kenneth J. Fanfoni
Director of Social Services	Elizabeth Middleton
General Registrar	Brandi Davis
Chief Building Inspector	Michael C. Nickell
Director of Community Development.....	Dale L. Cobb
Director of MIS	Rick L. Vernier
Director of Parks and Recreation.....	Ronald H. Sites
Director of Emergency Operation Center	Donna J. Good
Chief of Fire and Rescue	Carson D. Holloway
Maintenance Manager	Tony Clements
Library Director	Diantha McCauley
Personnel Director	Faith Souder
County Attorney.....	Patrick J. Morgan
County Administrator.....	Patrick J. Coffield
Assistant County Administrator.....	John C. McGehee
Director of Finance.....	Jennifer M. Whetzel
Assistant Director of Finance.....	Melissa W. Meyerhoeffer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, 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 Augusta, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, 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.

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

The Management's Discussion and Analysis and Schedules of Funding Progress 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Augusta, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules and statistical tables as listed in the table of contents 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 Augusta, Virginia. The other supplementary information, supporting schedules, 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 section and statistical tables 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, Farmer, Cox Associates

Verona, Virginia
November 30, 2009

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Augusta, Virginia for the fiscal year ended June 30, 2009. This narrative is to be read in conjunction with the additional information that we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$66,981,427 (net assets). Of this amount, \$18,673,440 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$64,153,986 of which \$(1,220,695) is unrestricted. (See Exhibit 1.)
- The County's total net assets decreased by \$846,099. The School Board's total net assets increased by \$1,087,630. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$88,964,348 and \$112,476,129 respectively for fiscal year 2009. (See Exhibit 2.)
- Expenses were \$89,810,447 for governmental activities and \$111,389,216 for the School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unreserved fund balance for the general fund was \$13,363,450, or 22 percent of the total general fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2010 budget as well as funds allocated to the School Board (fund balance re-appropriated) and the funding for County Capital Improvement Projects in fiscal year 2010.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$51,036,444, a decrease of \$3,061,172 in comparison with the prior year. Approximately 27 percent of this total amount, or \$14,013,291, is available for spending at the government's discretion (unreserved fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to 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 reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net assets and 2) the statement of activities.

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

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development. Currently the County does not operate any business-type activities.

The government-wide financial statements include, in addition to the primary government or County, a component unit, the Augusta County School Board. Although the component unit is a legally separate entity, the County is financially accountable for it. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The fund financial statements present only major, or significant, funds. A fund is a group of related accounts 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 County of Augusta has two internal service funds: the Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information displaying budgetary comparison schedules and the County's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with internal service funds, fiduciary funds, and School Board individual fund financial statements are presented immediately following the required supplementary information.

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 Augusta, assets exceeded liabilities by \$66,981,427 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 Augusta's Net Assets

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 69,630,384	\$ 69,727,439
Capital assets	81,440,666	87,613,128
Total assets	<u>\$ 151,071,050</u>	<u>\$ 157,340,567</u>
Long-term liabilities	\$ 66,171,065	\$ 71,586,434
Other liabilities	17,918,558	17,926,607
Total liabilities	<u>\$ 84,089,623</u>	<u>\$ 89,513,041</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 11,284,834	\$ 11,932,321
Restricted	37,023,153	36,227,000
Unrestricted	18,673,440	19,668,205
Total net assets	<u>\$ 66,981,427</u>	<u>\$ 67,827,526</u>

For the County, 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 17 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. The majority of these net assets are to be used for landfill closure and post-closure expenditures, public safety equipment replacement, and general government renovations. The County's restricted net assets account for 55 percent of total net assets.

The remaining balance of unrestricted net assets, which is \$18,673,440 or 28 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

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

During the current fiscal year, the government's net assets decreased by \$846,099. This decrease represents the degree to which actual collections did not meet revenue budget projections due to the downturn in the economy.

The deficit unrestricted net asset balance for the School Board is due to the completion of renovations of two area high schools. Legislation requires debt issued for projects by the School Board to be assumed by the Primary Government. The School Board is not recognizing the debt since it is held by the Primary Government.

Governmental Activities

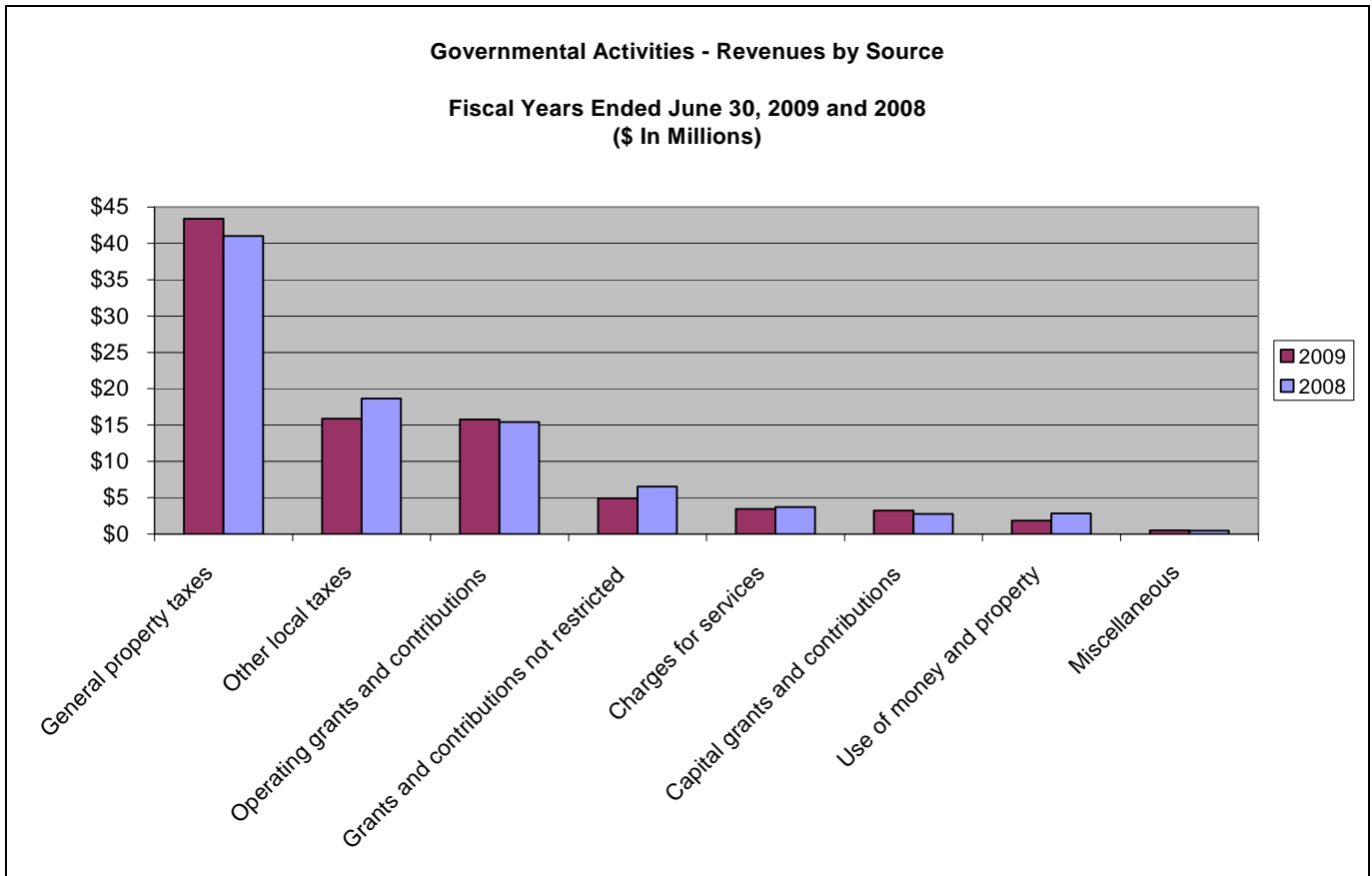
Governmental activities decreased the County's net assets by \$846,099. Key elements of this decrease are as follows:

County of Augusta's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,467,348	\$ 3,717,413
Operating grants and contributions	15,777,283	15,423,055
Capital grants and contributions	3,241,550	2,769,821
General revenues:		
General property taxes	43,396,769	41,016,853
Other local taxes	15,859,972	18,655,064
Use of money and property	1,822,584	2,817,589
Miscellaneous	493,157	433,429
Grants and contributions not restricted to specific programs	4,905,684	6,527,876
Total revenues	<u>\$ 88,964,347</u>	<u>\$ 91,361,100</u>
Expenses:		
General government	\$ 5,065,770	\$ 5,509,093
Judicial administration	1,842,573	1,851,046
Public safety	15,832,972	15,262,308
Public works	5,163,545	5,696,530
Health and welfare	13,888,374	12,994,411
Education	39,022,157	42,733,092
Parks, recreation and cultural	3,604,760	3,291,280
Community development	1,944,793	2,213,214
Interest on long-term debt	3,445,502	3,353,767
Total expenses	<u>\$ 89,810,446</u>	<u>\$ 92,904,741</u>
Increase (decrease) in net assets	\$ (846,099)	\$ (1,543,641)
Net assets, July 1, 2008, as adjusted	67,827,526	69,371,167
Net assets, June 30, 2009	<u>\$ 66,981,427</u>	<u>\$ 67,827,526</u>

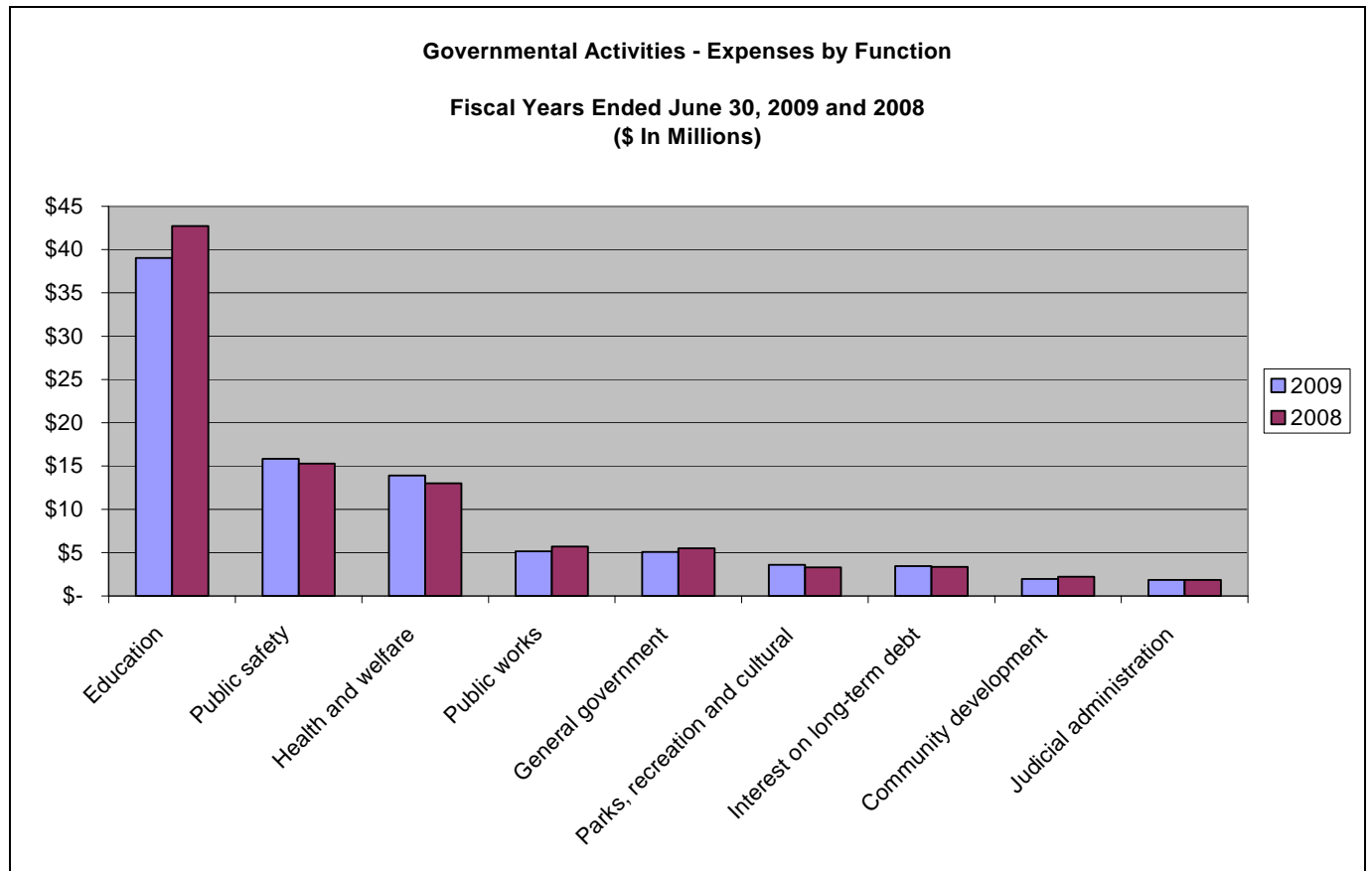
Governmental Activities – Revenues

- General property taxes increased due to a rate increase on personal property. The rate increased from \$1.90 to \$2.25 on all personal property vehicles. This rate increase was due to the elimination of motor vehicle licenses. The elimination of motor vehicle license fees accounted for the decrease in other local taxes.
- Grants and contributions not restricted were affected by the State mandated cuts that were classified as Reductions in State Aid. There was also a reduction from State Literary Grants for school construction. State Literary Grants were received in fiscal year 2008 to fund renovations of two local high schools.
- Charges for services decreased due to a drop in building and related home improvement permits. This is directly related to the 2009 recession and the declining housing market.
- Capital grants and contributions had a slight increase due to funding received from the Commonwealth for the Rural Rustic Roads Program.
- Use of money and property revenues decreased due to continued drops in interest rates that were directly related to economic factors.



Governmental Activities – Expenses

- In general, expenses for many governmental activities decreased or remained flat in response to or to offset the decline in local revenues and the reductions in State funding, especially from the State Compensation Board which effected general government expenses and public safety.
- Beginning in fiscal year 2009, Governmental Activities recorded their actual contributions for Other Post-Employment Benefits as required by GASB 45.
- Public safety expenses increased due to capital purchases made from grant monies received for Sheriff in-car toughbooks and an Emergency Communication Center phone upgrade, as well as money loaned to volunteer agencies through the fire revolving loan fund.
- Health and Welfare expenses increased due in part to increases in case loads for Virginia Public Assistance.
- Public works had increased expenses due to landfill improvements related to the construction of a new cell at the Augusta Regional Landfill. However, these expenses were offset by the recognition of equity interest in the joint venture with Augusta Regional Landfill.
- General government expenses declined due to the decrease in expenses related to the Board of Assessors. These expenses were directly linked to expenses incurred during the general real estate reassessment conducted in 2008.



Financial Analysis of the Government's Funds

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

Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$51,036,444. Approximately 27 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to various County capital projects, as well as, issuing fire revolving loans, and work in drug enforcement operations. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The general fund is the chief operating fund of the County. As of June 30, 2009, total fund balance of the general fund was \$14,499,317, of which \$13,363,450 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 22 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$31,879,595.

The fund balance of the County's general fund decreased by \$4,122,353 during the current fiscal year. The key factors in this decrease are as follows:

- Revenues did not increase but continued to remain flat due to the recession and the downturn in the economy.
- A large portion of the decrease in other local taxes is due to the elimination of motor vehicle licenses. However, to compensate for this reduction the personal property rate was increased from \$1.90 to \$2.25. Therefore general property taxes increased.
- Major decreases in revenues included interest earnings, decreases in building and related home improvement permits and fees, and decreases in revenues from the Commonwealth.
- Increases in operating costs at the Augusta Regional Landfill.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, School Debt Service Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2009, total fund balances of these funds were \$0, \$(500), \$35,887,286 and \$650,341, respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The School Debt Service Fund accounts for repayments of principal and interest for bonds issued by the County for the school board. The deficit fund balance of \$(500) shown in Exhibit 3 reflects an accounts payable for trustee expenses. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or the school capital projects funds, if applicable. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system. The change in fund balance of \$68,467 shown in Exhibit 5 reflects the completion of two high school renovations.

Proprietary funds

The County's proprietary funds consist of the Central Stores Fund and the Self-Insurance Fund. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$359,630 decrease, due in part to a refund from the Regional Jail on surplus funds distributed to participating localities. Budgeted revenues decreased by \$1,942,500, due to the recession and economic factors which had an affect on local tax revenues from sales, recordation, restaurant, and hotel taxes, as well as, decreases in building permit fees. Also budgeted revenues decreased due to the State reductions in Compensation Board expenses. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year. The largest variance between the final budget appropriation and actual results is the contribution to County School Board of \$1,674,779, which represents an excess of revenues over expenditures in the School Board budget. This excess, upon approval, may be transferred to the School line item in the County Capital Improvement Fund which will offset future capital project costs.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2009 is \$81,440,666 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Purchase of equipment for various public safety departments including Sheriff in-car toughbooks and related software (\$112,047), Emergency Communications Center telephone upgrade (\$179,192), and thermal imaging equipment (\$22,600).
- County wide software upgrade (\$89,225) and security door additions and upgrades (\$34,986).
- Building improvements to the New Hope Community Center (\$208,620).
- Purchase of playground equipment for Crimora Park (\$29,255).
- Completion of construction in progress for Crimora Park (\$206,637).
- Construction in progress for Heavy Rescue Squad (\$247,878), Verona Park (\$21,894), Library Phase II construction (\$138,081), and Augusta Springs Park (\$158,810).

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

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Land	\$ 4,220,875	\$ 5,069,847
Buildings and system	73,907,298	80,245,391
Machinery and equipment	2,001,909	1,885,574
Land improvements	743,921	-
Construction in progress	566,663	412,316
Total	<u>\$ 81,440,666</u>	<u>\$ 87,613,128</u>

Additional information on the County's capital assets can be found in Note 12 to the financial statements.

Long-term debt

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

County of Augusta's Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 68,092,773	\$ 73,493,301
Premium on bond issue	2,063,059	2,187,506
Compensated absences	1,481,021	1,435,335
Total	<u>\$ 71,636,853</u>	<u>\$ 77,116,142</u>

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

Additional information on the County's long-term debt can be found in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Augusta County in 2008 was 3.6 percent. The County's rate compares favorable to the state's average unemployment rate of 4.0 percent and the national average rate of 5.5 percent.
- Due to the national recession and slowing housing market, revenues for local taxes and building and related home improvement permit fees are expected to remain flat and have no anticipated growth in the upcoming fiscal year.
- Reductions in Compensation Board funding for constitutional officers have continued.
- It is expected to have continued State mandated cuts that will be classified as Reductions in State Aid.
- Earnings on investments, in general, continue to remain low therefore the County budgeted significantly less than in prior year.

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

During fiscal year 2009, unreserved fund balance in the general fund decreased by \$4,122,353. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund. It is not anticipated that fund balance will be used to finance daily operations for the 2010 budget year, although as in the some previous fiscal years, it is a possibility.

Requests for Information

This financial report is designed to provide reader's with a general overview of the County of Augusta's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 590, Verona, Virginia 24482. Also, please visit the County's website at www.co.augusta.va.us.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2009

	Primary Government		Component
	Governmental		Unit
	Activities	Total	School Board
ASSETS			
Cash and cash equivalents	\$ 18,816,637	\$ 18,816,637	\$ 878,926
Cash in custody of others	768,121	768,121	3,000
Investments	37,084,958	37,084,958	1,121,959
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,795,307	2,795,307	-
Accounts receivable	1,014,039	1,014,039	391,799
Notes receivable	1,155,357	1,155,357	-
Due from primary government	-	-	7,334,481
Due from component unit	163,891	163,891	-
Due from other governmental units	3,056,511	3,056,511	2,377,251
Inventories	17,807	17,807	-
Prepaid expenses	105,187	105,187	498,316
Equity interest in joint venture	4,652,569	4,652,569	-
Capital assets (net of accumulated depreciation):			
Land	4,220,875	4,220,875	2,090,973
Buildings and system	73,907,298	73,907,298	58,415,393
Machinery and equipment	2,001,909	2,001,909	4,812,415
Land improvement	743,921	743,921	-
Construction in progress	566,663	566,663	55,900
Total assets	\$ 151,071,050	\$ 151,071,050	\$ 77,980,413
LIABILITIES			
Accounts payable	\$ 699,877	\$ 699,877	\$ 5,066,650
Accrued liabilities	-	-	5,714,024
Net OPEB obligation payable	276,000	276,000	472,000
Accrued interest payable	1,551,640	1,551,640	-
Due to primary government	-	-	163,891
Due to component unit	7,334,481	7,334,481	-
Unearned revenue	2,277,201	2,277,201	23,049
Deposits held in escrow	313,571	313,571	121
Long-term liabilities:			
Due within one year	5,465,788	5,465,788	456,316
Due in more than one year	66,171,065	66,171,065	1,930,376
Total liabilities	\$ 84,089,623	\$ 84,089,623	\$ 13,826,427
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,284,834	\$ 11,284,834	\$ 65,374,681
Restricted for:			
Fire revolving loans	797,980	797,980	-
Construction	35,887,286	35,887,286	-
Drug enforcement	337,887	337,887	-
Unrestricted (deficit)	18,673,440	18,673,440	(1,220,695)
Total net assets	\$ 66,981,427	\$ 66,981,427	\$ 64,153,986

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

County of Augusta, Virginia

Statement of Activities

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,065,770	\$ 662,395	\$ 497,095	\$ 142,500
Judicial administration	1,842,573	371,909	1,148,213	-
Public safety	15,832,972	237,223	3,407,258	356,136
Public works	5,163,545	1,111,324	26,467	1,576,000
Health and welfare	13,888,374	361,690	10,496,963	-
Education	39,022,157	-	-	1,166,914
Parks, recreation, and cultural	3,604,760	722,807	201,287	-
Community development	1,944,793	-	-	-
Interest on long-term debt	3,445,502	-	-	-
Total governmental activities	<u>\$ 89,810,446</u>	<u>\$ 3,467,348</u>	<u>\$ 15,777,283</u>	<u>\$ 3,241,550</u>
Total primary government	<u>\$ 89,810,446</u>	<u>\$ 3,467,348</u>	<u>\$ 15,777,283</u>	<u>\$ 3,241,550</u>
COMPONENT UNITS:				
School Board	\$ 111,389,217	\$ 4,309,758	\$ 70,181,095	\$ 578,532
Total component units	<u>\$ 111,389,217</u>	<u>\$ 4,309,758</u>	<u>\$ 70,181,095</u>	<u>\$ 578,532</u>

General revenues:

- General property taxes
- Local sales tax
- Consumers' utility tax
- Business license taxes
- Motor vehicle licenses
- Restaurant food taxes
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Total general revenues
- Change in net assets
- Net assets - beginning
- Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		Component Unit
Governmental Activities	Total	School Board
\$ (3,763,780)	\$ (3,763,780)	\$ -
(322,451)	(322,451)	-
(11,832,355)	(11,832,355)	-
(2,449,754)	(2,449,754)	-
(3,029,721)	(3,029,721)	-
(37,855,243)	(37,855,243)	-
(2,680,666)	(2,680,666)	-
(1,944,793)	(1,944,793)	-
(3,445,502)	(3,445,502)	-
<u>\$ (67,324,265)</u>	<u>\$ (67,324,265)</u>	<u>\$ -</u>
<u>\$ (67,324,265)</u>	<u>\$ (67,324,265)</u>	<u>\$ -</u>

\$ -	\$ -	\$ (36,319,832)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,319,832)</u>

\$ 43,396,769	\$ 43,396,769	\$ -
4,477,956	4,477,956	-
4,278,675	4,278,675	-
3,141,510	3,141,510	-
55,167	55,167	-
2,250,640	2,250,640	-
1,656,024	1,656,024	-
1,822,584	1,822,584	77,666
493,157	493,157	947,958
4,905,684	4,905,684	36,381,838
<u>\$ 66,478,166</u>	<u>\$ 66,478,166</u>	<u>\$ 37,407,462</u>
(846,099)	(846,099)	1,087,630
<u>67,827,526</u>	<u>67,827,526</u>	<u>63,066,356</u>
<u>\$ 66,981,427</u>	<u>\$ 66,981,427</u>	<u>\$ 64,153,986</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2009

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements	School Capital Projects Fund	Total
ASSETS						
Cash and cash equivalents	\$ 18,322,217	\$ 12,958	\$ -	\$ -	\$ 716,407	\$ 19,051,582
Cash in custody of others	763,821	4,300	-	-	-	768,121
Investments	276,860	-	-	35,973,649	-	36,250,509
Receivables (net of allowance for uncollectibles):						
Taxes receivable	2,795,307	-	-	-	-	2,795,307
Accounts receivable	901,701	19,023	-	-	-	920,724
Notes receivable	1,155,357	-	-	-	-	1,155,357
Due from other funds	1,148,421	-	-	-	-	1,148,421
Due from component unit	163,891	-	-	-	-	163,891
Due from other governmental units	1,958,833	1,095,098	-	2,580	-	3,056,511
Total assets	<u>\$ 27,486,408</u>	<u>\$ 1,131,379</u>	<u>\$ -</u>	<u>\$ 35,976,229</u>	<u>\$ 716,407</u>	<u>\$ 65,310,423</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 544,165	\$ -	\$ 500	\$ 88,943	\$ 66,066	\$ 699,674
Due to other funds	-	1,118,421	-	-	-	1,118,421
Due to component unit	7,334,481	-	-	-	-	7,334,481
Deferred revenue	4,824,702	-	-	-	-	4,824,702
Deposits held in escrow	283,743	12,958	-	-	-	296,701
Total liabilities	<u>\$ 12,987,091</u>	<u>\$ 1,131,379</u>	<u>\$ 500</u>	<u>\$ 88,943</u>	<u>\$ 66,066</u>	<u>\$ 14,273,979</u>
Fund balances:						
Reserved for:						
Fire revolving loans	\$ 797,980	\$ -	\$ -	\$ -	\$ -	\$ 797,980
Construction	-	-	-	35,887,286	-	35,887,286
Drug enforcement	337,887	-	-	-	-	337,887
Unreserved, reported in:						
General fund	13,363,450	-	-	-	-	13,363,450
Debt service funds	-	-	(500)	-	-	(500)
Capital projects funds	-	-	-	-	650,341	650,341
Total fund balances	<u>\$ 14,499,317</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ 35,887,286</u>	<u>\$ 650,341</u>	<u>\$ 51,036,444</u>
Total liabilities and fund balances	<u>\$ 27,486,408</u>	<u>\$ 1,131,379</u>	<u>\$ -</u>	<u>\$ 35,976,229</u>	<u>\$ 716,407</u>	<u>\$ 65,310,423</u>

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

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	\$ 51,036,444
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,440,666
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,547,501
Equity interest in joint venture not reported in the funds.	4,652,569
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	768,740
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(73,464,493)</u>
Net assets of governmental activities	<u>\$ 66,981,427</u>

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

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

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements	School Capital Projects Fund	Total
REVENUES						
General property taxes	\$ 42,760,266	\$ -	\$ -	\$ -	\$ -	\$ 42,760,266
Other local taxes	15,859,972	-	-	-	-	15,859,972
Permits, privilege fees, and regulatory licenses	590,168	-	-	-	-	590,168
Fines and forfeitures	206,887	-	-	-	-	206,887
Revenue from the use of money and property	1,792,056	-	-	-	-	1,792,056
Charges for services	2,308,603	361,690	-	-	-	2,670,293
Miscellaneous	437,853	-	-	-	-	437,853
Recovered costs	124,650	716,511	-	-	-	841,161
Intergovernmental revenues:						
Commonwealth	9,036,972	5,623,135	247,952	1,730,500	918,962	17,557,521
Federal	1,202,073	4,820,788	-	344,136	-	6,366,997
Total revenues	\$ 74,319,500	\$ 11,522,124	\$ 247,952	\$ 2,074,636	\$ 918,962	\$ 89,083,174
EXPENDITURES						
Current:						
General government administration	\$ 4,036,220	\$ -	\$ -	\$ -	\$ -	\$ 4,036,220
Judicial administration	1,789,570	-	-	-	-	1,789,570
Public safety	14,791,170	-	-	-	-	14,791,170
Public works	3,624,473	-	-	-	-	3,624,473
Health and welfare	940,387	13,664,732	-	-	-	14,605,119
Education	31,884,595	-	-	-	-	31,884,595
Parks, recreation, and cultural	2,718,695	-	-	-	-	2,718,695
Community development	1,568,318	-	-	-	-	1,568,318
Nondepartmental	152,874	-	-	-	-	152,874
Capital projects	-	-	-	6,953,640	914,777	7,868,417
Debt service:						
Principal retirement	-	-	5,400,528	-	-	5,400,528
Interest and other fiscal charges	-	-	3,704,367	-	-	3,704,367
Total expenditures	\$ 61,506,302	\$ 13,664,732	\$ 9,104,895	\$ 6,953,640	\$ 914,777	\$ 92,144,346
Excess (deficiency) of revenues over (under) expenditures	\$ 12,813,198	\$ (2,142,608)	\$ (8,856,943)	\$ (4,879,004)	\$ 4,185	\$ (3,061,172)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 2,142,608	\$ 8,856,943	\$ 5,936,000	\$ 64,282	\$ 16,999,833
Transfers out	(16,935,551)	-	-	(64,282)	-	(16,999,833)
Total other financing sources (uses)	\$ (16,935,551)	\$ 2,142,608	\$ 8,856,943	\$ 5,871,718	\$ 64,282	\$ -
Net change in fund balances	\$ (4,122,353)	\$ -	\$ -	\$ 992,714	\$ 68,467	\$ (3,061,172)
Fund balances - beginning	18,621,670	-	(500)	34,894,572	581,874	54,097,616
Fund balances - ending	\$ 14,499,317	\$ -	\$ (500)	\$ 35,887,286	\$ 650,341	\$ 51,036,444

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

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

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

Net change in fund balances - total governmental funds \$ (3,061,172)

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. (6,172,465)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 636,503

Revenues related to the equity interest in joint venture not reported as revenues in the funds. 2,547,681

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. 5,400,528

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. (62,821)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (134,353)

Change in net assets of governmental activities \$ (846,099)

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Investments	\$ 2,047,370
Accounts receivables, net of allowances for uncollectibles	103,059
Inventories	17,798
Prepaid expenses	105,187
Total current assets	<u>\$ 2,273,414</u>
LIABILITIES	
Current liabilities:	
Reconciled overdraft	\$ 755,641
Accounts payable	440
Due to other funds	30,000
Deposits held in escrow	16,991
Total current liabilities	<u>\$ 803,072</u>
NET ASSETS	
Unrestricted	<u>\$ 1,470,342</u>
Total net assets	<u><u>\$ 1,470,342</u></u>

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

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

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 203,810
Total operating revenues	<u>\$ 203,810</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 16
Insurance claims and expenses	815,723
Total operating expenses	<u>\$ 815,739</u>
Operating income (loss)	<u>\$ (611,929)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 67,544
Total nonoperating revenues (expenses)	<u>\$ 67,544</u>
Change in net assets	<u>\$ (544,385)</u>
Total net assets - beginning	<u>2,014,727</u>
Total net assets - ending	<u><u>\$ 1,470,342</u></u>

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

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

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for materials and supplies	\$ 900
Receipts for insurance premiums	211,419
Payments to suppliers	(103,864)
Payments for premiums	(815,837)
Net cash provided by (used in) operating activities	<u>\$ (707,382)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Negative cash balance implicitly financed	<u>\$ 711,553</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	\$ (170,673)
Interest and dividends received	63,538
Net cash provided by (used in) investing activities	<u>\$ (107,135)</u>
Net increase (decrease) in cash and cash equivalents	\$ (102,964)
Cash and cash equivalents - beginning	58,876
Cash and cash equivalents - ending	<u>\$ (44,088)</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (611,929)</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	11,459
(Increase) decrease in inventories	3,200
(Increase) decrease in prepaid expenses	(89,119)
Increase (decrease) in accounts payable	(18,043)
Increase (decrease) in deferred revenue	(2,950)
Total adjustments	<u>\$ (95,453)</u>
Net cash provided by (used in) operating activities	<u>\$ (707,382)</u>
Noncash investing, capital, and financing activities:	
Increase in fair value of investments	<u>\$ 4,006</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,548,924
Other receivables	5,875
Total assets	<u>\$ 2,554,799</u>
LIABILITIES	
Accounts payable	\$ 391,500
Accrued liabilities	250,566
Amounts held for social services clients	101,388
Amounts held for Shenandoah Valley Regional Program	1,643,674
Amounts held for Valley Alcohol Safety Action Program	167,671
Total liabilities	<u>\$ 2,554,799</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO 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 Augusta, Virginia (government) is a municipal corporation governed by an elected seven-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 - There are no blended component units for the year ended June 30, 2009.

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 Augusta 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 Augusta County School Board does not prepare separate financial statements.

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. The Board of Supervisors appoints the board members of the Augusta County Industrial Development Authority.

Undivided Interests - The Augusta Regional Landfill is an undivided interest contractually formed by the Cities of Staunton and Waynesboro and the County of Augusta, Virginia. The purposes for which the Landfill is formed are to develop regional garbage and refuse disposal, including development of systems and facilities for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, construction, and/or operating and maintaining regional solid waste disposal areas, systems and facilities. The Landfill began operations on December 11, 1970. For the year ended June 30, 2009, the County contributed \$2,871,084 to the Landfill for capital expenses.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 1—Summary of Significant Accounting Policies: (continued)

A. Reporting Entity: (Continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of operations for the Augusta Regional Landfill for the year ended June 30, 2009 is as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 1,231,838	\$ 543,934	\$ 796,530
% of Total Revenues	47.89%	21.15%	30.97%

Complete financial statements for the Landfill can be obtained at the Augusta County Service Authority in Verona, Virginia.

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Vocational Technical Education Center for local residents. The Center provides vocational training to secondary and adult students. Valley Vocational Technical Education Center is governed by a six member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Valley Vocational Technical Education Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2009 as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 3,664,600	\$ 724,935	\$ 633,318
% of Total Revenues	72.96%	14.43%	12.61%

Complete financial statements for the Center can be obtained from their Administrative Offices in Fishersville, Virginia.

Jointly Governed Organizations - The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Upper Valley Regional Park Authority, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$38,000 for operations to the Upper Valley Regional Park Authority, \$124,980 to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$318,852 to the Shenandoah Valley Juvenile Detention Home and \$493,722 to the Middle River Regional Jail Authority.

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 however interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state, which is generally in the month preceding receipt by the County.

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the Fire Revolving Loan, Drug Enforcement, and Industrial Development Funds.

The *special revenue fund* accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the Virginia Public Assistance Fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. Debt service funds consist of the School Debt Service Fund.

The *capital project fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the County Capital Improvements Fund.

The *school capital projects fund* accounts for the major construction expenditures for the school system. The majority of financing is provided from bond issues.

Additionally, the government reports the following fund types:

Internal service funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds consist of the Central Stores and Self-insurance Funds.

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 Special Welfare, Shenandoah Valley Regional Program, Valley Alcohol Safety Action Program, Valley Vocational Technical Education Center and Blue Ridge Disability Services Board.

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, however interfund services provided and used are not eliminated in the process of consolidation. The Central Stores Fund is allocated based on the function's usage and the Self-insurance Fund is allocated based on the function's number of employees.

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

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

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

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.

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.

Note 1—Summary of Significant Accounting Policies: (continued)

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

3. Inventory

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$622,704 at June 30, 2009 and is composed solely of property taxes. This allowance represents .25% of the total levies for the previous six years.

6. Use of Estimates

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

7. Capital Assets

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

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

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

Note 1—Summary of Significant Accounting Policies: (continued)

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

7. Capital Assets (continued)

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
Land improvements	15
Machinery and equipment	5-10

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

9. 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.

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.

10. 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009 (CONTINUED)

Note 1—Summary of Significant Accounting Policies: (continued)

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

11. Net Assets

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

Note 2—Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net assets governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$73,464,493 and \$2,858,692 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 70,155,832	\$ -
Accrued interest payable	1,551,640	-
Net OPEB obligation payable	276,000	472,000
Compensated absences	1,481,021	2,386,692
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 73,464,493</u>	<u>\$ 2,858,692</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 2—Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$(6,172,465) and \$2,227,992 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Capital outlay	\$ 2,505,825	\$ 1,912,115
Depreciation expense	(3,277,762)	(5,084,651)
Allocation of debt financed school assets based on current year repayments	<u>(5,400,528)</u>	<u>5,400,528</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>\$ (6,172,465)</u>	<u>\$ 2,227,992</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$5,400,528 difference in the primary government are as follows:

Principal repayments:	
General obligation debt	\$ <u>5,400,528</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>\$ 5,400,528</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009 (CONTINUED)

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

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

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these (\$62,821) and (\$966,858) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ (45,686)	\$ (494,858)
Net OPEB obligation	(276,000)	(472,000)
Accrued interest	134,418	-
Amortization of bond premium	<u>124,447</u>	<u>-</u>
Net adjustment to increase <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ (62,821)</u>	<u>\$ (966,858)</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 April 1, 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, Virginia Public Assistance Fund, School Operating Fund, School Cafeteria Fund, School Capital Projects Fund, School Debt Fund, Head Start Fund, Governor's School Fund and County Capital Improvement 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 fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts between general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 3—Stewardship, Compliance, and Accountability (Continued)

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project.
7. All budget data presented in the accompanying financial statements is the original and revised budget as of June 30.
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.
9. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

B. Excess of expenditures over appropriations

For the year ended June 30, 2009, the county capital improvements and governor's school funds had expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2009, the debt service fund had a deficit fund balance of (\$500), which represents an accounts payable for trustee fees.

Note 4—Deposits and Investments:

Deposits

All cash of the primary government is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments

Statutes authorize the County 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).

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

Custodial Credit Risk (Investments)

The County's investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2009 all of the County's investments were held in accordance with this policy.

Credit Risk of Debt Securities

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

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

County's Rated Debt Investments' Values

	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
U.S. Agencies	\$ 19,477,683	\$ -	\$ -	\$ -	\$ -
Corporate Debt	1,119,716	8,099,743	51,016	-	-
Local Government					
Investment Pool	360,043	-	-	-	-
Money Market Mutual Fund	3,145,435	-	-	-	-
Municipal Public Bonds	499,995	5,904,291	-	-	-
Total	<u>\$ 24,602,872</u>	<u>\$ 14,004,034</u>	<u>\$ 51,016</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

The County's investment policy limits the investment in bankers' acceptances to 40% of total funds available for investment. Not more than 35% of the County's total investments may be in commercial paper and not more than 5% in the obligations of any one issuer.

The County had investments at June 30, 2009, with more than 5 percent of the total in securities of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years.

Investment Maturities (in years)

Investment Type	Fair Value	1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Municipal Bonds	\$ 6,404,286	\$ 3,216,228	\$ 3,188,058	\$ -	-
Corporate Debt	9,270,475	9,219,459	51,016	-	-
U.S. Agencies	19,477,683	16,128,410	3,349,273	-	-
Total	\$ 35,152,444	\$ 28,564,097	\$ 6,588,347	\$ -	-

External Investment Pools

The fair value of the position in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. This pool is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury.

Note 5—Due from Other Governmental Units:

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

	Primary Government	Component Unit
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 708,896	\$ -
State sales tax	-	1,670,607
Motor vehicle carrier's tax	77,941	-
State recordation tax	53,533	-
Excess fees-Clerk of Court	17,331	-
Reimbursement of shared services	453,536	-
Other	32,978	10,855
Auto rental tax	9,243	-
Comprehensive services act	429,915	-
Virginia public assistance	277,772	-
PPTRA	214,800	-
Communcations tax	378,269	-
<u>Federal Government:</u>		
Virginia public assistance	387,412	-
Criminal justice	11,424	-
Other	3,461	-
School grants	-	332,313
Headstart	-	363,476
Totals	\$ 3,056,511	\$ 2,377,251

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 6—Interfund Obligations:

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 1,148,421	\$ -	\$ 7,334,481	\$ 163,891
Central Stores Fund	-	30,000	-	-
VPA Fund	-	1,118,421	-	-
Total	<u>\$ 1,148,421</u>	<u>\$ 1,148,421</u>	<u>\$ 7,334,481</u>	<u>\$ 163,891</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 7,334,481
General Fund	-	-	163,891	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,891</u>	<u>\$ 7,334,481</u>

The interfund receivables and payables are due to the fact that the general fund aided in funding the operations of the various funds.

Note 7—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 16,935,551
Virginia Public Assistance Fund	2,142,608	-
School Debt Service Fund	8,856,943	-
County Capital Improvements Fund	5,936,000	64,282
School Capital Projects Fund	64,282	-
Total	<u>\$ 16,999,833</u>	<u>\$ 16,999,833</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009 (CONTINUED)

Note 8—Long-Term Debt:

Primary Government-Governmental activity Indebtedness:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2010	\$ 5,332,496	\$ 3,293,050
2011	5,327,893	3,012,343
2012	5,334,025	2,732,838
2013	5,271,130	2,455,220
2014	5,149,841	2,182,150
2015	4,557,755	1,928,935
2016	4,604,925	1,691,299
2017	3,723,130	1,474,595
2018	3,761,957	1,285,111
2019	3,802,918	1,098,480
2020	3,088,054	928,097
2021	2,629,254	791,697
2022	2,644,031	668,864
2023	2,657,861	546,645
2024	2,673,072	423,874
2025	2,691,655	297,232
2026	2,043,112	184,907
2027	2,057,344	86,996
2028	742,320	18,929
Total	\$ <u>68,092,773</u>	\$ <u>25,101,264</u>

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

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
General obligation bonds	\$ 73,493,301	\$ -	\$ 5,400,528	\$ 68,092,773
Premium on bond issue	2,187,506	-	124,447	2,063,059
Compensated absences	1,435,335	45,686	-	1,481,021
Total Long-Term Liabilities	\$ <u>77,116,142</u>	\$ <u>45,686</u>	\$ <u>5,524,975</u>	\$ <u>71,636,853</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction):</u>		
\$679,262 1991B Series, issued July 31, 1991, Virginia Public School Authority Bonds, due in annual installments from \$41,192 to \$44,119 through July 15, 2011, plus interest at 6.6%	\$ 127,918	\$ 41,192
\$2,330,000 1992A Series, issued December 17, 1992, Virginia Public School Authority Bonds, due in annual installments from \$70,000 to \$95,000 through December 15, 2012 plus interest at 5.85%	345,000	95,000
\$3,000,000 1993A Series, issued April 29, 1993, Virginia Public School Authority Bonds, due in annual installments from \$95,000 to \$130,000 through July 15, 2013, plus interest at 5.5%	455,000	130,000
\$3,000,000 1993B Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$15,000 to \$80,000 through July 15, 2013, plus interest at 4.975% to 5%	200,000	80,000
\$12,000,000 1994A Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$615,000 to \$620,000 through July 15, 2013, plus interest at 6.225% to 6.3%	3,080,000	615,000
\$6,000,000 1995A Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$300,000 through July 15, 2015, plus semi-annual interest at 5.1%	2,100,000	300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$552,434 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%	4,088,792	552,434
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$644,733 to \$742,320 through July 15, 2018, plus semi-annual interest at 4.6% to 5.1%	6,869,562	644,733

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term-indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$2,000,000 1999A Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments of \$100,000 through July 15, 2019, plus semi-annual interest at 5.35% to 6.1%	\$ 1,100,000	\$ 100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$290,220 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.35% to 6.1%	3,570,132	290,220
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through January 15, 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will amortized over the life of the bond.	4,695,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$294,895 to \$372,067 through January 2025, plus semi-annual interest at 4.1% to 5.6%. The bond was issued at a premium of \$474,102 which will amortized over the life of the bond.	5,331,413	294,895
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments of \$1,330,000 through July 2026, plus semi-annual interest at 4.225% to 5.1%. The bond was issued at a premium of \$791,524 which will amortized over the life of the bond.	23,940,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$564,022 to \$742,320 through July 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will amortized over the life of the bond.	12,189,956	564,022
Sub-total General obligation bonds payable	<u>\$ 68,092,773</u>	<u>\$ 5,332,496</u>
Unamortized premium on general obligation bonds	<u>\$ 2,063,059</u>	<u>\$ -</u>
Compensated absences (payable from the general fund)	<u>\$ 1,481,021</u>	<u>\$ 133,292</u>
Total	<u>\$ 71,636,853</u>	<u>\$ 5,465,788</u>

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2008	Issuances	Retirements	Balance June 30, 2009
Compensated absences	\$ 1,891,836	\$ 494,856	\$ -	\$ 2,386,692
Total Long-Term Liabilities	<u>\$ 1,891,836</u>	<u>\$ 494,856</u>	<u>\$ -</u>	<u>\$ 2,386,692</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	\$ <u>2,386,692</u>	\$ <u>456,316</u>

Note 9—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years 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 for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for 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 our web site at <http://www.varetire.org/PDF/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 9—Defined Benefit Pension Plan: (continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2009 were 7.35% and 5.42%, respectively, of annual covered payroll.

The School Board's contributions for professional employees were \$4,841,081, \$5,455,762, and \$4,731,932, to the teacher cost—sharing pool for the fiscal years ended June 30, 2009, 2008 and 2007, respectively and these contributions represented 8.81%, 10.30%, and 9.20% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2009, the County's annual pension cost of \$1,150,700 was equal to the County's required and actual contributions.

For fiscal year 2009, the County School Board's annual pension cost for the board's non-professional employees was \$134,800 which was equal to the board's required and actual contributions.

Three-Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County:			
6/30/09	\$ 1,150,700	100%	\$ -
6/30/08	1,130,276	100%	-
6/30/07	1,243,822	100%	-
Discretely Presented Component Unit:			
School Board Non-Professional			
6/30/09	\$ 134,800	100%	\$ -
6/30/08	238,208	100%	-
6/30/07	236,741	100%	-

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 9—Defined Benefit Pension Plan: (continued)

D. Funded Status and Funding Progress:

As of June 30, 2008, the most recent actuarial valuation date, the County's plan was 91.96% funded. The actuarial accrued liability for benefits was \$61,807,836, and the actuarial value of assets was \$56,837,932, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,969,904. The covered payroll (annual payroll of active employees covered by the plan) was \$15,436,487, and ratio of the UAAL to the covered payroll was 32.20%.

As of June 30, 2008, the most recent actuarial valuation date, the County School Board's plan was 99.99% funded. The actuarial accrued liability for benefits was \$8,440,970, and the actuarial value of assets was \$8,440,261, resulting in an unfunded actuarial accrued liability (UAAL) of \$709. The covered payroll (annual payroll of active employees covered by the plan) was \$2,293,833, and ratio of the UAAL to the covered payroll was 0.03%.

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

Note 10—Other Post-Employment Benefits Program:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 10—Other Post-Employment Benefits Program: (Continued)

County:

A. Plan Description:

The County offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The County will pay 75% of the monthly premium, not to exceed \$2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change, with the maximum County subsidy remaining at \$2,500 per year.

C. Annual OPEB Cost and Net OPEB Obligation):

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution of ARC. The estimated pay as you go cost for OPEB benefits is \$499,000 for fiscal year 2009. The County has paid \$223,000 towards this obligation during FY 09. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost

For 2009, the County's expected cash payment of \$223,000 was \$276,000 short of the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 499,000	44.69%	\$ 276,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 10—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

C. Annual Required Contribution (ARC): (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008 is as follows:

Actuarial accrued liability (AAL)	\$	3,714,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	3,714,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	14,112,000
UAAL as a percentage of covered payroll		26.30%

Actuarial Methods and Assumptions

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

Cost Method

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

Interest Assumptions

Funding interest rate	4.50%
Annual amortization increase rate	2.50%

Note 10—Other Post-Employment Benefits Program: (Continued)

School Board:

A. Plan Description:

The School Board offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The School Board will pay 75% of the monthly premium, not to exceed \$2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Spouses and dependents may maintain coverage after the death of the retiree as long as they meet the eligibility requirements of the plan and assume full responsibility for the premiums. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change, with the maximum County subsidy remaining at \$2,500 per year.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$1,257,000 for fiscal year 2009. The School Board has paid \$785,000 towards this obligation during FY 09. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 10—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

C. Annual Required Contribution (ARC): (Continued)

Annual OPEB Cost

For 2009, the School Board's expected cash payment of \$785,000 was \$472,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 1,257,000	62.45%	\$ 472,000

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$	12,047,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	12,047,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)		55,425,000
UAAL as a percentage of covered payroll		21.70%

Actuarial Methods and Assumptions

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 10—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

Cost Method

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

C. Annual Required Contribution (ARC): (Continued)

Interest Assumptions

Funding interest rate	4.50%
Annual amortization increase rate	2.50%

Note 11—Unearned Revenue:

Unearned revenue of the primary government 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 of the primary government totaling \$2,277,201 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2009, but paid in advance by the taxpayers totaled \$715,488 at June 30, 2009.
- B. Deferred loan payments – Amounts deferred for the repayment of loans from County fire departments totaled \$1,155,357 at June 30, 2009.
- C. Payments in lieu of taxes – Revenue deferred in the amount of \$406,356 paid in advance by the federal government:

Payment in lieu of taxes	\$	362,266
Library grant		33,771
Local utility tax		10,319
Total	\$	<u>406,356</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 12—Capital Assets:

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

Primary Government

Governmental Activities	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 4,220,875	\$ -	\$ -	\$ -	\$ 4,220,875
Construction in Progress	412,316	300,098	(145,751)	-	566,663
Total capital assets not being depreciated	<u>\$ 4,633,191</u>	<u>\$ 300,098</u>	<u>\$ (145,751)</u>	<u>\$ -</u>	<u>\$ 4,787,538</u>
Capital assets being depreciated:					
Buildings	\$ 96,214,965	\$ 208,620	\$ (5,400,528)	\$ -	\$ 91,023,057
Machinery & Equipment	8,322,078	1,003,979	(538,275)	-	8,787,782
Land Improvements	848,972	206,637	-	-	1,055,609
Total capital assets being depreciated	<u>\$ 105,386,015</u>	<u>\$ 1,419,236</u>	<u>\$ (5,938,803)</u>	<u>\$ -</u>	<u>\$ 100,866,448</u>
Less Accumulated depreciation for:					
Buildings	\$ (15,969,574)	\$ (2,295,821)	\$ 935,000	\$ 214,636	\$ (17,115,759)
Machinery & Equipment	(6,436,504)	(913,633)	535,520	28,744	(6,785,873)
Land Improvement	-	(68,308)	-	(243,380)	(311,688)
Total Accumulated depreciation	<u>\$ (22,406,078)</u>	<u>\$ (3,277,762)</u>	<u>\$ 1,470,520</u>	<u>\$ -</u>	<u>\$ (24,213,320)</u>
Total capital assets being depreciated, net	<u>\$ 82,979,937</u>	<u>\$ (1,858,526)</u>	<u>\$ (4,468,283)</u>	<u>\$ -</u>	<u>\$ 76,653,128</u>
Governmental activities capital assets, net	<u>\$ 87,613,128</u>	<u>\$ (1,558,428)</u>	<u>\$ (4,614,034)</u>	<u>\$ -</u>	<u>\$ 81,440,666</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 12—Capital Assets: (Continued)

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

Governmental activities:		
General government	\$	766,288
Judicial administration		6,763
Public safety		703,380
Public works		33,938
Health and welfare		12,147
Education		1,702,319
Parks, recreation, and cultural		47,927
Community development		<u>5,000</u>
Total depreciation expenses-governmental activities	\$	<u><u>3,277,762</u></u>

Discretely Presented Component Unit

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,090,973	\$ -	\$ -	\$ 2,090,973
Construction in Progress	-	55,900	-	55,900
Total capital assets not being depreciated	<u>\$ 2,090,973</u>	<u>\$ 55,900</u>	<u>\$ -</u>	<u>\$ 2,146,873</u>
Capital assets being depreciated:				
Buildings	\$ 87,263,738	\$ 6,050,717	\$ -	\$ 93,314,455
Machinery & Equipment	19,386,825	1,223,630	(61,650)	20,548,805
Total capital assets being depreciated	<u>\$ 106,650,563</u>	<u>\$ 7,274,347</u>	<u>\$ (61,650)</u>	<u>\$ 113,863,260</u>
Less Accumulated depreciation for:				
Buildings	\$ (31,064,128)	\$ (5,537,253)	\$ 1,702,319	\$ (34,899,062)
Machinery & Equipment	(14,530,719)	(1,261,646)	55,975	(15,736,390)
Total Accumulated depreciation	<u>\$ (45,594,847)</u>	<u>\$ (6,798,899)</u>	<u>\$ 1,758,294</u>	<u>\$ (50,635,452)</u>
Total capital assets being depreciated, net	<u>\$ 61,055,716</u>	<u>\$ 475,448</u>	<u>\$ 1,696,644</u>	<u>\$ 63,227,808</u>
School Board Capital assets, net	<u><u>\$ 63,146,689</u></u>	<u><u>\$ 531,348</u></u>	<u><u>\$ 1,696,644</u></u>	<u><u>\$ 65,374,681</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

Note 12—Capital Assets: (Continued)

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$	5,863,899
Transfer of accumulated depreciation from primary government for corresponding debt financed assets		<u>935,000</u>
Net increases in accumulated depreciation	\$	<u><u>6,798,899</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta, Virginia for the year ended June 30, 2009, is that school financed assets in the amount of \$68,092,773 are reported in the Primary Government for financial reporting purposes.

Note 13—Risk Management

The County is a member of the Virginia Association of Counties Risk Pool (VACORP) for all risks of losses. This workers' compensation program is administered by a servicing contractor, which furnishes claims review and processing. The County administers the workers' compensation program in the Insurance Trust Fund (an Internal Service Fund) by charging the various funds a portion of the premium.

Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays VACORP contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County also participates in the VaRisk2, a group liability self insurance plan, administered by the Commonwealth of Virginia, Department of General Services, Division of Risk Management. The County pays an annual premium for its public officials general liability insurance to this public entity risk pool currently operating as a common risk management and insurance program for participating governments. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

The County continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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—Reconciliation of Internal Service Fund Net Assets:

Internal Service Fund net assets were allocated as follows:

Total internal service fund net assets per Exhibit 7	\$ <u>1,470,342</u>
Total internal service fund net assets allocated to primary government per Exhibit 4	\$ 768,740
Total internal service fund net assets allocated to discretely presented component unit school board per Exhibit 26	<u>701,602</u>
Total	\$ <u>1,470,342</u>

Note 16—Landfill Closure and Postclosure Costs:

The County of Augusta and the Cities of Waynesboro and Staunton share the costs of landfill operations on a site operated by the Augusta Regional Landfill. State and federal laws and regulations require the regional landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County recognizes a portion of these closure and postclosure care costs as a component of its equity interest in the landfill joint venture.

At June 30, 2009 the Augusta Regional Landfill reported as its landfill closure liability \$3,593,980 which represents the cumulative amount reported to date based on the use of 82% of the estimated capacity of the Permit #585 (Phases 1-3) landfill. The Augusta Regional Landfill reported a postclosure monitoring liability of \$3,126,340 at June 30, 2009. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 82% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.64% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2009 for both landfill permits are \$6,720,320. The Landfill will recognize the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$1,006,195 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled in the next two years. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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	\$ 43,338,000	\$ 43,256,000	\$ 42,760,266	\$ (495,734)
Other local taxes	17,106,580	16,198,580	15,859,972	(338,608)
Permits, privilege fees, and regulatory licenses	829,100	622,800	590,168	(32,632)
Fines and forfeitures	234,000	194,000	206,887	12,887
Revenue from the use of money and property	2,497,500	1,584,100	1,792,056	207,956
Charges for services	2,437,000	2,373,400	2,308,603	(64,797)
Miscellaneous	435,000	428,000	437,853	9,853
Recovered costs	138,500	128,700	124,650	(4,050)
Intergovernmental revenues:				
Commonwealth	9,574,700	9,643,300	9,036,972	(606,328)
Federal	241,000	460,000	1,202,073	742,073
Total revenues	<u>\$ 76,831,380</u>	<u>\$ 74,888,880</u>	<u>\$ 74,319,500</u>	<u>\$ (569,380)</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,522,324	\$ 4,146,389	\$ 4,036,220	\$ 110,169
Judicial administration	1,744,690	1,819,860	1,789,570	30,290
Public safety	14,988,668	15,158,379	14,791,170	367,209
Public works	3,417,100	3,440,170	3,624,473	(184,303)
Health and welfare	817,300	940,045	940,387	(342)
Education	33,559,374	33,559,374	31,884,595	1,674,779
Parks, recreation, and cultural	2,730,984	2,768,757	2,718,695	50,062
Community development	1,814,909	1,756,668	1,568,318	188,350
Nondepartmental	580,932	227,001	152,874	74,127
Total expenditures	<u>\$ 64,176,281</u>	<u>\$ 63,816,643</u>	<u>\$ 61,506,302</u>	<u>\$ 2,310,341</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,655,099</u>	<u>\$ 11,072,237</u>	<u>\$ 12,813,198</u>	<u>\$ 1,740,961</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (17,004,043)</u>	<u>\$ (16,840,399)</u>	<u>\$ (16,935,551)</u>	<u>\$ (95,152)</u>
Total other financing sources and uses	<u>\$ (17,004,043)</u>	<u>\$ (16,840,399)</u>	<u>\$ (16,935,551)</u>	<u>\$ (95,152)</u>
Net change in fund balances	\$ (4,348,944)	\$ (5,768,162)	\$ (4,122,353)	\$ 1,645,809
Fund balances - beginning	<u>\$ 4,348,944</u>	<u>\$ 5,768,162</u>	<u>\$ 18,621,670</u>	<u>\$ 12,853,508</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,499,317</u>	<u>\$ 14,499,317</u>

Special Revenue Fund - Virginia Public Assistance 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				
Charges for services	\$ 191,142	\$ 191,142	\$ 361,690	\$ 170,548
Recovered costs	718,905	718,905	716,511	(2,394)
Intergovernmental revenues:				
Commonwealth	5,572,861	5,584,505	5,623,135	38,630
Federal	5,125,849	5,125,849	4,820,788	(305,061)
Total revenues	<u>\$ 11,608,757</u>	<u>\$ 11,620,401</u>	<u>\$ 11,522,124</u>	<u>\$ (98,277)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 13,666,700	\$ 13,666,700	\$ 13,664,732	\$ 1,968
Total expenditures	<u>\$ 13,666,700</u>	<u>\$ 13,666,700</u>	<u>\$ 13,664,732</u>	<u>\$ 1,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,057,943)</u>	<u>\$ (2,046,299)</u>	<u>\$ (2,142,608)</u>	<u>\$ (96,309)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 2,057,943</u>	<u>\$ 2,046,299</u>	<u>\$ 2,142,608</u>	<u>\$ 96,309</u>
Total other financing sources and uses	<u>\$ 2,057,943</u>	<u>\$ 2,046,299</u>	<u>\$ 2,142,608</u>	<u>\$ 96,309</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Pension Funding Progress
As of June 30, 2009

PRIMARY GOVERNMENT:**County Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/08	\$ 56,837,932	\$ 61,807,836	\$ 4,969,904	91.96%	\$ 15,436,487	32.20%
06/30/07	51,901,499	55,341,773	3,440,274	93.78%	14,236,700	24.16%
06/30/06	46,228,179	49,242,258	3,014,079	93.88%	17,051,457	17.68%
06/30/05	42,947,708	49,409,915	6,462,207	86.92%	13,510,229	47.83%
06/30/04	41,517,368	45,493,890	3,976,522	91.26%	12,559,811	31.66%

DISCRETELY PRESENTED COMPONENT UNIT:**School Board Non-Professional Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/08	\$ 8,440,261	\$ 8,440,970	\$ 709	99.99%	\$ 2,293,833	0.03%
06/30/07	7,573,012	7,951,877	378,865	95.24%	2,346,119	16.15%
06/30/06	6,718,738	7,445,204	726,466	90.24%	2,137,393	33.99%
06/30/05	6,351,049	7,741,749	1,390,700	82.04%	2,075,583	67.00%
06/30/04	6,242,063	6,354,136	112,073	98.24%	1,963,205	5.71%

Other Post-Employment Benefit Program
 Schedule of Funding Progress
 As of June 30, 2009

PRIMARY GOVERNMENT:

County Other Post-Employment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/08	\$ -	\$ 3,714,000	\$ 3,714,000	0.00%	\$ 14,112,000	26.3%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Post-Employment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/08	\$ -	\$ 12,047,000	\$ 12,047,000	0.00%	55,425,000	21.70%

Note:

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

OTHER SUPPLEMENTARY INFORMATION

School Debt Service 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				
Intergovernmental revenues:				
Commonwealth	\$ 247,900	\$ 247,900	\$ 247,952	\$ 52
Total revenues	\$ 247,900	\$ 247,900	\$ 247,952	\$ 52
EXPENDITURES				
Debt service:				
Principal retirement	\$ 5,400,528	\$ 5,400,528	\$ 5,400,528	\$ -
Interest and other fiscal charges	3,705,472	3,705,472	3,704,367	1,105
Total expenditures	\$ 9,106,000	\$ 9,106,000	\$ 9,104,895	\$ 1,105
Excess (deficiency) of revenues over (under) expenditures	\$ (8,858,100)	\$ (8,858,100)	\$ (8,856,943)	\$ 1,157
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,858,100	\$ 8,858,100	\$ 8,856,943	\$ (1,157)
Total other financing sources and uses	\$ 8,858,100	\$ 8,858,100	\$ 8,856,943	\$ (1,157)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	\$ -	\$ -	\$ (500)	\$ (500)
Fund balances - ending	\$ -	\$ -	\$ (500)	\$ (500)

County Capital Projects 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				
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ 1,730,500	\$ 1,730,500
Federal	-	-	344,136	344,136
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074,636</u>	<u>\$ 2,074,636</u>
EXPENDITURES				
Current:				
Capital projects	\$ 6,088,000	\$ 5,936,000	\$ 6,953,640	\$ (1,017,640)
Total expenditures	<u>\$ 6,088,000</u>	<u>\$ 5,936,000</u>	<u>\$ 6,953,640</u>	<u>\$ (1,017,640)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,088,000)</u>	<u>\$ (5,936,000)</u>	<u>\$ (4,879,004)</u>	<u>\$ 1,056,996</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,338,000	\$ 5,936,000	\$ 5,936,000	\$ -
Transfers out	(250,000)	-	(64,282)	(64,282)
Total other financing sources and uses	<u>\$ 6,088,000</u>	<u>\$ 5,936,000</u>	<u>\$ 5,871,718</u>	<u>\$ (64,282)</u>
Net change in fund balances	\$ -	\$ -	\$ 992,714	\$ 992,714
Fund balances - beginning	-	-	34,894,572	34,894,572
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,887,286</u>	<u>\$ 35,887,286</u>

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 846,986	\$ 919,142	\$ 918,962	\$ (180)
Total revenues	\$ 846,986	\$ 919,142	\$ 918,962	\$ (180)
EXPENDITURES				
Current:				
Capital projects	\$ 1,096,986	\$ 1,509,646	\$ 914,777	\$ 594,869
Total expenditures	\$ 1,096,986	\$ 1,509,646	\$ 914,777	\$ 594,869
Excess (deficiency) of revenues over (under) expenditures	\$ (250,000)	\$ (590,504)	\$ 4,185	\$ 594,689
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 250,000	\$ 590,504	\$ 64,282	\$ 526,222
Total other financing sources and uses	\$ 250,000	\$ 590,504	\$ 64,282	\$ 526,222
Net change in fund balances	\$ -	\$ -	\$ 68,467	\$ 68,467
Fund balances - beginning	-	-	581,874	581,874
Fund balances - ending	\$ -	\$ -	\$ 650,341	\$ 650,341

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	Agency Funds					Total
	Special Welfare	Shenandoah Valley Regional Program	Valley Alcohol Safety Action Program	Valley Vocational Technical Education Center	Blue Ridge Disability Services Board	
ASSETS						
Cash and cash equivalents	\$ 95,513	\$ 1,885,401	\$ 169,347	\$ 397,116	\$ 1,547	2,548,924
Other receivables	5,875	-	-	-	-	5,875
Total assets	<u>\$ 101,388</u>	<u>\$ 1,885,401</u>	<u>\$ 169,347</u>	<u>\$ 397,116</u>	<u>\$ 1,547</u>	<u>2,554,799</u>
LIABILITIES						
Accounts payable	\$ -	\$ 146,927	\$ 1,676	\$ 241,350	\$ 1,547	391,500
Accrued liabilities	-	94,800	-	155,766	-	250,566
Amounts held for social services clients	101,388	-	-	-	-	101,388
Amounts held for Shenandoah Valley Regional Program	-	1,643,674	-	-	-	1,643,674
Amounts held for Valley Alcohol Safety Action Program	-	-	167,671	-	-	167,671
Total liabilities	<u>\$ 101,388</u>	<u>\$ 1,885,401</u>	<u>\$ 169,347</u>	<u>\$ 397,116</u>	<u>\$ 1,547</u>	<u>2,554,799</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 147,470	\$ 262,156	\$ 314,113	\$ 95,513
Other receivables	-	5,875		5,875
Total assets	<u>\$ 147,470</u>	<u>\$ 268,031</u>	<u>\$ 314,113</u>	<u>\$ 101,388</u>
LIABILITIES				
Amounts held for social services clients	\$ 147,470	\$ 262,156	\$ 308,238	\$ 101,388
Total liabilities	<u>\$ 147,470</u>	<u>\$ 262,156</u>	<u>\$ 308,238</u>	<u>\$ 101,388</u>
Shenandoah Valley Regional Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 1,161,325	\$ 8,745,288	\$ 8,021,212	\$ 1,885,401
Total assets	<u>\$ 1,161,325</u>	<u>\$ 8,745,288</u>	<u>\$ 8,021,212</u>	<u>\$ 1,885,401</u>
LIABILITIES				
Accounts payable	\$ 223,198	\$ 146,927	\$ 223,198	\$ 146,927
Accrued liabilities	75,882	94,800	75,882	94,800
Amounts held for Shenandoah Valley Regional Program	862,245	8,745,288	7,963,859	1,643,674
Total liabilities	<u>\$ 1,161,325</u>	<u>\$ 8,987,015</u>	<u>\$ 8,262,939</u>	<u>\$ 1,885,401</u>
Valley Alcohol Safety Action Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 165,658	\$ 276,512	\$ 272,823	\$ 169,347
Total assets	<u>\$ 165,658</u>	<u>\$ 276,512</u>	<u>\$ 272,823</u>	<u>\$ 169,347</u>
LIABILITIES				
Accounts payable	\$ 7,947	\$ 1,676	\$ 7,947	\$ 1,676
Amounts held for Valley Alcohol Safety Action Program	157,711	276,512	266,552	167,671
Total liabilities	<u>\$ 165,658</u>	<u>\$ 278,188</u>	<u>\$ 274,499</u>	<u>\$ 169,347</u>
Valley Vocational Technical Education Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 468,982	\$ 5,074,405	\$ 5,146,271	\$ 397,116
Other receivables	26,950	-	26,950	-
Total assets	<u>\$ 495,932</u>	<u>\$ 5,074,405</u>	<u>\$ 5,173,221</u>	<u>\$ 397,116</u>
LIABILITIES				
Accounts payable	\$ 358,636	\$ 241,350	\$ 358,636	\$ 241,350
Accrued liabilities	137,296	155,766	137,296	155,766
Total liabilities	<u>\$ 495,932</u>	<u>\$ 397,116</u>	<u>\$ 495,932</u>	<u>\$ 397,116</u>
Blue Ridge Disability Services Board				
ASSETS				
Cash and cash equivalents	\$ -	\$ 23,659	\$ 22,112	\$ 1,547
Total assets	<u>\$ -</u>	<u>\$ 23,659</u>	<u>\$ 22,112</u>	<u>\$ 1,547</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,547	\$ -	\$ 1,547
Total liabilities	<u>\$ -</u>	<u>\$ 1,547</u>	<u>\$ -</u>	<u>\$ 1,547</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009 (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 1,943,435	\$ 14,382,020	\$ 13,776,531	\$ 2,548,924
Other receivables	26,950	5,875	26,950	5,875
Total assets	<u>\$ 1,970,385</u>	<u>\$ 14,387,895</u>	<u>\$ 13,803,481</u>	<u>\$ 2,554,799</u>
LIABILITIES				
Accounts payable	\$ 589,781	\$ 391,500	\$ 589,781	\$ 391,500
Accrued liabilities	213,178	250,566	213,178	250,566
Amounts held for social services clients	147,470	262,156	308,238	101,388
Amounts held for Shenandoah Valley Regional Program	862,245	8,745,288	7,963,859	1,643,674
Amounts held for Valley Alcohol Safety Action Program	157,711	276,512	266,552	167,671
Total liabilities	<u>\$ 1,970,385</u>	<u>\$ 9,926,022</u>	<u>\$ 9,341,608</u>	<u>\$ 2,554,799</u>

Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Investments	\$ -	\$ 2,047,370	\$ 2,047,370
Accounts receivables, net of allowances for uncollectibles	86,940	16,119	103,059
Inventories	17,798	-	17,798
Prepaid expense	105,187	-	105,187
Total current assets	<u>\$ 209,925</u>	<u>\$ 2,063,489</u>	<u>\$ 2,273,414</u>
LIABILITIES			
Current liabilities:			
Reconciled overdraft	\$ 44,088	\$ 711,553	\$ 755,641
Accounts payable	22	418	440
Due to other funds	30,000	-	30,000
Deposits held in escrow	16,785	206	16,991
Total liabilities	<u>\$ 90,895</u>	<u>\$ 712,177</u>	<u>\$ 803,072</u>
NET ASSETS			
Unrestricted	\$ 119,030	\$ 1,351,312	\$ 1,470,342
Total net assets	<u>\$ 119,030</u>	<u>\$ 1,351,312</u>	<u>\$ 1,470,342</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Funds
 For the Year Ended June 30, 2009

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Insurance premiums	\$ -	\$ 203,810	\$ 203,810
Total operating revenues	<u>\$ -</u>	<u>\$ 203,810</u>	<u>\$ 203,810</u>
OPERATING EXPENSES			
Other supplies and expenses	\$ 16	\$ -	\$ 16
Insurance claims and expenses	-	815,723	815,723
Total operating expenses	<u>\$ 16</u>	<u>\$ 815,723</u>	<u>\$ 815,739</u>
Operating income (loss)	<u>\$ (16)</u>	<u>\$ (611,913)</u>	<u>\$ (611,929)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ -	\$ 67,544	\$ 67,544
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ 67,544</u>	<u>\$ 67,544</u>
Change in net assets	<u>\$ (16)</u>	<u>\$ (544,369)</u>	<u>\$ (544,385)</u>
Total net assets - beginning	<u>\$ 119,046</u>	<u>\$ 1,895,681</u>	<u>\$ 2,014,727</u>
Total net assets - ending	<u><u>\$ 119,030</u></u>	<u><u>\$ 1,351,312</u></u>	<u><u>\$ 1,470,342</u></u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Central Stores Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 900	\$ -	\$ 900
Receipts for insurance premiums	-	211,419	211,419
Payments to suppliers	(103,864)	-	(103,864)
Payments for premiums	-	(815,837)	(815,837)
Net cash provided by (used in) operating activities	<u>\$ (102,964)</u>	<u>\$ (604,418)</u>	<u>\$ (707,382)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Negative cash balance implicitly financed	<u>\$ -</u>	<u>\$ 711,553</u>	<u>\$ 711,553</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	\$ -	\$ (170,673)	\$ (170,673)
Interest and dividends received	-	63,538	63,538
Net cash provided by (used in) investing activities	<u>\$ -</u>	<u>\$ (107,135)</u>	<u>\$ (107,135)</u>
Net increase (decrease) in cash and cash equivalents	\$ (102,964)	\$ -	\$ (102,964)
Cash and cash equivalents - beginning	58,876	-	58,876
Cash and cash equivalents - ending	<u>\$ (44,088)</u>	<u>\$ -</u>	<u>\$ (44,088)</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (16)</u>	<u>\$ (611,913)</u>	<u>\$ (611,929)</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable	\$ 3,850	\$ 7,609	\$ 11,459
(Increase) decrease in inventories	3,200	-	3,200
(Increase) decrease in prepaid items	(89,119)	-	(89,119)
Increase (decrease) in accounts payable	(17,929)	(114)	(18,043)
Increase (decrease) in deferred revenue	(2,950)	-	(2,950)
Total adjustments	<u>\$ (102,948)</u>	<u>\$ 7,495</u>	<u>\$ (95,453)</u>
Net cash provided by (used in) operating activities	<u>\$ (102,964)</u>	<u>\$ (604,418)</u>	<u>\$ (707,382)</u>
Noncash investing, capital, and financing activities:			
Increase in fair value of investments	<u>\$ -</u>	<u>\$ 4,006</u>	<u>\$ 4,006</u>

**CAPITAL ASSETS – USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 June 30, 2009

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 4,220,875	\$ 5,069,847
Buildings	91,023,057	96,214,965
Machinery and equipment	8,787,782	8,322,079
Land improvement	1,055,609	-
Construction in progress	566,663	412,316
Total governmental funds capital assets	<u>\$ 105,653,986</u>	<u>\$ 110,019,207</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 105,403,752	\$ 109,816,263
Special revenue funds	250,234	202,944
Total governmental funds capital assets by source	<u>\$ 105,653,986</u>	<u>\$ 110,019,207</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2009

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,881,364	\$ 971,986	\$ 22,516,369	\$ 431,747	\$ 318,785	\$ 28,120,251
County administrator	-	-	-	11,048	-	11,048
Commissioner of revenue	-	-	-	53,071	-	53,071
Central accounting	-	-	-	22,175	-	22,175
Management information systems	-	-	-	665,942	-	665,942
Total general government administration	\$ 3,881,364	\$ 971,986	\$ 22,516,369	\$ 1,183,983	\$ 318,785	\$ 28,872,487
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 193,254	\$ -	\$ 193,254
General District Court	-	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	-	5,438	-	5,438
Total judicial administration	\$ -	\$ -	\$ -	\$ 217,944	\$ -	\$ 217,944
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,435,472	\$ -	\$ 2,435,472
Emergency operations	-	-	-	1,474,213	-	1,474,213
Fire department	-	-	202,537	1,657,672	247,878	2,108,087
Emergency services	-	-	-	99,779	-	99,779
Juvenile detention and probation	-	-	12,520	5,913	-	18,433
Building inspections	-	-	-	201,025	-	201,025
Animal control	-	-	-	59,596	-	59,596
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ -	\$ -	\$ 215,057	\$ 6,004,954	\$ 247,878	\$ 6,467,889
Public works:						
Highways and roads	\$ 175,804	\$ -	\$ -	\$ -	\$ -	\$ 175,804
Sanitation and waste removal	60,446	-	-	169,209	-	229,655
Maintenance of buildings and grounds	45,700	30,000	198,858	195,345	-	469,903
Total public works	\$ 281,950	\$ 30,000	\$ 198,858	\$ 364,554	\$ -	\$ 875,362
Education:						
Schools	\$ -	\$ -	\$ 68,092,773	\$ -	\$ -	\$ 68,092,773
Total education	\$ -	\$ -	\$ 68,092,773	\$ -	\$ -	\$ 68,092,773
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 250,054	\$ -	\$ 250,054
Total health and welfare	\$ -	\$ -	\$ -	\$ 250,054	\$ -	\$ 250,054
Parks, recreation, and cultural:						
Parks and recreation	\$ 57,561	\$ 53,623	\$ -	\$ 384,011	\$ -	\$ 495,195
Library	-	-	-	230,034	-	230,034
Total parks, recreation, and cultural	\$ 57,561	\$ 53,623	\$ -	\$ 614,045	\$ -	\$ 725,229
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 152,248	\$ -	\$ 152,248
Total community development	\$ -	\$ -	\$ -	\$ 152,248	\$ -	\$ 152,248
Total governmental funds capital assets	\$ 4,220,875	\$ 1,055,609	\$ 91,023,057	\$ 8,787,782	\$ 566,663	\$ 105,653,986

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2009

Function and Activity	Governmental Funds Capital Assets July 1, 2008	Additions	Deductions	Transfers	Governmental Funds Capital Assets June 30, 2009
General government administration:					
Board of supervisors	\$ 27,515,397	\$ 776,391	\$ (145,750)	\$ (25,786)	\$ 28,120,252
County administrator	11,048	-	-	-	11,048
Commissioner of revenue	15,128	-	-	37,943	53,071
Central accounting	22,175	-	-	-	22,175
Management information systems	648,889	118,655	(101,603)	-	665,941
Total general government administration	<u>\$ 28,212,637</u>	<u>\$ 895,046</u>	<u>\$ (247,353)</u>	<u>\$ 12,157</u>	<u>\$ 28,872,487</u>
Judicial administration:					
Clerk of Circuit Court	\$ 193,254	\$ -	\$ -	\$ -	\$ 193,254
General District Court	19,252	-	-	-	19,252
Commonwealth's Attorney	5,438	-	-	-	5,438
Total judicial administration	<u>\$ 217,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,944</u>
Public safety:					
Sheriff	\$ 2,246,491	\$ 379,046	\$ (174,716)	\$ (15,349)	\$ 2,435,472
Emergency operations	1,299,808	185,082	(10,677)	-	1,474,213
Fire department	2,160,383	345,377	(397,673)	-	2,108,087
Emergency services	99,779	-	-	-	99,779
Juvenile detention and probation	18,433	-	-	-	18,433
Building inspections	288,403	47,643	(19,933)	(115,088)	201,025
Animal control	59,596	-	-	-	59,596
Drug enforcement	20,602	50,682	-	-	71,284
Total public safety	<u>\$ 6,193,495</u>	<u>\$ 1,007,830</u>	<u>\$ (602,999)</u>	<u>\$ (130,437)</u>	<u>\$ 6,467,889</u>
Public works:					
Highways and roads	\$ 175,804	\$ -	\$ -	\$ -	\$ 175,804
Sanitation and waste removal	229,655	-	-	-	229,655
Maintenance of buildings and grounds	450,584	-	-	19,319	469,903
Total public works	<u>\$ 856,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,319</u>	<u>\$ 875,362</u>
Education:					
Schools	\$ 73,493,301	\$ -	\$ (5,400,528)	\$ -	\$ 68,092,773
Total education	<u>\$ 73,493,301</u>	<u>\$ -</u>	<u>\$ (5,400,528)</u>	<u>\$ -</u>	<u>\$ 68,092,773</u>
Health and welfare:					
Social services	\$ 250,234	\$ -	\$ -	\$ (180)	\$ 250,054
Total health and welfare	<u>\$ 250,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (180)</u>	<u>\$ 250,054</u>
Parks, recreation, and cultural:					
Parks and recreation	\$ 419,163	\$ 55,500	\$ (21,996)	\$ 42,528	\$ 495,195
Library	280,755	5,629	(56,350)	-	230,034
Total parks, recreation, and cultural	<u>\$ 699,918</u>	<u>\$ 61,129</u>	<u>\$ (78,346)</u>	<u>\$ 42,528</u>	<u>\$ 725,229</u>
Community development:					
Community development	\$ 95,635	\$ -	\$ -	\$ 56,613	\$ 152,248
Total community development	<u>\$ 95,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,613</u>	<u>\$ 152,248</u>
Total governmental funds capital assets	<u>\$ 110,019,207</u>	<u>\$ 1,964,005</u>	<u>\$ (6,329,226)</u>	<u>\$ -</u>	<u>\$ 105,653,986</u>

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2009

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,267,647	\$ 230,715	\$ 1,498,362
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	382,054	-	-	382,054
Due from primary government	7,334,431	-	50	7,334,481
Due from other governmental units	2,013,775	-	363,476	2,377,251
Prepaid items	498,316	-	-	498,316
Total assets	<u>\$ 10,231,576</u>	<u>\$ 1,267,647</u>	<u>\$ 594,241</u>	<u>\$ 12,093,464</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 189,701	\$ 189,701
Accounts payable	4,818,372	152,544	95,488	5,066,404
Accrued liabilities	5,413,204	155,659	145,161	5,714,024
Due to primary government	-	-	163,891	163,891
Deferred revenue	-	23,049	-	23,049
Total liabilities	<u>\$ 10,231,576</u>	<u>\$ 331,252</u>	<u>\$ 594,241</u>	<u>\$ 11,157,069</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ 936,395	\$ -	\$ 936,395
Total liabilities and fund balances	<u>\$ 10,231,576</u>	<u>\$ 1,267,647</u>	<u>\$ 594,241</u>	<u>\$ 12,093,464</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:				
Total fund balances per above			\$	936,395
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				65,374,681
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.				701,602
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(2,858,692)</u>
Net assets of governmental activities			\$	<u>64,153,986</u>

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

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 16,292	\$ 24,358	\$ -	\$ 40,650
Charges for services	693,182	2,628,707	987,869	4,309,758
Miscellaneous	936,307	-	11,651	947,958
Intergovernmental revenues:				
Local government	31,916,310	-	-	31,916,310
Commonwealth	61,956,639	80,561	464,934	62,502,134
Federal	4,296,348	2,045,810	1,915,335	8,257,493
Total revenues	<u>99,815,078</u>	<u>4,779,436</u>	<u>3,379,789</u>	<u>107,974,303</u>
EXPENDITURES				
Current:				
Education	\$ 99,815,078	\$ 4,542,917	\$ 3,343,074	\$ 107,701,069
Contribution to Primary Government	-	-	36,715	36,715
Total expenditures	<u>\$ 99,815,078</u>	<u>\$ 4,542,917</u>	<u>\$ 3,379,789</u>	<u>\$ 107,737,784</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 236,519	\$ -	\$ 236,519
Net change in fund balances	\$ -	\$ 236,519	\$ -	\$ 236,519
Fund balances - beginning	-	699,876	-	699,876
Fund balances - ending	<u>\$ -</u>	<u>\$ 936,395</u>	<u>\$ -</u>	<u>\$ 936,395</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 \$ 236,519

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 2,227,992

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. (966,858)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (410,023)

Change in net assets of governmental activities \$ 1,087,630

County of Augusta, Virginia

Combining 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	\$ 14,600	\$ 10,600	\$ 16,292	\$ 5,692
Charges for services	567,872	608,722	693,182	84,460
Miscellaneous	762,986	734,534	936,307	201,773
Intergovernmental revenues:				
Local government	33,554,284	33,554,284	31,916,310	(1,637,974)
Commonwealth	62,331,698	62,035,524	61,956,639	(78,885)
Federal	4,814,967	4,870,868	4,296,348	(574,520)
Total revenues	<u>\$ 102,046,407</u>	<u>\$ 101,814,532</u>	<u>\$ 99,815,078</u>	<u>\$ (1,999,454)</u>
EXPENDITURES				
Current:				
Education	\$ 102,046,407	\$ 101,814,532	\$ 99,815,078	\$ 1,999,454
Total expenditures	<u>\$ 102,046,407</u>	<u>\$ 101,814,532</u>	<u>\$ 99,815,078</u>	<u>\$ 1,999,454</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Exhibit 28

School Cafeteria Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 47,000	\$ 35,000	\$ 24,358	\$ (10,642)
2,964,700	2,792,288	2,628,707	(163,581)
-	-	-	-
-	-	-	-
69,927	79,941	80,561	620
1,619,335	1,886,800	2,045,810	159,010
<u>\$ 4,700,962</u>	<u>\$ 4,794,029</u>	<u>\$ 4,779,436</u>	<u>\$ (14,593)</u>
\$ 4,700,962	\$ 4,794,029	\$ 4,542,917	\$ 251,112
<u>\$ 4,700,962</u>	<u>\$ 4,794,029</u>	<u>\$ 4,542,917</u>	<u>\$ 251,112</u>
\$ -	\$ -	\$ 236,519	\$ 236,519
\$ -	\$ -	\$ 236,519	\$ 236,519
-	-	699,876	699,876
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,395</u>	<u>\$ 936,395</u>

Statement of Fiduciary Net Assets
 Fiduciary Fund - Discretely Presented Component Unit School Board
 June 30, 2009

	Matthews Training Private- Purpose Trust
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u>69,491</u>
NET ASSETS	
Held in trust for scholarships	\$ <u>69,491</u>

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2009

	Matthews Training Private- Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 3,049
Total additions	<u>\$ 3,049</u>
DEDUCTIONS	
Scholarships	\$ -
Total deductions	<u>\$ -</u>
Change in net assets	\$ 3,049
Net assets - beginning	<u>66,442</u>
Net assets - ending	<u><u>\$ 69,491</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 June 30, 2009

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 230,715	\$ 230,715
Due from primary government	50	-	50
Due from other governmental units	363,476	-	363,476
Total assets	<u>\$ 363,526</u>	<u>\$ 230,715</u>	<u>\$ 594,241</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Reconciled overdraft	\$ 189,701	\$ -	\$ 189,701
Accounts payable	66,746	28,742	95,488
Accrued liabilities	107,079	38,082	145,161
Due to primary government	-	163,891	163,891
Total liabilities	<u>\$ 363,526</u>	<u>\$ 230,715</u>	<u>\$ 594,241</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ -	\$ -
Total fund balances	\$ -	\$ -	\$ -
Total liabilities and fund balances	<u>\$ 363,526</u>	<u>\$ 230,715</u>	<u>\$ 594,241</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	<u>Head Start</u> <u>Fund</u>	<u>Governor's</u> <u>School</u> <u>Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 144,262	\$ 843,607	\$ 987,869
Miscellaneous	-	11,651	11,651
Intergovernmental revenues:			
Commonwealth	-	464,934	464,934
Federal	1,915,335	-	1,915,335
Total revenues	<u>\$ 2,059,597</u>	<u>\$ 1,320,192</u>	<u>\$ 3,379,789</u>
EXPENDITURES			
Current:			
Education	\$ 2,058,879	\$ 1,284,195	\$ 3,343,074
Contribution to Augusta County	718	35,997	36,715
Total expenditures	<u>\$ 2,059,597</u>	<u>\$ 1,320,192</u>	<u>\$ 3,379,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 300,313	\$ 144,262	\$ 144,262	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	1,967,806	2,006,528	1,915,335	(91,193)
Total revenues	<u>\$ 2,268,119</u>	<u>\$ 2,150,790</u>	<u>\$ 2,059,597</u>	<u>\$ (91,193)</u>
EXPENDITURES				
Current:				
Education	\$ 2,268,119	\$ 2,150,790	\$ 2,058,879	\$ 91,193
Contribution to County of Augusta, Virginia	-	-	718	-
Total expenditures	<u>\$ 2,268,119</u>	<u>\$ 2,150,790</u>	<u>\$ 2,059,597</u>	<u>\$ 91,193</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 33

Governor's School Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 848,956	\$ 848,957	\$ 843,607	\$ (5,350)
10,000	10,000	11,651	1,651
468,172	460,943	464,934	3,991
-	-	-	-
<u>\$ 1,327,128</u>	<u>\$ 1,319,900</u>	<u>\$ 1,320,192</u>	<u>\$ 292</u>
\$ 1,327,128	\$ 1,319,900	\$ 1,284,195	\$ 35,705
-	-	35,997	(35,997)
<u>\$ 1,327,128</u>	<u>\$ 1,319,900</u>	<u>\$ 1,320,192</u>	<u>\$ (292)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Comparative Schedules by Source
 June 30, 2009

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 2,090,973	\$ 2,090,973
Buildings	93,314,455	87,263,738
Machinery and equipment	20,548,805	19,386,825
Construction in progress	55,900	-
Total governmental funds capital assets	<u>\$ 116,010,133</u>	<u>\$ 108,741,536</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	<u>\$ 116,010,133</u>	<u>\$ 108,741,536</u>
Total governmental funds capital assets	<u>\$ 116,010,133</u>	<u>\$ 108,741,536</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2009

Function and Activity	Land	Buildings	Machinery and Equipment	Construction in Progrss	Total
Education:					
Schools	\$ 2,090,973	\$ 93,314,455	\$ 20,548,805	\$ 55,900	\$ 116,010,133
Total governmental funds capital assets	<u>\$ 2,090,973</u>	<u>\$ 93,314,455</u>	<u>\$ 20,548,805</u>	<u>\$ 55,900</u>	<u>\$ 116,010,133</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2009

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2009</u>
Education:				
Schools	\$ 108,741,536	\$ 7,330,247	\$ (61,650)	\$ 116,010,133
Total governmental funds capital assets	<u>\$ 108,741,536</u>	<u>\$ 7,330,247</u>	<u>\$ (61,650)</u>	<u>\$ 116,010,133</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 30,531,000	\$ 30,505,000	\$ 30,339,674	\$ (165,326)
Real and personal public service corporation taxes	887,000	986,000	901,849	(84,151)
Personal property taxes	8,205,000	8,011,000	7,891,228	(119,772)
Mobile home taxes	255,000	252,000	236,549	(15,451)
Machinery and tools taxes	2,900,000	2,957,000	2,875,803	(81,197)
Penalties	340,000	325,000	291,924	(33,076)
Interest	220,000	220,000	223,239	3,239
Total general property taxes	<u>\$ 43,338,000</u>	<u>\$ 43,256,000</u>	<u>\$ 42,760,266</u>	<u>\$ (495,734)</u>
Other local taxes:				
Local sales and use taxes	\$ 5,150,000	\$ 4,750,000	\$ 4,477,956	\$ (272,044)
Consumers' utility taxes	4,490,000	4,325,000	4,278,675	(46,325)
Business license taxes	3,100,000	3,094,000	3,141,510	47,510
Utility license taxes	270,000	275,000	260,357	(14,643)
Motor vehicle licenses	-	55,000	55,167	167
Bank stock taxes	175,000	205,000	204,030	(970)
Taxes on recordation and wills	945,000	770,000	703,255	(66,745)
Hotel and motel room taxes	515,000	440,000	437,795	(2,205)
Restaurant food taxes	2,411,580	2,234,580	2,250,640	16,060
Interest on local taxes	50,000	50,000	50,587	587
Total other local taxes	<u>\$ 17,106,580</u>	<u>\$ 16,198,580</u>	<u>\$ 15,859,972</u>	<u>\$ (338,608)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 25,000	\$ 27,000	\$ 26,481	\$ (519)
Land use application fees	30,000	22,000	20,528	(1,472)
Transfer fees	3,000	3,000	1,713	(1,287)
Cellular tower fees	16,500	16,500	11,100	(5,400)
Permits and other licenses	754,600	554,300	530,346	(23,954)
Total permits, privilege fees, and regulatory licenses	<u>\$ 829,100</u>	<u>\$ 622,800</u>	<u>\$ 590,168</u>	<u>\$ (32,632)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 220,000	\$ 180,000	\$ 194,317	\$ 14,317
Dog violation fines	14,000	14,000	12,570	(1,430)
Total fines and forfeitures	<u>\$ 234,000</u>	<u>\$ 194,000</u>	<u>\$ 206,887</u>	<u>\$ 12,887</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,000,000	\$ 1,150,000	\$ 1,359,476	\$ 209,476
Revenue from use of property	497,500	434,100	432,580	(1,520)
Total revenue from use of money and property	<u>\$ 2,497,500</u>	<u>\$ 1,584,100</u>	<u>\$ 1,792,056</u>	<u>\$ 207,956</u>
Charges for services:				
Excess fees of clerk	\$ 250,000	\$ 135,000	\$ 167,223	\$ 32,223
Charges for law enforcement and traffic control	5,400	5,400	6,439	1,039
Charges for courthouse maintenance	42,000	42,000	43,683	1,683
Treasurer's collection fees	39,000	39,000	72,227	33,227
Concealed weapons permits	7,000	12,000	10,961	(1,039)
Courthouse security fees	140,000	140,000	158,569	18,569
Charges for Commonwealth's Attorney	2,000	2,000	2,434	434
Miscellaneous jail and inmate fees	15,000	12,500	12,936	436
Charges for sanitation and waste removal	1,275,000	1,275,000	1,111,324	(163,676)
Charges for parks and recreation	277,000	281,000	287,204	6,204
Charges for after school programs	255,000	311,000	313,541	2,541
Charges for day care	96,000	100,000	104,277	4,277
Charges for summer playground	14,000	300	282	(18)
Charges for library	19,600	18,200	17,503	(697)
Total charges for services	<u>\$ 2,437,000</u>	<u>\$ 2,373,400</u>	<u>\$ 2,308,603</u>	<u>\$ (64,797)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 275,000	\$ 245,000	\$ 241,257	\$ (3,743)
Repayment of loans from fire companies	160,000	182,000	182,037	37
Seized funds	-	1,000	14,559	13,559
Total miscellaneous revenue	<u>\$ 435,000</u>	<u>\$ 428,000</u>	<u>\$ 437,853</u>	<u>\$ 9,853</u>
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 115,000	\$ 115,000	\$ 115,000	-
Juvenile and domestic relations court costs	13,000	10,200	-	(10,200)
Other recovered costs	10,500	3,500	9,650	6,150
Total recovered costs	<u>\$ 138,500</u>	<u>\$ 128,700</u>	<u>\$ 124,650</u>	<u>\$ (4,050)</u>
Total revenue from local sources	<u>\$ 67,015,680</u>	<u>\$ 64,785,580</u>	<u>\$ 64,080,455</u>	<u>\$ (705,125)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 38,000	\$ 38,000	-	(38,000)
Wine taxes	40,000	40,000	-	(40,000)
Motor vehicle carriers' tax	100,000	92,000	77,941	(14,059)
Mobile home titling tax	200,000	130,000	160,062	30,062
Timber sales	10,000	200	855	655
Motor vehicle rental tax	45,000	35,000	41,821	6,821
State recordation tax	170,000	230,000	231,797	1,797
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Reduction in state aid	(425,000)	(425,000)	(260,246)	164,754
Total noncategorical aid	<u>\$ 4,474,000</u>	<u>\$ 4,436,200</u>	<u>\$ 4,548,223</u>	<u>\$ 112,023</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 572,000	\$ 545,000	\$ 552,875	\$ 7,875
Sheriff	2,955,000	2,870,000	2,146,726	(723,274)
Commissioner of revenue	251,000	245,000	245,110	110
Treasurer	204,000	188,000	191,094	3,094
Medical examiner	1,000	-	-	-
Registrar/electoral board	62,800	56,500	60,891	4,391
Clerk of the Circuit Court	367,000	431,000	432,492	1,492
Total shared expenses	<u>\$ 4,412,800</u>	<u>\$ 4,335,500</u>	<u>\$ 3,629,188</u>	<u>\$ (706,312)</u>
Other categorical aid:				
Emergency medical services	\$ 69,000	\$ 69,000	\$ 78,207	\$ 9,207
Litter control grant	18,000	18,000	17,702	(298)
Library grant	190,000	190,000	196,287	6,287
Grant for restoration of records	4,500	8,700	8,656	(44)
Victim-witness grant	64,400	64,900	64,848	(52)
Performing arts grant	5,000	5,000	5,000	-
Fireman's insurance fund	170,000	176,000	175,884	(116)
Technology trust fund	90,000	108,000	89,342	(18,658)
Seized funds	20,000	45,000	28,528	(16,472)
Valley Children's Center	57,000	57,000	53,040	(3,960)
E-911 wireless funding	-	130,000	142,067	12,067
Total other categorical aid	<u>\$ 687,900</u>	<u>\$ 871,600</u>	<u>\$ 859,561</u>	<u>\$ (12,039)</u>
Total categorical aid	<u>\$ 5,100,700</u>	<u>\$ 5,207,100</u>	<u>\$ 4,488,749</u>	<u>\$ (718,351)</u>
Total revenue from the Commonwealth	<u>\$ 9,574,700</u>	<u>\$ 9,643,300</u>	<u>\$ 9,036,972</u>	<u>\$ (606,328)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 189,000	\$ 355,000	\$ 357,462	\$ 2,462
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 43,329	\$ 43,329
Domestic violence grant	36,000	36,000	28,954	(7,046)
Sane grant	16,000	16,000	10,244	(5,756)
Seized funds	-	45,000	46,216	1,216
DEQ royalty grant	-	8,000	8,765	765
ARRA-sheriff	-	-	707,103	707,103
Total categorical aid	<u>\$ 52,000</u>	<u>\$ 105,000</u>	<u>\$ 844,611</u>	<u>\$ 739,611</u>
Total revenue from the federal government	<u>\$ 241,000</u>	<u>\$ 460,000</u>	<u>\$ 1,202,073</u>	<u>\$ 742,073</u>
Total General Fund	<u>\$ 76,831,380</u>	<u>\$ 74,888,880</u>	<u>\$ 74,319,500</u>	<u>\$ (569,380)</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 191,142	\$ 191,142	\$ 361,690	\$ 170,548
Recovered costs:				
City of Staunton, Virginia	\$ 356,530	\$ 356,530	\$ 356,549	\$ 19
City of Waynesboro, Virginia	362,375	362,375	359,962	(2,413)
Total recovered costs	<u>\$ 718,905</u>	<u>\$ 718,905</u>	<u>\$ 716,511</u>	<u>\$ (2,394)</u>
Total revenue from local sources	<u>\$ 910,047</u>	<u>\$ 910,047</u>	<u>\$ 1,078,201</u>	<u>\$ 168,154</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,059,938	\$ 3,059,938	\$ 3,063,088	\$ 3,150
Other grants and programs	150,000	150,000	149,279	(721)
Comprehensive Services Act program	2,362,923	2,374,567	2,410,768	36,201
Total categorical aid	<u>\$ 5,572,861</u>	<u>\$ 5,584,505</u>	<u>\$ 5,623,135</u>	<u>\$ 38,630</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,125,849	\$ 5,125,849	\$ 4,752,914	\$ (372,935)
ARRA-public assistance and welfare administration	-	-	67,874	67,874
Total revenue from the federal government	<u>\$ 5,125,849</u>	<u>\$ 5,125,849</u>	<u>\$ 4,820,788</u>	<u>\$ (305,061)</u>
Total Virginia Public Assistance Fund	<u>\$ 11,608,757</u>	<u>\$ 11,620,401</u>	<u>\$ 11,522,124</u>	<u>\$ (98,277)</u>
Debt Service Fund:				
School Debt Service Fund:				
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School construction payments	\$ 247,900	\$ 247,900	\$ 247,952	\$ 52
Total School Debt Service Fund	<u>\$ 247,900</u>	<u>\$ 247,900</u>	<u>\$ 247,952</u>	<u>\$ 52</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's opportunity fund	\$ -	\$ -	\$ 140,000	\$ 140,000
Hazardous Material Grant	-	-	12,000	12,000
Rural rustic road programs	-	-	1,576,000	1,576,000
Other	-	-	2,500	2,500
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,730,500</u>	<u>\$ 1,730,500</u>
Revenue from the federal government:				
Categorical aid:				
Assistance to firefighters grant	\$ -	\$ -	\$ 88,193	\$ 88,193
LETTP grant	-	-	209,400	209,400
Haz Mat equipment grant	-	-	46,543	46,543
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,136</u>	<u>\$ 344,136</u>
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074,636</u>	<u>\$ 2,074,636</u>
School Capital Improvements Fund:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
State literary grant	\$ 74,862	\$ 74,862	\$ 74,862	\$ -
Total noncategorical aid	<u>74,862</u>	<u>74,862</u>	<u>74,862</u>	<u>-</u>
Categorical aid:				
State lottery funds	\$ 846,986	\$ 844,280	\$ 844,100	\$ (180)
Total revenue from the Commonwealth	<u>\$ 846,986</u>	<u>\$ 919,142</u>	<u>\$ 918,962</u>	<u>\$ (180)</u>
Total School Capital Improvements Fund	<u>\$ 846,986</u>	<u>\$ 919,142</u>	<u>\$ 918,962</u>	<u>\$ (180)</u>
Total Primary Government	<u>\$ 89,535,023</u>	<u>\$ 87,676,323</u>	<u>\$ 89,083,174</u>	<u>\$ 1,406,851</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 property	\$ 14,600	\$ 10,600	\$ 16,292	\$ 5,692
Total revenue from use of money and property	<u>\$ 14,600</u>	<u>\$ 10,600</u>	<u>\$ 16,292</u>	<u>\$ 5,692</u>
Charges for services:				
Charges for education	\$ 287,010	\$ 275,360	\$ 316,155	\$ 40,795
Tuition and payments from other divisions	280,862	333,362	377,027	43,665
Total charges for services	<u>\$ 567,872</u>	<u>\$ 608,722</u>	<u>\$ 693,182</u>	<u>\$ 84,460</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 762,986	\$ 734,534	\$ 936,307	\$ 201,773
Total revenue from local sources	<u>\$ 1,345,458</u>	<u>\$ 1,353,856</u>	<u>\$ 1,645,781</u>	<u>\$ 291,925</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 33,554,284	\$ 33,554,284	\$ 31,916,310	\$ (1,637,974)
Total revenues from local governments	<u>\$ 33,554,284</u>	<u>\$ 33,554,284</u>	<u>\$ 31,916,310</u>	<u>\$ (1,637,974)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,900,000	\$ 10,500,000	\$ 10,262,071	\$ (237,929)
Basic school aid	35,830,830	36,204,573	36,412,259	207,686
Remedial summer education	260,245	233,817	233,817	-
Regular foster care	44,289	78,890	73,553	(5,337)
Adult secondary education	70,338	91,743	92,808	1,065
Gifted and talented	319,939	320,723	322,300	1,577
Remedial education	561,671	563,048	565,815	2,767
Enrollment loss	249,422	190,548	66,567	(123,981)
Special education	2,545,294	2,551,532	2,564,075	12,543
Textbook payment	842,649	844,714	848,866	4,152
Standards of learning-project graduation	-	50,000	47,263	(2,737)
Vocational standards of quality payments	1,421,952	1,425,437	1,432,444	7,007
Vocational adult education	19,790	19,790	19,906	116
Social security fringe benefits	1,791,660	1,796,050	1,804,879	8,829
Retirement fringe benefits	2,310,672	2,316,335	2,327,721	11,386
Group life insurance instructional	78,207	78,399	78,784	385
Early reading intervention	154,195	135,692	135,692	-
State lottery payments	846,986	566,546	578,532	11,986
Homebound education	56,237	54,201	54,201	-
Regional program tuition	710,814	633,415	626,027	(7,388)
Vocational education - equipment	38,475	34,948	28,239	(6,709)
Vocational occupational preparedness	100,074	86,212	96,820	10,608
Mentor teacher program	8,459	9,186	7,810	(1,376)
Special education - foster children	82,251	47,629	54,233	6,604
At risk payments	478,252	479,331	481,667	2,336
Primary class size	960,102	965,327	965,327	-
Technology	596,000	596,000	596,000	-
Standards of Learning algebra readiness	90,254	90,342	90,342	-
At risk four-year olds	542,781	639,789	639,789	-
English as a second language	166,001	128,719	128,719	-
Race to GED	-	45,729	45,729	-
Other state funds	253,859	256,859	274,384	17,525
Total categorical aid	<u>\$ 62,331,698</u>	<u>\$ 62,035,524</u>	<u>\$ 61,956,639</u>	<u>\$ (78,885)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 58,280	\$ 246,859	\$ 242,363	\$ (4,496)
Adult literacy	174,150	184,587	140,213	(44,374)
Title I	1,461,370	1,454,202	1,013,297	(440,905)
Title VI-B, special education flow-through	2,406,239	2,242,188	2,180,725	(61,463)
Vocational education	147,300	128,430	139,578	11,148
Title VI-B, special education pre-school	74,398	76,586	62,303	(14,283)
Drug free schools	33,045	33,045	34,472	1,427
21st century grant	79,240	166,130	141,046	(25,084)
Title V Part A: innovative programs	-	1,804	1,804	-
Enhancing education through technology	13,000	18,315	13,346	(4,969)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Language acquisition	\$ 25,000	\$ 29,305	\$ 29,403	\$ 98
Title II Part A	341,945	288,917	297,798	8,881
Advanced placement	1,000	500	-	(500)
Total categorical aid	<u>\$ 4,814,967</u>	<u>\$ 4,870,868</u>	<u>\$ 4,296,348</u>	<u>\$ (574,520)</u>
Total School Operating Fund	<u>\$ 102,046,407</u>	<u>\$ 101,814,532</u>	<u>\$ 99,815,078</u>	<u>\$ (1,999,454)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 47,000	\$ 35,000	\$ 24,358	\$ (10,642)
Charges for services:				
Cafeteria sales	\$ 2,964,700	\$ 2,792,288	\$ 2,628,707	\$ (163,581)
Total revenue from local sources	<u>\$ 3,011,700</u>	<u>\$ 2,827,288</u>	<u>\$ 2,653,065</u>	<u>\$ (174,223)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 69,927	\$ 79,941	\$ 80,561	\$ 620
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,619,335	\$ 1,886,800	\$ 1,763,145	\$ (123,655)
USDA donated food	-	-	282,665	282,665
Total categorical aid	<u>\$ 1,619,335</u>	<u>\$ 1,886,800</u>	<u>\$ 2,045,810</u>	<u>\$ 159,010</u>
Total revenue from the federal government	<u>\$ 1,619,335</u>	<u>\$ 1,886,800</u>	<u>\$ 2,045,810</u>	<u>\$ 159,010</u>
Total School Cafeteria Fund	<u>\$ 4,700,962</u>	<u>\$ 4,794,029</u>	<u>\$ 4,779,436</u>	<u>\$ (14,593)</u>
Head Start Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 300,313	\$ 144,262	\$ 144,262	\$ -
Total charges for services	<u>\$ 300,313</u>	<u>\$ 144,262</u>	<u>\$ 144,262</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 300,313</u>	<u>\$ 144,262</u>	<u>\$ 144,262</u>	<u>\$ -</u>
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 1,967,806	\$ 2,006,528	\$ 1,915,335	\$ (91,193)
Total revenue from the federal government	<u>\$ 1,967,806</u>	<u>\$ 2,006,528</u>	<u>\$ 1,915,335</u>	<u>\$ (91,193)</u>
Total Head Start Fund	<u>\$ 2,268,119</u>	<u>\$ 2,150,790</u>	<u>\$ 2,059,597</u>	<u>\$ (91,193)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 848,956	\$ 848,957	\$ 843,607	\$ (5,350)
Miscellaneous revenue:				
Other miscellaneous	\$ 10,000	\$ 10,000	\$ 11,651	\$ 1,651
Total revenue from local sources	<u>\$ 858,956</u>	<u>\$ 858,957</u>	<u>\$ 855,258</u>	<u>\$ (3,699)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 442,172	\$ 434,943	\$ 438,934	\$ 3,991
Technology funds	26,000	26,000	26,000	-
Total categorical aid	<u>\$ 468,172</u>	<u>\$ 460,943</u>	<u>\$ 464,934</u>	<u>\$ 3,991</u>
Total Governor's School Fund	<u>\$ 1,327,128</u>	<u>\$ 1,319,900</u>	<u>\$ 1,320,192</u>	<u>\$ 292</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 110,342,616</u>	<u>\$ 110,079,251</u>	<u>\$ 107,974,303</u>	<u>\$ (2,104,948)</u>

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

<u>Fund, Function, Activity, and Elements</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	\$ 359,230	\$ 347,620	\$ 300,391	\$ 47,229
General and financial administration:				
County administrator	\$ 623,260	\$ 628,910	\$ 616,992	\$ 11,918
Personnel	196,755	190,790	188,332	2,458
Legal services	196,625	196,035	186,720	9,315
Commissioner of revenue	881,270	844,610	835,509	9,101
Board of Assessors and Equalization	186,675	202,115	203,485	(1,370)
Treasurer	549,120	528,030	514,752	13,278
Central accounting	312,740	312,445	311,263	1,182
Management information systems	586,820	553,975	544,453	9,522
Other general and financial administration	375,500	88,850	88,178	672
Total general and financial administration	<u>\$ 3,908,765</u>	<u>\$ 3,545,760</u>	<u>\$ 3,489,684</u>	<u>\$ 56,076</u>
Board of elections:				
Electoral board and officials	\$ 254,329	\$ 253,009	\$ 246,145	\$ 6,864
Total board of elections	<u>\$ 254,329</u>	<u>\$ 253,009</u>	<u>\$ 246,145</u>	<u>\$ 6,864</u>
Total general government administration	<u>\$ 4,522,324</u>	<u>\$ 4,146,389</u>	<u>\$ 4,036,220</u>	<u>\$ 110,169</u>
Judicial administration:				
Courts:				
Circuit court	\$ 91,120	\$ 86,735	\$ 84,076	\$ 2,659
General district court	4,800	7,200	6,066	1,134
Special magistrates	7,650	7,350	6,231	1,119
Clerk of the circuit court	711,480	783,265	762,732	20,533
Total courts	<u>\$ 815,050</u>	<u>\$ 884,550</u>	<u>\$ 859,105</u>	<u>\$ 25,445</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 929,640	\$ 935,310	\$ 930,465	\$ 4,845
Total commonwealth's attorney	<u>\$ 929,640</u>	<u>\$ 935,310</u>	<u>\$ 930,465</u>	<u>\$ 4,845</u>
Total judicial administration	<u>\$ 1,744,690</u>	<u>\$ 1,819,860</u>	<u>\$ 1,789,570</u>	<u>\$ 30,290</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,621,380	\$ 5,663,440	\$ 5,675,686	\$ (12,246)
Emergency operations center	1,583,590	1,546,648	1,463,962	82,686
Total law enforcement and traffic control	<u>\$ 7,204,970</u>	<u>\$ 7,210,088</u>	<u>\$ 7,139,648</u>	<u>\$ 70,440</u>
Fire and rescue services:				
Fire department	\$ 2,655,350	\$ 2,784,145	\$ 2,697,248	\$ 86,897
Volunteer emergency operations	2,462,148	2,439,066	2,353,495	85,571
Fire training center	305,005	287,225	247,399	39,826
Fire revolving fund loan disbursements	330,000	660,000	600,000	60,000
Total fire and rescue services	<u>\$ 5,752,503</u>	<u>\$ 6,170,436</u>	<u>\$ 5,898,142</u>	<u>\$ 272,294</u>
Correction and detention:				
Probation and detention	\$ 1,122,150	\$ 804,420	\$ 838,084	\$ (33,664)
Total correction and detention	<u>\$ 1,122,150</u>	<u>\$ 804,420</u>	<u>\$ 838,084</u>	<u>\$ (33,664)</u>
Inspections:				
Building	\$ 568,860	\$ 574,495	\$ 564,271	\$ 10,224
Total inspections	<u>\$ 568,860</u>	<u>\$ 574,495</u>	<u>\$ 564,271</u>	<u>\$ 10,224</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009 (Continued)

<u>Fund, Function, Activity, and Elements</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)				
Other protection:				
Animal control	\$ 320,185	\$ 307,940	\$ 295,135	\$ 12,805
Drug enforcement funds	20,000	91,000	55,890	35,110
Total other protection	<u>\$ 340,185</u>	<u>\$ 398,940</u>	<u>\$ 351,025</u>	<u>\$ 47,915</u>
Total public safety	<u>\$ 14,988,668</u>	<u>\$ 15,158,379</u>	<u>\$ 14,791,170</u>	<u>\$ 367,209</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 88,000	\$ 87,000	\$ 67,771	\$ 19,229
Streetlights	95,000	116,000	117,836	(1,836)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 183,000</u>	<u>\$ 203,000</u>	<u>\$ 185,607</u>	<u>\$ 17,393</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,736,400	\$ 1,747,950	\$ 1,931,255	\$ (183,305)
Recycling program	134,000	137,300	134,308	2,992
Total sanitation and waste removal	<u>\$ 1,870,400</u>	<u>\$ 1,885,250</u>	<u>\$ 2,065,563</u>	<u>\$ (180,313)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,363,700	\$ 1,351,920	\$ 1,373,303	\$ (21,383)
Total maintenance of general buildings and grounds	<u>\$ 1,363,700</u>	<u>\$ 1,351,920</u>	<u>\$ 1,373,303</u>	<u>\$ (21,383)</u>
Total public works	<u>\$ 3,417,100</u>	<u>\$ 3,440,170</u>	<u>\$ 3,624,473</u>	<u>\$ (184,303)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 551,350	\$ 499,520	\$ 506,849	\$ (7,329)
Total health	<u>\$ 551,350</u>	<u>\$ 499,520</u>	<u>\$ 506,849</u>	<u>\$ (7,329)</u>
Mental health and mental retardation:				
Community services board	\$ 124,980	\$ 124,980	\$ 124,980	\$ -
Total mental health and mental retardation	<u>\$ 124,980</u>	<u>\$ 124,980</u>	<u>\$ 124,980</u>	<u>\$ -</u>
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Augusta Regional Free Clinic	2,770	2,770	2,770	-
Blue Ridge Legal Services, Inc.	3,835	3,835	3,835	-
Valley Program for the Aging	32,670	32,670	32,670	-
New Directions Center	15,740	15,740	15,740	-
Blue Ridge Court Services	3,800	3,650	3,650	-
Disability Services Board	2,000	2,000	2,000	-
Coordinated Area Transportation Services	33,670	33,670	33,670	-
Court Appointed Special Advocate	2,600	2,600	2,600	-
V.M.S.D.C	1,000	1,000	-	1,000
Verona Food Pantry	20,300	20,300	20,300	-
Lions Sight and Hearing/Oak Grove Theatre	3,010	3,010	3,005	5
Craigsville personal property	18,575	18,300	18,300	-
Tax relief for the elderly	-	175,000	169,018	5,982
Total welfare	<u>\$ 140,970</u>	<u>\$ 315,545</u>	<u>\$ 308,558</u>	<u>\$ 6,987</u>
Total health and welfare	<u>\$ 817,300</u>	<u>\$ 940,045</u>	<u>\$ 940,387</u>	<u>\$ (342)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	33,554,374	33,554,374	31,879,595	1,674,779
Total education	\$ 33,559,374	\$ 33,559,374	\$ 31,884,595	\$ 1,674,779
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,371,750	\$ 1,402,755	\$ 1,373,495	\$ 29,260
Upper Valley Regional Park Authority	38,000	38,000	38,000	-
Total parks and recreation	\$ 1,409,750	\$ 1,440,755	\$ 1,411,495	\$ 29,260
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Augusta County Fair	8,000	8,000	8,000	-
Arts & History Alliance	60,000	60,000	60,000	-
Total cultural enrichment	\$ 78,000	\$ 78,000	\$ 78,000	\$ -
Library:				
Contribution to county library	\$ 1,130,074	\$ 1,131,807	\$ 1,112,734	\$ 19,073
Churchville library	113,160	118,195	116,466	1,729
Total library	\$ 1,243,234	\$ 1,250,002	\$ 1,229,200	\$ 20,802
Total parks, recreation, and cultural	\$ 2,730,984	\$ 2,768,757	\$ 2,718,695	\$ 50,062
Community development:				
Planning and community development:				
Community development	\$ 1,043,587	\$ 1,037,050	\$ 980,555	\$ 56,495
Tourism and economic development	237,660	233,905	121,247	112,658
Contribution to Industrial Development Authority	245,000	224,000	223,634	366
Total planning and community development	\$ 1,526,247	\$ 1,494,955	\$ 1,325,436	\$ 169,519
Environmental management:				
Contribution to soil and water district	\$ 38,210	\$ 38,210	\$ 38,203	\$ 7
Other environmental management	66,160	65,703	60,701	5,002
Total environmental management	\$ 104,370	\$ 103,913	\$ 98,904	\$ 5,009
Cooperative extension program:				
Extension office	\$ 162,042	\$ 140,800	\$ 129,365	\$ 11,435
Agricultural development	22,250	17,000	14,613	2,387
Total cooperative extension program	\$ 184,292	\$ 157,800	\$ 143,978	\$ 13,822
Total community development	\$ 1,814,909	\$ 1,756,668	\$ 1,568,318	\$ 188,350
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	\$ -
Contingencies	456,527	102,596	28,469	74,127
Total nondepartmental	\$ 580,932	\$ 227,001	\$ 152,874	\$ 74,127
Total General Fund	\$ 64,176,281	\$ 63,816,643	\$ 61,506,302	\$ 2,310,341

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 7,717,300	\$ 7,640,300	\$ 7,395,906	\$ 244,394
Public assistance	2,120,000	2,048,000	1,853,753	194,247
Comprehensive services	3,544,400	3,727,400	4,162,358	(434,958)
Family resource center	285,000	251,000	252,715	(1,715)
Total welfare and social services	<u>\$ 13,666,700</u>	<u>\$ 13,666,700</u>	<u>\$ 13,664,732</u>	<u>\$ 1,968</u>
Total health and welfare	<u>\$ 13,666,700</u>	<u>\$ 13,666,700</u>	<u>\$ 13,664,732</u>	<u>\$ 1,968</u>
Total Virginia Public Assistance Fund	<u>\$ 13,666,700</u>	<u>\$ 13,666,700</u>	<u>\$ 13,664,732</u>	<u>\$ 1,968</u>
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 5,400,528	\$ 5,400,528	\$ 5,400,528	-
Interest and other fiscal charges	3,705,472	3,705,472	3,704,367	1,105
Total School Debt Service Fund	<u>\$ 9,106,000</u>	<u>\$ 9,106,000</u>	<u>\$ 9,104,895</u>	<u>\$ 1,105</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Landfill	\$ 938,000.00	\$ 938,000.00	\$ 2,743,256	\$ (1,805,256)
Infrastructure	1,610,000	1,610,000	1,098,759	511,241
Secondary roads	68,000	68,000	172,245	(104,245)
Programs	1,107,000	1,007,000	721,228	285,772
Equipment Replacement	560,000	560,000	1,393,361	(833,361)
Building renovations	1,205,000	1,153,000	272,607	880,393
Economic development	300,000	300,000	219,995	80,005
County courthouse	300,000	300,000	22,200	277,800
Grants	-	-	309,989	(309,989)
Total capital projects	<u>\$ 6,088,000</u>	<u>\$ 5,936,000</u>	<u>\$ 6,953,640</u>	<u>\$ (1,017,640)</u>
Total Capital Projects Fund	<u>\$ 6,088,000</u>	<u>\$ 5,936,000</u>	<u>\$ 6,953,640</u>	<u>\$ (1,017,640)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Transportation	\$ 846,986	\$ 844,280	\$ 844,280	-
High school renovations	-	196,255	1,511	194,744
Other	250,000	451,460	55,207	396,253
Building renovations	-	17,651	13,779	3,872
Total capital projects	<u>\$ 1,096,986</u>	<u>\$ 1,509,646</u>	<u>\$ 914,777</u>	<u>\$ 594,869</u>
Total School Capital Projects Fund	<u>\$ 1,096,986</u>	<u>\$ 1,509,646</u>	<u>\$ 914,777</u>	<u>\$ 594,869</u>
Total Primary Government	<u>\$ 94,133,967</u>	<u>\$ 94,034,989</u>	<u>\$ 92,144,346</u>	<u>\$ 1,890,643</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

<u>Fund, Function, Activity, and Elements</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:				
School board	\$ 127,138	\$ 156,617	\$ 162,286	\$ (5,669)
Executive administration services	652,600	668,246	707,062	(38,816)
Personnel	285,230	289,096	282,784	6,312
Fiscal services	431,677	428,755	426,793	1,962
Data processing services	335,372	347,444	322,642	24,802
Total administration of schools	<u>\$ 1,832,017</u>	<u>\$ 1,890,158</u>	<u>\$ 1,901,567</u>	<u>\$ (11,409)</u>
Instruction costs:				
Elementary and secondary schools	\$ 67,502,356	\$ 67,269,957	\$ 66,074,147	\$ 1,195,810
Guidance services	2,528,144	2,446,463	2,378,144	68,319
Social worker services	339,025	338,182	332,269	5,913
Other instructional costs	1,740,459	1,828,175	1,798,284	29,891
Media services	1,818,022	1,794,931	1,774,365	20,566
Technology services	3,370,468	3,355,210	3,249,127	106,083
Office of the principal	5,909,865	5,939,471.00	5,866,573	72,898
Total instruction costs	<u>\$ 83,208,339</u>	<u>\$ 82,972,389</u>	<u>\$ 81,472,909</u>	<u>\$ 1,499,480</u>
Operating costs:				
Attendance and health services	\$ 1,466,047	\$ 1,439,655	\$ 1,402,179	\$ 37,476
Pupil transportation	5,736,330	5,746,065	5,531,580	214,485
Operation and maintenance of school plant	9,803,674	9,766,265	9,506,843	259,422
Total operating costs	<u>\$ 17,006,051</u>	<u>\$ 16,951,985</u>	<u>\$ 16,440,602</u>	<u>\$ 511,383</u>
Total education	<u>\$ 102,046,407</u>	<u>\$ 101,814,532</u>	<u>\$ 99,815,078</u>	<u>\$ 1,999,454</u>
Total School Fund	<u>\$ 102,046,407</u>	<u>\$ 101,814,532</u>	<u>\$ 99,815,078</u>	<u>\$ 1,999,454</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,700,962	\$ 4,794,029	\$ 4,542,917	\$ 251,112
Total Cafeteria Fund	<u>\$ 4,700,962</u>	<u>\$ 4,794,029</u>	<u>\$ 4,542,917</u>	<u>\$ 251,112</u>
Head Start Fund:				
Education:				
Instruction	\$ 1,886,562	\$ 1,777,978	\$ 1,694,829	\$ 83,149
Administration, attendance, and health	318,401	309,596	300,321	9,275

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

<u>Fund, Function, Activity, and Elements</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)				
Head Start Fund: (Continued)				
Education: (Continued)				
Transportation services	\$ 63,156	\$ 63,216	\$ 63,729	\$ (513)
Contribution to primary government	-	-	718	(718)
Total education	<u>\$ 2,268,119</u>	<u>\$ 2,150,790</u>	<u>\$ 2,059,597</u>	<u>\$ 91,193</u>
Total Head Start Fund	<u>\$ 2,268,119</u>	<u>\$ 2,150,790</u>	<u>\$ 2,059,597</u>	<u>\$ 91,193</u>
Governor's School Fund:				
Education:				
Instruction	\$ 1,293,428	\$ 1,285,600	\$ 1,255,808	\$ 29,792
Operations and maintenance services	33,700	34,300	28,387	5,913
Contribution to primary government	-	-	35,997	(35,997)
Total education	<u>\$ 1,327,128</u>	<u>\$ 1,319,900</u>	<u>\$ 1,320,192</u>	<u>\$ (292)</u>
Total Governor's School Fund	<u>\$ 1,327,128</u>	<u>\$ 1,319,900</u>	<u>\$ 1,320,192</u>	<u>\$ (292)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 110,342,616</u>	<u>\$ 110,079,251</u>	<u>\$ 107,737,784</u>	<u>\$ 2,341,467</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how 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 additional debt in the future.	11-12
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.	13-14
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.	15-17

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 2002; tables presenting government-wide information include information beginning in that year.

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year		
	2002	2003	2004
Governmental activities			
Invested in capital assets, net of related debt	\$ 7,168,130	\$ 5,700,181	\$ 8,436,443
Restricted	17,827,732	19,996,727	27,186,542
Unrestricted	<u>15,851,518</u>	<u>15,704,283</u>	<u>8,827,961</u>
Total governmental activities net assets	<u>\$ 40,847,380</u>	<u>\$ 41,401,191</u>	<u>\$ 44,450,946</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 53,214,057	\$ 56,493,705	\$ 58,257,453
Restricted	3,476,843	3,571,068	3,769,136
Unrestricted	<u>8,882,542</u>	<u>10,433,957</u>	<u>11,340,625</u>
Total business-type activities net assets	<u>\$ 65,573,442</u>	<u>\$ 70,498,730</u>	<u>\$ 73,367,214</u>
Primary government			
Invested in capital assets, net of related debt	\$ 60,382,187	\$ 62,193,886	\$ 66,693,896
Restricted	21,304,575	23,567,795	30,955,678
Unrestricted	<u>24,734,060</u>	<u>26,138,240</u>	<u>20,168,586</u>
Total primary government net assets	<u>\$ 106,420,822</u>	<u>\$ 111,899,921</u>	<u>\$ 117,818,160</u>

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34. In fiscal year 2005, the Augusta County Service Authority was no longer required to be a component unit of County, therefore business type activities were not included in the audit report.

Table 1

Fiscal Year				
2005	2006	2007	2008	2009
\$ 4,137,028	\$ 18,782,488	\$ 19,304,458	\$ 11,932,321	\$ 11,284,834
28,930,212	26,183,790	35,360,962	36,227,000	37,023,153
19,449,041	12,408,978	14,705,747	19,668,205	18,673,440
<u>\$ 52,516,281</u>	<u>\$ 57,375,256</u>	<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,137,028	\$ 18,782,488	\$ 19,304,458	\$ 11,932,321	\$ 11,284,834
28,930,212	26,183,790	35,360,962	36,227,000	37,023,153
19,449,041	12,408,978	14,705,747	19,668,205	18,673,440
<u>\$ 52,516,281</u>	<u>\$ 57,375,256</u>	<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year		
	2002	2003	2004
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	\$ 29,235,710	\$ 30,086,807	\$ 31,126,142
Local sales and use taxes	3,474,194	3,647,816	3,974,946
Motor vehicle licenses taxes	1,709,028	1,682,703	1,741,200
Consumer utility taxes	2,671,531	2,577,327	2,657,186
Business licenses taxes	2,007,787	2,122,349	2,338,263
Restaurant food taxes	1,766,369	1,800,881	1,875,801
Other local taxes	3,265,846	3,394,826	2,796,657
Unrestricted grants and contributions	5,040,773	4,840,236	5,851,264
Unrestricted revenues from use of money and property	1,510,552	1,382,843	645,491
Gain on disposal of capital assets	461,449	-	998,142
Miscellaneous	371,016	451,721	229,622
Loss on disposal of assets	-	-	-
Transfers	-	(698,733)	-
Total governmental activities	\$ 51,514,255	\$ 51,288,776	\$ 54,234,714
Business-type activities:			
Unrestricted revenues from use of money and property			
	\$ 314,298	\$ 218,783	\$ 188,833
Gain on disposal of capital assets	5,669	3,630	24,895
Transfers	-	698,733	-
Total business-type activities	\$ 319,967	\$ 921,146	\$ 213,728
Total primary government	\$ 51,834,222	\$ 52,209,922	\$ 54,448,442
Change in Net Assets			
Governmental activities	\$ 6,222,844	\$ 553,811	\$ 2,942,739
Business-type activities	6,172,542	4,925,288	2,868,484
Total primary government	\$ 12,395,386	\$ 5,479,099	\$ 5,811,223

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34. In fiscal year 2005, the Augusta County Service Authority was no longer required to be a component unit of County, therefore business type activities were not included in the audit report.

Table 2

	2005	2006	2007	2008	2009
\$	35,098,887	\$ 36,591,540	\$ 40,998,297	\$ 41,016,853	\$ 43,396,769
	4,387,914	4,738,044	4,846,918	5,016,195	4,477,956
	1,785,822	1,823,862	1,823,630	1,798,392	55,167
	2,688,223	3,600,361	4,281,024	4,532,958	4,278,675
	2,662,780	2,879,209	3,009,798	3,142,260	3,141,510
	1,990,184	2,128,691	2,255,343	2,294,098	2,250,640
	3,287,426	2,786,138	2,000,072	1,871,161	1,656,024
	5,030,068	5,338,644	5,209,278	5,012,362	4,905,684
	1,461,575	2,263,684	3,554,050	2,817,589	1,822,584
	-	-	-	-	-
	1,219,120	758,962	475,137	1,948,943	493,157
	-	-	(622,633)	-	-
	-	-	-	-	-
\$	<u>59,611,999</u>	<u>\$ 62,909,135</u>	<u>\$ 67,830,914</u>	<u>\$ 69,450,811</u>	<u>\$ 66,478,166</u>
\$	-	\$ -	\$ -	\$ -	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$	<u>59,611,999</u>	<u>\$ 62,909,135</u>	<u>\$ 67,830,914</u>	<u>\$ 69,450,811</u>	<u>\$ 66,478,166</u>
\$	8,065,335	\$ 4,858,975	\$ 7,524,442	(1,543,641)	(846,099)
	-	-	-	-	-
\$	<u>8,065,335</u>	<u>\$ 4,858,975</u>	<u>\$ 7,524,442</u>	<u>(1,543,641)</u>	<u>(846,099)</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental activities:			
General government	\$ 4,532,842	\$ 3,706,869	\$ 3,839,477
Judicial administration	935,589	1,004,482	1,094,059
Public safety	10,348,457	10,939,395	11,938,546
Public works	2,264,495	6,788,951	4,852,479
Health and welfare	7,168,889	7,667,058	9,478,679
Education	28,885,170	30,205,596	32,275,983
Parks, recreation and cultural	1,905,821	1,920,357	1,899,918
Community development	1,306,243	1,094,698	1,284,739
Interest on long-term debt	2,385,160	2,207,537	2,027,895
Total governmental activities expenses	<u>\$ 59,732,666</u>	<u>\$ 65,534,943</u>	<u>\$ 68,691,775</u>
Business-type activities:			
Service Authority	<u>\$ 8,865,022</u>	<u>\$ 9,328,399</u>	<u>\$ 9,843,983</u>
Total primary government expenses	<u>\$ 68,597,688</u>	<u>\$ 74,863,342</u>	<u>\$ 78,535,758</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 29,762	\$ 32,047	\$ 29,817
Judicial administration	185,874	416,746	484,901
Public safety	9,784	36,733	46,749
Public works	1,091,511	1,381,470	1,032,628
Health and welfare	60,145	29,145	58,451
Parks, recreation and cultural	483,707	438,010	491,250
Community development	-	-	805,954
Operating grants and contributions	12,198,791	12,140,771	13,902,305
Capital grants and contributions	381,681	325,056	547,745
Total governmental activities program revenues	<u>\$ 14,441,255</u>	<u>\$ 14,799,978</u>	<u>\$ 17,399,800</u>
Business-type activities:			
Charges for services:			
Service Authority	\$ 8,289,261	\$ 8,851,965	\$ 9,165,628
Capital grants and contributions	6,428,336	4,480,576	3,333,111
Total business-type activities program revenues	<u>\$ 14,717,597</u>	<u>\$ 13,332,541</u>	<u>\$ 12,498,739</u>
Total primary government program revenues	<u>\$ 29,158,852</u>	<u>\$ 28,132,519</u>	<u>\$ 29,898,539</u>
Net (expense) / revenue			
Governmental activities	\$ (45,291,411)	\$ (50,734,965)	\$ (51,291,975)
Business-type activities	<u>5,852,575</u>	<u>4,004,142</u>	<u>2,654,756</u>
Total primary government net expense	<u>\$ (39,438,836)</u>	<u>\$ (46,730,823)</u>	<u>\$ (48,637,219)</u>

Table 2

	2005	2006	2007	2008	2009
\$	2,478,683	\$ 4,079,044	\$ 4,311,447	\$ 5,509,093	\$ 5,065,770
	2,679,389	1,240,876	1,594,317	1,851,046	1,842,573
	15,189,283	16,101,838	13,644,513	15,262,308	15,832,972
	5,034,373	6,895,780	5,247,249	5,696,530	5,163,545
	10,821,758	11,961,725	11,680,282	12,994,411	13,888,374
	32,680,676	35,060,055	37,298,801	42,733,092	39,022,157
	1,956,779	2,375,514	2,501,010	3,291,280	3,604,760
	1,095,394	2,047,389	1,628,788	2,213,214	1,944,793
	2,348,501	2,314,508	2,653,362	3,353,767	3,445,502
\$	<u>74,284,836</u>	<u>\$ 82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>
\$	-	-	-	-	-
\$	<u>74,284,836</u>	<u>\$ 82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>
\$	201,308	\$ 38,174	\$ 723,199	\$ 744,154	\$ 662,395
	358,190	525,703	614,220	433,807	371,909
	1,818,693	1,963,916	50,341	226,257	237,223
	1,218,967	1,210,912	2,257,679	1,332,972	1,111,324
	789,387	796,865	188,485	326,113	361,690
	552,890	564,861	649,233	654,110	722,807
	794,058	747,914	-	-	-
	14,256,910	15,401,030	13,542,540	15,423,055	15,777,283
	2,747,769	2,777,194	2,227,600	2,769,821	3,241,550
\$	<u>22,738,172</u>	<u>\$ 24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>
\$	-	-	-	-	-
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>22,738,172</u>	<u>\$ 24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>
\$	(51,546,664)	\$ (58,050,160)	\$ (60,306,472)	\$ (70,994,452)	\$ (67,324,265)
	-	-	-	-	-
\$	<u>(51,546,664)</u>	<u>\$ (58,050,160)</u>	<u>\$ (60,306,472)</u>	<u>\$ (70,994,452)</u>	<u>\$ (67,324,265)</u>

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Governmental Activities Tax Revenues by Source
 Last Eight Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Tax	Business License Tax	Total
2009	\$ 43,396,769	\$ 4,477,956	\$ 4,278,675	\$ 55,167	\$ 2,250,640	\$ 3,141,510	\$ 57,600,717
2008	41,016,853	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,800,756
2007	40,998,297	4,846,918	4,281,024	1,823,630	2,255,343	3,009,798	57,215,010
2006	36,591,540	4,738,044	2,879,209	1,823,862	2,128,691	2,879,209	51,040,555
2005	35,098,887	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,613,810
2004	31,126,142	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,713,538
2003	30,086,807	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,917,883
2002	29,235,710	3,474,194	2,671,531	1,709,028	1,766,369	2,007,787	40,864,619

Note: Accrual-basis financial information is available back to fiscal year 2002 when the County implemented GASB 34

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2000	2001	2002	2003	2004
General fund					
Reserved	\$ -	\$ -	\$ 228,518	\$ 175,165	\$ 407,538
Unreserved	12,684,232	13,570,205	14,363,062	14,138,810	12,800,893
Total general fund	\$ 12,684,232	\$ 13,570,205	\$ 14,591,580	\$ 14,313,975	\$ 13,208,431
All other governmental funds					
Reserved	\$ 4,756	\$ -	\$ 17,599,214	\$ 19,821,562	\$ 26,779,004
Unreserved, reported in:					
Capital projects funds	\$ 12,399,960	\$ 13,886,369	\$ 173,408	\$ 1,665	\$ -
Debt services funds	-	-	-	-	-
Total all other governmental funds	\$ 12,404,716	\$ 13,886,369	\$ 17,772,622	\$ 19,823,227	\$ 26,779,004

Table 4

Fiscal Year				
2005	2006	2007	2008	2009
\$ 407,017	\$ 741,541	\$ 1,085,858	\$ 1,332,428	\$ 1,135,867
<u>17,598,056</u>	<u>16,263,261</u>	<u>20,592,646</u>	<u>17,289,242</u>	<u>13,363,450</u>
<u>\$ 18,005,073</u>	<u>\$ 17,004,802</u>	<u>\$ 21,678,504</u>	<u>\$ 18,621,670</u>	<u>\$ 14,499,317</u>
\$ 28,523,195	\$ 25,442,249	\$ 34,275,104	\$ 34,894,572	\$ 35,887,286
\$ -	\$ -	\$ (7,541,836)	\$ 581,874	\$ 650,341
<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(500)</u>
<u>\$ 28,523,195</u>	<u>\$ 25,442,249</u>	<u>\$ 26,733,268</u>	<u>\$ 35,475,946</u>	<u>\$ 36,537,127</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues				
General property taxes	\$ 26,683,398	\$ 27,856,151	\$ 29,215,101	\$ 30,153,447
Other local taxes	12,301,808	13,418,872	14,223,702	14,541,480
Permits, privilege fees and regulatory licenses	529,345	612,099	561,732	684,422
Fines and forfeitures	62,423	87,139	109,321	113,485
Revenue from use of money and property	1,713,894	2,254,431	1,488,978	1,364,576
Charges for services	2,042,294	2,176,966	1,860,783	2,220,666
Miscellaneous	127,333	160,365	150,658	220,932
Recovered costs	607,285	764,388	932,737	1,235,052
Intergovernmental:				
Commonwealth	9,002,890	10,522,280	13,580,803	13,278,030
Federal	2,941,584	3,370,716	4,040,442	4,006,685
Total revenues	<u>\$ 56,012,254</u>	<u>\$ 61,223,407</u>	<u>\$ 66,164,257</u>	<u>\$ 67,818,775</u>
Expenditures				
General government administration	\$ 2,772,205	\$ 2,812,242	\$ 2,735,805	\$ 2,862,360
Judicial administration	929,525	1,056,485	1,016,319	981,550
Public safety	8,863,349	10,095,931	11,205,461	11,660,505
Public works	1,718,170	1,932,275	2,061,756	2,281,420
Health and welfare	5,877,529	6,319,605	7,444,922	8,003,424
Education	3,000	3,000	24,811,181	26,313,785
Parks, recreation and cultural	1,643,246	1,758,797	1,962,575	2,045,094
Community development	1,085,357	1,398,281	1,344,008	999,810
Capital projects	5,100,686	4,162,660	3,641,970	5,427,451
Debt service				
Principal	92,321	92,111	3,278,319	3,203,641
Interest and other fiscal charges	12,089	7,543	2,443,479	2,266,735
Total expenditures	<u>\$ 28,097,477</u>	<u>\$ 29,638,930</u>	<u>\$ 61,945,795</u>	<u>\$ 66,045,775</u>
Excess of revenues over (under) expenditures	<u>\$ 27,914,777</u>	<u>\$ 31,584,477</u>	<u>\$ 4,218,462</u>	<u>\$ 1,773,000</u>
Other financing sources (uses)				
Transfers in	\$ 5,073,192	\$ 6,622,420	\$ 12,275,913	\$ 13,271,497
Transfers out	(32,643,225)	(36,687,767)	(12,275,913)	(13,271,497)
Bonds issued	-	-	227,717	-
Premium on bonds issued	-	-	-	-
Capital leases	262,850	-	-	-
Sale of capital assets	-	848,496	-	-
Total other financing sources (uses)	<u>\$ (27,307,183)</u>	<u>\$ (29,216,851)</u>	<u>\$ 227,717</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 607,594</u>	<u>\$ 2,367,626</u>	<u>\$ 4,446,179</u>	<u>\$ 1,773,000</u>
Debt service as a percentage of noncapital expenditures	<u>0.45%</u>	<u>0.39%</u>	<u>9.73%</u>	<u>8.40%</u>

Note: Presentation of debt service and education expenditures changed in fiscal year 2002 when the County implemented GASB 34

Table 5

Fiscal Year						
2004	2005	2006	2007	2008	2009	
\$ 31,292,004	\$ 34,616,279	\$ 37,850,345	\$ 40,945,162	\$ 40,856,658	\$ 42,760,266	
15,384,053	16,802,349	17,956,305	18,216,785	18,655,064	15,859,972	
819,021	794,058	765,606	702,238	697,717	590,168	
173,891	176,852	186,124	224,266	195,626	206,887	
623,962	1,445,113	2,224,715	3,498,183	2,766,852	1,792,056	
1,956,838	2,307,499	2,456,587	2,521,143	2,824,070	2,670,293	
1,343,728	1,237,864	742,133	536,046	1,930,812	437,853	
1,968,868	2,455,084	2,440,028	1,181,549	848,945	841,161	
14,982,073	16,756,534	17,387,178	14,935,463	17,115,948	17,557,521	
5,319,241	5,287,054	6,129,690	6,043,955	6,089,290	6,366,997	
<u>\$ 73,863,679</u>	<u>\$ 81,878,686</u>	<u>\$ 88,138,711</u>	<u>\$ 88,804,790</u>	<u>\$ 91,980,982</u>	<u>\$ 89,083,174</u>	
\$ 3,126,493	\$ 3,210,610	\$ 3,237,610	\$ 3,515,136	\$ 4,227,869	\$ 4,036,220	
1,034,224	1,117,543	1,268,300	1,502,163	1,885,147	1,789,570	
12,863,042	14,827,604	15,314,641	13,410,881	14,790,155	14,791,170	
2,296,943	2,515,917	2,886,088	3,034,064	3,144,129	3,624,473	
10,003,750	10,789,063	11,868,923	12,395,465	13,686,090	14,605,119	
27,089,804	25,895,416	28,010,867	30,072,708	31,763,370	31,884,595	
2,084,593	2,287,135	2,340,685	2,515,714	2,678,852	2,718,695	
1,068,521	1,325,598	1,495,977	1,635,706	1,743,298	1,721,192	
9,597,824	15,182,609	19,805,811	36,605,957	17,424,291	7,868,417	
3,164,847	2,994,266	3,572,479	3,580,578	4,921,853	5,400,528	
2,090,813	2,120,675	2,418,547	1,973,221	3,446,208	3,704,367	
<u>\$ 74,420,854</u>	<u>\$ 82,266,436</u>	<u>\$ 92,219,928</u>	<u>\$ 110,241,593</u>	<u>\$ 99,711,262</u>	<u>\$ 92,144,346</u>	
<u>\$ (557,175)</u>	<u>\$ (387,750)</u>	<u>\$ (4,081,217)</u>	<u>\$ (21,436,803)</u>	<u>\$ (7,730,280)</u>	<u>\$ (3,061,172)</u>	
\$ 13,706,738	\$ 13,201,991	\$ 22,610,887	\$ 15,973,349	\$ 20,031,363	\$ 16,999,833	
(13,706,738)	(13,201,991)	(22,610,887)	(15,973,349)	(20,031,363)	(16,999,833)	
6,300,392	6,454,481	-	26,610,000	12,729,426	-	
-	474,102	-	791,524	686,698	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 6,300,392</u>	<u>\$ 6,928,583</u>	<u>\$ -</u>	<u>\$ 27,401,524</u>	<u>\$ 13,416,124</u>	<u>\$ -</u>	
<u>\$ 5,743,217</u>	<u>\$ 6,540,833</u>	<u>\$ (4,081,217)</u>	<u>\$ 5,964,721</u>	<u>\$ 5,685,844</u>	<u>\$ (3,061,172)</u>	
<u>7.52%</u>	<u>7.04%</u>	<u>7.51%</u>	<u>7.00%</u>	<u>9.24%</u>	<u>10.16%</u>	

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	Restaurant Tax	Business License Tax	Total
2009	\$ 42,760,266	\$ 4,477,956	\$ 4,278,675	\$ 55,167	\$ 2,250,640	\$ 3,141,510	\$ 56,964,214
2008	40,856,658	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,640,561
2007	40,945,162	4,846,918	3,420,384	1,823,630	2,263,351	3,009,798	56,309,243
2006	37,850,345	4,738,044	2,719,884	1,823,862	2,128,691	2,879,209	52,140,035
2005	34,616,279	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,131,202
2004	31,292,004	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,879,400
2003	30,153,447	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,984,523
2002	29,215,101	3,472,270	2,741,379	1,709,028	1,815,438	2,067,401	41,020,617
2001	27,856,151	3,505,000	2,618,766	1,633,583	1,634,205	1,774,612	39,022,317
2000	26,683,398	3,350,675	2,555,402	1,305,559	1,547,378	1,735,331	37,177,743

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (2)	Machinery and Tools	Public Service (3)	Total Taxable Assessed Value (5)	Estimated Actual Taxable Value	State Sales Assessment Ratio (4)
2009	\$ 5,877,675,585	\$ 623,193,070	\$ 156,511,140	\$ 168,363,142	\$ 6,825,742,937	\$ 8,426,843,132	81.00%
2008	5,206,226,035	597,497,180	150,731,330	172,858,139	6,127,312,684	8,703,569,153	70.40%
2007	5,093,036,897	586,582,760	147,337,390	177,676,959	6,004,634,006	8,305,164,600	72.30%
2006	4,956,905,910	549,490,860	88,306,340	202,847,610	5,797,550,720	7,558,736,271	76.70%
2005	4,383,324,880	521,161,070	133,732,440	172,866,940	5,211,085,330	5,726,467,396	91.00%
2004	3,828,661,520	521,559,370	128,012,550	189,376,250	4,667,609,690	5,923,362,551	78.80%
2003	3,729,409,610	497,578,090	123,908,310	191,713,638	4,542,609,648	5,312,993,740	85.50%
2002	3,623,889,980	486,492,230	113,824,640	194,655,330	4,418,862,180	4,680,998,072	94.40%
2001	3,294,646,680	473,381,990	109,159,800	168,416,074	4,045,604,544	4,153,598,094	97.40%
2000	2,978,037,610	426,528,190	103,449,470	170,279,067	3,678,294,337	4,272,118,858	86.10%

Source: Commissioner of Revenue

(1) Real estate is assessed at 100% of fair market value.

(2) Includes PPTRA

(3) Assessed values are established by the State Corporation Commission.

(4) Source: Virginia Department of Taxation.

(5) Weighted average of direct rates for Fiscal Year 2009 is \$0.70. In Fiscal Year 2008 the weighted average was \$0.73. This is calculated by the Total Tax Levy (Table 10) divided by the Total Taxable Assessed Value (Table 7.)

See Table 8 for Direct Rates.

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

Fiscal Years	Direct Rates				
	Real Estate	Personal Property Vehicle	Other	Mobile Homes	Machinery and Tools
2009	0.48	2.25	1.90	0.48	1.90
2008	0.58	1.90	1.90	0.58	1.90
2007	0.58	1.90	1.90	0.58	1.90
2006	0.58	1.90	1.90	0.58	1.90
2005	0.58	1.90	1.90	0.58	1.90
2004	0.58	1.90	1.90	0.58	1.90
2003	0.58	1.90	1.90	0.58	1.90
2002	0.58	1.90	1.90	0.58	1.90
2001	0.58	1.90	1.90	0.58	1.90
2000	0.58	1.90	1.90	0.58	1.90

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2009		Fiscal Year 2000	
		2008 Assessed Valuation	% of Total Assessed Valuation	1999 Assessed Valuation	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 88,384,450	1.29%	\$ 70,006,681	1.90%
Hershey Foods Corporation	Food Manufacturer	86,288,560	1.26%	48,597,600	1.32%
McKee Baking Company	Food Manufacturer	63,737,731	0.93%	53,971,080	1.47%
Dayton Hudson Corporation/Target	Distribution Center	42,510,010	0.62%	43,578,310	1.18%
Shenandoah Valley Electric	Public Utility	40,102,240	0.59%	24,383,529	0.66%
Verizon/Bell Atlantic	Public Utility	21,866,220	0.32%	21,194,261	0.58%
MeadWestvaco ⁽¹⁾	Paper Mfg. Warehouse	20,109,900	0.29%	-	0.00%
First Republic Group Realty/Colonial Realty	Real Estate	18,625,000	0.27%	13,010,500	0.35%
Reynolds Metals	Flexible Packaging	15,765,570	0.23%	13,420,020	0.36%
Hollister, Inc	Medical Supplies Mfg.	13,618,149	0.20%	10,044,359	0.27%
		<u>\$ 411,007,830</u>	<u>6.02%</u>	<u>\$ 298,206,340</u>	<u>8.11%</u>

Source: Commissioner of Revenue

⁽¹⁾ New principal taxpayer in Fiscal Year 2009.

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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 47,600,593	\$ 46,038,275	96.72%	\$ -	\$ 46,038,275	96.72%
2008	44,831,962	44,100,666	98.37%	535,444	44,636,110	99.56%
2007	43,889,074	43,610,632	99.37%	313,836	43,924,468	100.08%
2006	41,591,742	41,074,320	98.76%	1,140,638	42,214,958	101.50%
2005	38,126,417	37,394,807	98.08%	480,276	37,875,083	99.34%
2004	34,964,974	34,102,933	97.53%	864,373	34,967,306	100.01%
2003	33,867,550	33,163,348	97.92%	501,398	33,664,746	99.40%
2002	32,943,338	31,888,262	96.80%	781,711	32,669,973	99.17%
2001	30,387,660	29,592,256	97.38%	387,997	29,980,253	98.66%
2000	26,176,009	25,857,867	98.78%	369,081	26,226,948	100.19%

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA collections from the Commonwealth of Virginia

COUNTY OF AUGUSTA, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities		Total Primary Government
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases	General Obligation Bonds	Capital Leases	
2009	\$ 68,092,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,092,773
2008	73,493,301	-	-	-	-	-	73,493,301
2007	65,685,728	-	-	-	-	-	65,685,728
2006	42,656,306	-	-	-	-	-	42,656,306
2005	46,228,785	-	-	-	-	-	46,228,785
2004	42,768,570	-	-	-	33,375,167	84,235	76,227,972
2003	40,058,417	-	-	-	29,731,295	90,026	69,879,738
2002	43,227,261	-	225,642	34,797	28,985,942	95,276	72,568,918
2001	46,378,315	-	-	159,987	-	-	46,538,302
2000	49,526,231	50,000	4,566	279,181	-	-	49,859,978

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 13

Table 11

Percentage of Personal Income (1)	Per Capita (1)
3.05%	951
3.29%	1,027
2.98%	928
2.00%	609
2.32%	671
4.06%	1,128
3.96%	1,041
4.30%	1,095
2.76%	700
3.16%	760

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	\$ 68,092,773	\$ -	\$ 68,092,773	1.00%	951
2008	73,493,301	-	73,493,301	1.20%	1,027
2007	65,685,728	-	65,685,728	1.09%	928
2006	42,656,306	-	42,656,306	0.74%	609
2005	46,228,785	-	46,228,785	0.89%	671
2004	42,768,570	-	42,768,570	0.92%	633
2003	40,058,417	-	40,058,417	0.88%	597
2002	43,227,261	-	43,227,261	0.98%	652
2001	46,378,315	-	46,378,315	1.15%	697
2000	49,526,231	4,756	49,521,475	1.35%	755

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(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.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	71,586	\$ 31,161	43.53%	45-49	10,688	N/A
2008	71,586	31,161	43.53%	45-49	10,716	3.60%
2007	70,747	31,161	44.05%	45-49	10,798	2.60%
2006	70,034	30,399	43.41%	40	10,769	2.60%
2005	68,900	28,973	42.05%	40	10,691	2.90%
2004	67,600	27,775	41.09%	N/A	10,662	2.90%
2003	67,100	26,325	39.23%	N/A	10,624	3.10%
2002	66,300	25,450	38.39%	N/A	10,720	3.10%
2001	66,500	25,374	38.16%	N/A	10,704	2.80%
2000	65,615	24,058	36.67%	N/A	10,861	1.70%

Source: Weldon Cooper Center, Virginia Employment Commission, Labor Market Information, and Annual School Report - prepared by the county

Data that is unavailable for a more recent year is noted as the prior year's amount.

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Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta Medical Center	1000+	1	4.10%	1000+	2	4.40%
Augusta County School Board	1000+	2	4.10%	1000+	1	4.40%
McKee Foods Corporation	500-999	3	2.10%	1000+	4	4.40%
Hershey Chocolate of Virginia	500-999	4	2.10%	500-999	6	2.20%
Target Corp.	500-999	5	2.10%	1000+	3	4.40%
AAF McQuay, Inc.	500-999	6	2.10%	250-499	10	1.10%
Hollister, Inc.	250-499	7	1.10%	250-499	9	1.10%
Augusta Correctional Center	250-499	8	1.10%			
Blue Ridge Community College	250-499	9	1.10%			
County of Augusta	250-499	10	1.10%			
Western State Hospital				500-999	5	2.20%
Alcoa Building Products				500-999	7	2.20%
American Safety Razor Company				500-999	8	2.20%
Totals-average	<u>7,500</u>		<u>21.00%</u>	<u>9,000</u>		<u>28.60%</u>
Total County Employment	<u>36,247</u>			<u>31,529</u>		

Source: Virginia Employment Commission, Labor Market Information (LMI)

COUNTY OF AUGUSTA, VIRGINIA

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

Function	Fiscal Year					
	1999	2001	2002	2003	2004	2005
General government	47	47	48	53	51	53
Judicial administration	17	19	19	21	21	19
Public safety						
Sheriffs department (1)	107	117	121	122	129	129
Emergency operations center	14	17	16	14	17	18
Fire & rescue	11	15	14	20	27	27
Building inspections	6	6	6	7	7	8
Animal control	2	2	2	2	2	2
Public works						
General maintenance	20	20	21	22	22	21
Health and welfare						
Department of social services (2)	77	91	91	83	110	116
Culture and recreation						
Parks and recreation	6	6	6	7	7	8
Library	17	17	15	16	16	16
Community development	9	10	10	10	10	12
Totals	<u>333</u>	<u>367</u>	<u>369</u>	<u>377</u>	<u>419</u>	<u>429</u>

Source: Individual county departments

(1) Reduction in personnel in 2006 is due to opening of Middle River Regional Jail

(2) Addition of personnel in 2004 due to Waynesboro personnel

Table 15

Fiscal Year			
2006	2007	2008	2009
48	52	52	50
22	22	22	26
85	81	81	76
18	21	20	19
37	44	44	48
9	9	9	7
2	3	3	3
20	19	18	18
118	121	120	121
9	11	11	10
16	17	16	17
13	13	13	12
<u>397</u>	<u>413</u>	<u>409</u>	<u>407</u>

COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function
Last Eight Fiscal Years

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Public safety					
Sheriffs department:					
Number of police personnel and officers	120	123	131	131	79
Physical arrests	2,864	3,559	3,639	3,838	5,899
Traffic violations	3,420	3,423	4,624	4,492	5,980
Parking violations	8	11	5	-	-
Fire and rescue:					
Number of calls answered	15,084	16,121	17,421	16,699	16,716
Number of volunteers (2)	1,080	1,054	1,327	882	912
Number of paid fire personnel and officers	21	26	26	29	37
Building inspections:					
Permits issued	1,461	1,550	1,528	1,458	1,337
Animal control:					
Number of calls answered	4,500	4,529	4,039	5,007	4,603
Public works					
General maintenance:					
Trucks/vehicles	6	7	7	7	7
Health and welfare					
Department of Social Services:					
Caseload	N/A	N/A	7,390	7,934	8,695
Culture and recreation					
Parks and recreation:					
After-school program participants	271	275	276	306	261
Community development					
Planning:					
Zoning permits issued	N/A	N/A	573	597	512
Component Unit - School Board					
Education:					
Number of teachers:					
Instruction	1,075	1,050	1,065	1,079	1,098
Other	426	446	444	442	453
Total	1,501	1,496	1,509	1,521	1,551
Local expenditures per pupil (3)	\$ 2,848	\$ 2,992	\$ 3,034	\$ 2,880	\$ 3,149

Source: Individual county departments

(1) Data available starting with fiscal year 2002

(2) All County funded stations

(3) Includes debt service

Table 16

Fiscal Year		
2007	2008	2009
79	81	76
3,975	3,692	3,421
7,000	6,434	6,656
-	-	-
17,974	19,401	17,508
923	1,001	1,003
43	43	48
1,241	1,117	N/A
4,056	3,866	N/A
7	7	7
8,734	9,034	9,889
323	377	349
539	598	N/A
1,135	1,140	1,147
465	478	483
1,600	1,618	1,630
\$ 3,325	\$ 3,745	\$ 3,835

Capital Asset Statistics by Function
Last Eight Fiscal Years

Function	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General government								
Administration buildings	16	16	16	16	16	16	17	17
Vehicles	5	5	4	5	5	5	5	5
Public safety								
Sheriffs department:								
Number of stations	3	3	3	3	3	3	3	3
Patrol units	59	59	59	59	68	68	79	71
Other vehicles	20	20	15	18	17	18	10	10
Fire and rescue:								
Number of fire stations	14	14	14	14	14	14	14	14
Number of rescue stations	8	8	8	8	8	8	8	8
Number of apparatus	155	155	163	159	162	161	169	172
Building inspections:								
Vehicles	6	6	6	5	6	6	6	6
Animal control:								
Vehicles	3	3	3	2	2	3	3	3
Mobile Command Units	0	0	0	0	1	1	1	1
Public works								
General maintenance:								
Trucks/vehicles	7	7	7	7	7	7	7	7
Compactor sites	10	10	10	10	10	10	10	10
Health and welfare								
Department of Social Services:								
Vehicles	17	17	15	17	22	24	24	26
Culture and recreation								
Parks and recreation:								
Community centers	6	6	6	6	6	6	6	6
Vehicles	6	6	6	6	8	8	8	8
Parks	2	2	2	2	2	4	4	4
Parks acreage	32	32	32	55	55	115	115	115
Swimming pools	0	0	0	1	1	1	1	1
Tennis courts (1)	8	8	8	18	18	18	18	18
Library:								
Vehicles	2	2	2	2	2	2	2	1
Community development								
Planning:								
Vehicles	4	4	4	4	7	7	7	7
Component Unit - School Board								
Education:								
Number of schools:								
Elementary	12	12	12	12	12	12	12	12
Middle	3	3	3	3	3	4	4	4
High	5	5	5	5	5	5	5	5

Source: Individual county departments

(1) At high and middle schools.

(2) Data available starting with fiscal year 2002.

COMPLIANCE SECTION

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

**TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF AUGUSTA, VIRGINIA**

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia as of and for the year ended June 30, 2009, which collectively comprise the County of Augusta, Virginia's basic financial statements and have issued our report thereon dated November 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 Augusta, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Augusta, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Augusta, Virginia's internal control over financial reporting.

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 County of Augusta, Virginia'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 County of Augusta, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Augusta, Virginia's internal control.

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 County of Augusta, Virginia'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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the County of Augusta, 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 Augusta, Virginia in a separate letter dated November 30, 2009.

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

Robinson, Farrow, Cox Associates

Verona, Virginia
November 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 HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF AUGUSTA, VIRGINIA

Compliance

We have audited the compliance of the County of Augusta, 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 Augusta, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Augusta, Virginia's management. Our responsibility is to express an opinion on the County of Augusta, Virginia's compliance based on our audit.

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

In our opinion, the County of Augusta, 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 Augusta, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Augusta, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Augusta, 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 entity's internal control.

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

Robinson, Fournier, & Associates

Verona, Virginia
November 30, 2009

County of Augusta, Virginia

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

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Headstart program	93.600	\$ <u>1,915,335</u>
Pass Through Payments:		
Department of Social Services:		
Profmoting safe and stable families	93.556	16,191
Temporary assistance to needy families (TANF)	93.558	1,263,060
Refugee and entrant assistance - discretionary grants	93.566	1,571
Low income home energy assistance	93.568	32,849
Child care and development block grant	93.575	301,762
Child care and development block grant - ARRA	93.575	2,576
Child care and development fund - matching funds	93.596	307,273
Child care and development fund-ARRA	93.596	1,450
Chafee education and training vouchers	93.599	19,583
Adoption assistance	93.659	233,488
Adoption assistance - ARRA	93.659	20,910
Foster care - Title IV-E	93.658	738,762
Foster care - Title IV-E-ARRA	93.658	42,938
State children's health insurance program	93.767	62,460
Social services block grant	93.667	357,974
Chafee foster care independence	93.674	36,998
Medical assistance program (Title XIX)	93.778	544,787
Child welfare services - state grants	93.645	<u>5,881</u>
Total Dept. Health & Human Services-pass through payments		\$ <u>3,990,513</u>
Total Department Health and Human Services		\$ <u>5,905,848</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food distribution	10.555	\$ 282,665
Department of Education:		
National school breakfast program	10.553	337,701
National school lunch program	10.555	1,425,444
Secure payments for states and counties containing federal lands	10.665	242,363
Department of Social Services:		
State admin matching grants for food stamp program	10.561	<u>830,275</u>
Total Department of Agriculture - pass-through payments		\$ <u>3,118,448</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in lieu of taxes	15.226	\$ <u>357,462</u>

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Violence against women	16.588	\$ 10,244
Violence against women	16.588	28,954
Forfeited assets	16.000	<u>46,216</u>
Total Department of Justice - pass-through payments		<u>\$ 85,414</u>
Environmental Protection Agency:		
Pass Through Payments:		
Department of Environmental Quality:		
DEQ royalty grants	66.000	<u>\$ 8,765</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	<u>\$ 43,329</u>
U.S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
Assistance to firefighters grant	97.044	\$ 88,193
Homeland security-Law Enforcement Terrorism Prev. Prog.	97.074	209,400
Stae homeland security	97.073	<u>46,543</u>
Total Department of Homeland Security pass-through payments		<u>\$ 344,136</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult basic education	84.002	\$ 140,213
Title I: educationally deprived children	84.010	1,013,297
Title VI-B: special education	84.027	2,180,725
Career and technology Education: basic grants to states	84.048	139,578
Title VI-B: special education preschool grant	84.173	62,303
Safe and drug free schools and communities	84.186	34,472
Title V Part A: innovative programs	84.367	1,804
English language acquisition	84.365	29,403
Twenty-First century community learning centers	84.287	141,046

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Education:		
Pass Through Payments:		
Department of Education:		
Education technology grants	84.318	\$ 13,346
Title II Part A - Improving teacher quality	84.367	297,798
Pass Through Payments:		
Compensation Board:		
State Fiscal Stabilization Funds-Sheriff	84.397	\$ <u>707,103</u>
Total Department of Education pass through payments		\$ <u>4,761,088</u>
Total Federal Assistance		\$ <u><u>14,624,490</u></u>

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of federal expenditures includes the federal grant activity of the County of Augusta, Virginia and is presented on the 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.

County of Augusta, Virginia

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified
Internal control over financial reporting:
- Material weaknesses identified?
- Significant deficiencies identified that are not considered to be material weaknesses?
Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:
- Material weaknesses identified?
- Significant deficiencies identified that are not considered to be material weaknesses?
Type of auditors' report issued on compliance for major programs:
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Identification of major programs:

Table with 2 columns: CFDA Numbers and Name of Federal Program or Cluster. Lists programs like Adoption Assistance, Foster Care Title IV-E, State Fiscal Stabilization Fund, Special Education Cluster, Title VI-B handicapped state grants, Child Nutrition Cluster, Food distribution, National school breakfast program, and National school lunch program.

Dollar threshold used to distinguish between type A and type B programs: \$438,735
Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.