

**COUNTY OF AUGUSTA, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

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# **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 12, 2010

### ***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, 2010 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. Therefore 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. 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 accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is 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, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by *Government Auditing Standards* and the *Specification for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, 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, 2010 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

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 the 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 2009 population was 72,020. 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 5,400 of 35,000 plus workers in the County's labor force and make-up 5.5% of the total local property taxes. The unemployment rate of the County has increased 83% from 3.6% in 2008 to 6.6% in 2009 due to the national economic downturn. The County's rate is similar to that of the State's unemployment rate of 6.7% and compares favorably to the national unemployment rate of 9.3%.

Due to the national economic recession, the County has experienced continued decreases in local revenues. Substantial decreases have occurred in local sales taxes, hotel and lodging taxes, restaurant meals tax, permits and licenses, and interest revenue. Local sales tax and business licenses have decreased 12.6% and 15.5%, respectively, since fiscal year 2008. Taxable sales have decreased by 10.9% from \$416 million in 2009 to \$372 million in 2010. Lodging and restaurant taxes have decreased 14.3% collectively over the past two fiscal years as well. The recession also had a direct affect on the

housing market. Revenue from permits and other licenses for home improvements saw a 35% drop since fiscal year 2008. Housing permits for new home construction saw a slight increase of 2.1% from calendar year 2008. However, the County is still lagging from our peak of housing permits in 2005 where 5,007 permits were issued to 2009 where 3,948 permits were issued. This is a 21.1% decrease since that time frame. During this recession interest rates have hit record lows. The County saw a 78.9% drop in revenue from interest rates since fiscal year 2008.

According to the National Bureau of Economic Research the recession ended in June 2009. However, there are many factors to consider during a recovery. Currently the national economy has seen increases in production, a rise in corporate profits, and gains in the stock market. But the recovery has not seen improvement in construction, unemployment, consumer confidence, inflation growth, or increases in the interest rates. All of these factors have been slow to improve making this recovery longer than originally anticipated.

### □ 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.”

In 2008 Augusta County began exploring the option of implementing a Revenue Recovery program. Revenue Recovery is a program that bills a user fee to Medicaid, Medicare, and private insurance companies for emergency ambulance transport services. In order to offset the increasing financial demands of emergency medical services, the County, like many local governments nationwide, is seeking alternative ways to fund these services. Most insurance plans already offer the benefit for emergency transports. Therefore, citizens are affected very little by this program. Citizens who are not covered by an insurance plan fall under the County’s Area Resident program. This program states that any citizen who is a resident of Augusta County and pays taxes to the County will be exempt from paying their portion of the ambulance transport fee. The taxes paid by the citizen are seen as inclusive of any out of pocket expenses.

The County presented and advertised an ordinance to consider their right to exercise the powers enumerated in § 32.1-111.14, Code of Virginia (1950), as amended to grant franchise permits for operation of Emergency Medical Services vehicles, to make reasonable charges for use of Emergency Medical Services vehicles, including charging insurers, and for other purposes. The ordinance was approved on May 13, 2009. The County participated in the Request for Proposal process to select a third party vendor to perform the billing service with the County of Rockingham and the City of Harrisonburg. EMS Management and Consultants of Clemmons, North Carolina was selected through the competitive process. Augusta County Fire Rescue has worked in conjunction with area volunteers in supplying the training necessary to implement billing procedures and follow federal patient privacy practices. Augusta County began billing for ambulance transports in April 2010. There was approximately two months of revenue received for this charge for service in fiscal year 2010. The County generated approximately \$134,000 in net revenues. The funds generated from Revenue Recovery are passed back to the agencies in the form of a contribution from the County.

### □ Financial Information □

#### **Budget**

The County 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, 2010, the County had a number of debt issues outstanding. These issues totaled \$62,760,277 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. However, the larger returns were due to older investments maturing in the first part of the fiscal year. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates dropped to below .5 percent in 2010. The County continued 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.

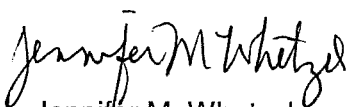
### **□ Awards and Acknowledgements □**

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, 2009. This is the twelfth 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.

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, 2009

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.

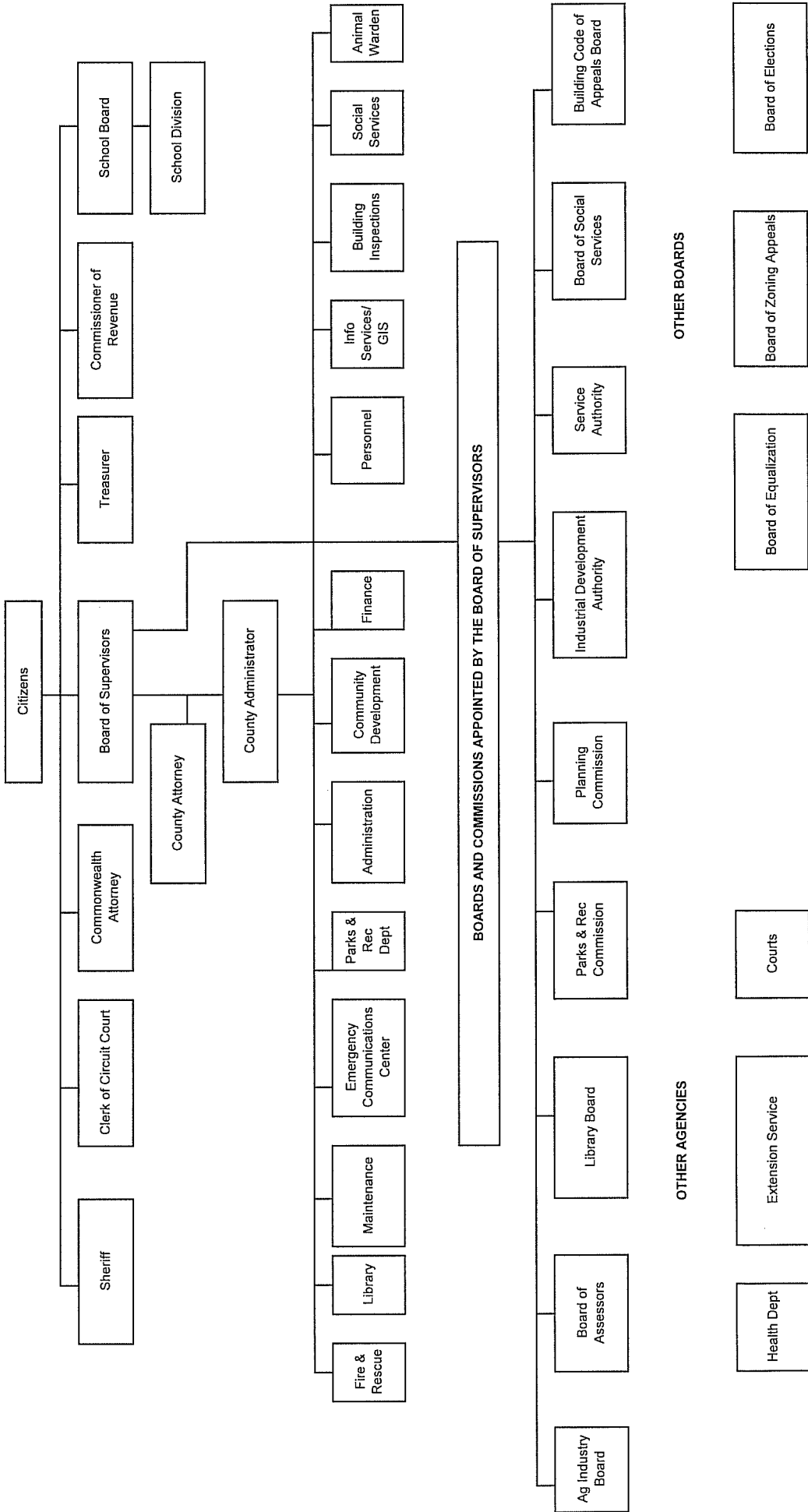


President

Executive Director

County of Augusta, Virginia

Organizational Chart



## COUNTY OF AUGUSTA, VIRGINIA

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### BOARD OF SUPERVISORS

---

Gerald W. Garber, Chairman  
Jeremy L. Shifflett, Vice-Chairman

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

Nancy Taylor Sorrells  
Larry C. Howdysell  
Patrick J. Coffield, Clerk

### COUNTY SCHOOL BOARD

---

John L. Ocheltree, Chairman  
Nicholas T. Collins, Vice-Chairman

Jeff A. Moore  
Chad D. Shomo  
David R. Shifflett

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.....	Vacant, Appointment Pending
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 Lilly
Chief Building Inspector.....	Michael C. Nickell
Director of Community Development.....	Timothy Fitzgerald
Director of MIS .....	Jacquelyn A. Zetwick
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

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## **FINANCIAL SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF 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, 2010, 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, 2010, and the respective changes in financial position and cash flows, 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 12, 2010 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 should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison schedule, 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 management's discussion and analysis and schedules of funding progress. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of 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 12, 2010

## **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, 2010. 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 \$66,869,090 (net assets). Of this amount, \$53,752,359 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$66,607,306 of which \$(1,329,711) is unrestricted. (See Exhibit 1.)
- The County's total net assets decreased by \$112,337. The School Board's total net assets increased by \$2,453,320. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$84,031,549 and \$109,219,063 respectively for fiscal year 2010. (See Exhibit 2.)
- Expenses were \$84,143,886 for governmental activities and \$106,765,743 for School Board. (See Exhibit 2.)

#### **Fund Financial Statements**

- At the end of the current fiscal year, unreserved fund balance for the general fund was \$12,201,976, or 21 percent of the total general fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2011 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 2011.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$49,955,188, a decrease of \$1,081,256 in comparison with the prior year. Approximately 26 percent of this total amount, or \$12,846,870, 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 accompanied by government-wide financial statements, the objective of operational accountability is also met. These objectives 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 \$66,869,090 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**

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 83,064,008	\$ 69,630,384
Capital assets	77,821,181	81,440,666
Total assets	<u>\$ 160,885,189</u>	<u>\$ 151,071,050</u>
Long-term liabilities	\$ 66,660,867	\$ 66,171,065
Other liabilities	27,355,232	17,918,558
Total liabilities	<u>\$ 94,016,099</u>	<u>\$ 84,089,623</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 13,116,731	\$ 11,284,834
Unrestricted	53,752,359	55,696,593
Total net assets	<u>\$ 66,869,090</u>	<u>\$ 66,981,427</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 20 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.

The balance of unrestricted net assets, which is \$53,752,359 or 80 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

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 \$112,337. This minimal decrease represents the effort of the government to closely match expenses with revenues, even though revenue growth has remained stagnant from the downturn in the economy which began in fiscal year 2008.

The deficit unrestricted net asset balance for the School Board is due to the recent 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. Therefore, the School Board is not recognizing the debt for these renovations and only recognizes a portion of the building renovations in its current capital assets.

#### Governmental Activities

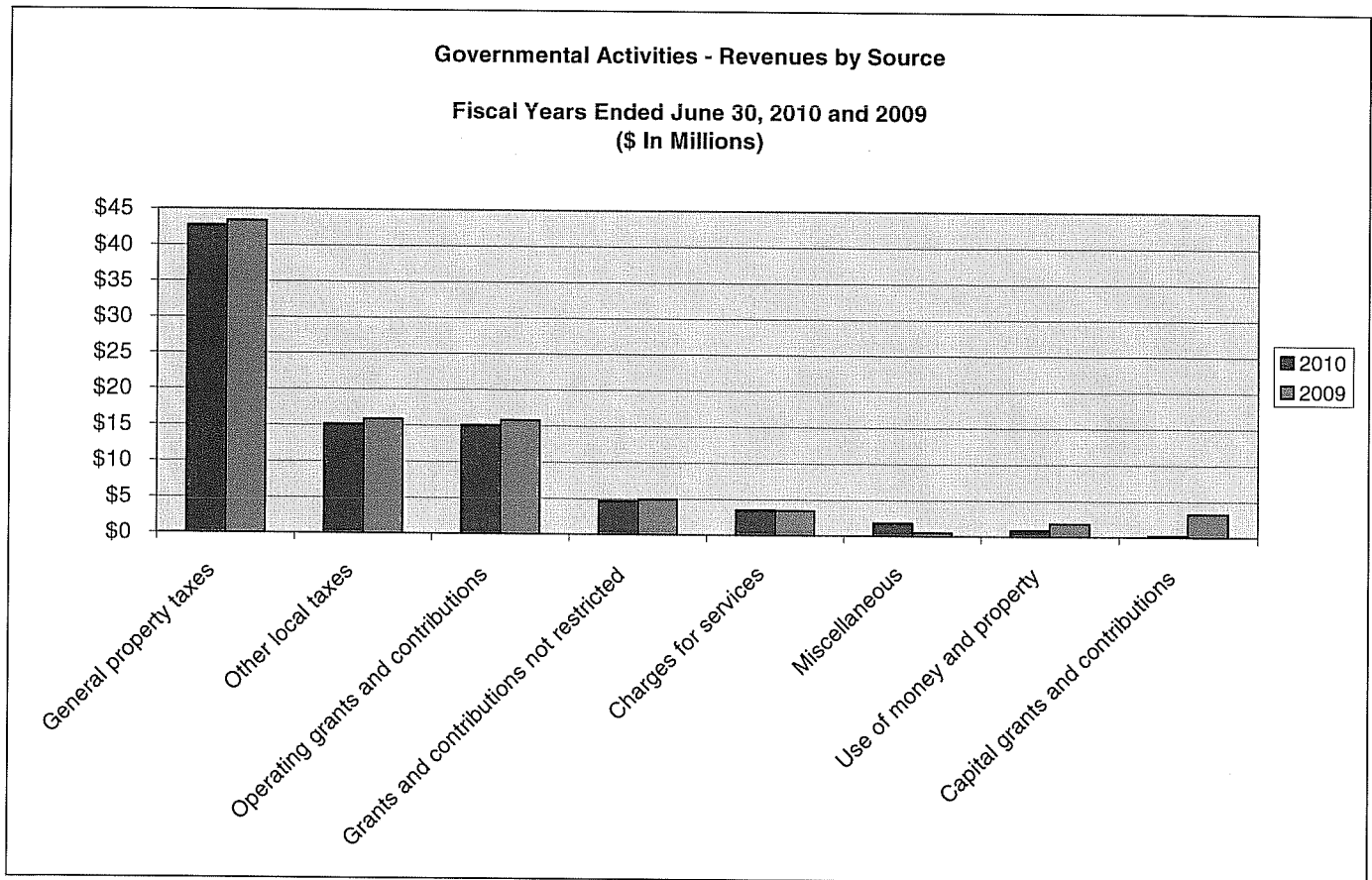
Governmental activities decreased the County's net assets by \$112,337. Key elements of this decrease are as follows:

#### **County of Augusta's Changes in Net Assets**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,557,531	\$ 3,467,348
Operating grants and contributions	15,052,450	15,777,283
Capital grants and contributions	197,886	3,241,550
General revenues:		
General property taxes	42,723,198	43,396,769
Other local taxes	15,144,841	15,859,972
Use of money and property	883,653	1,822,584
Miscellaneous	1,832,444	493,157
Grants and contributions not restricted to specific programs	4,639,546	4,905,685
Total revenues	<u>\$ 84,031,549</u>	<u>\$ 88,964,348</u>
Expenses:		
General government	\$ 4,184,974	\$ 5,065,771
Judicial administration	1,757,348	1,842,573
Public safety	15,364,669	15,832,972
Public works	4,314,949	5,163,545
Health and welfare	13,092,468	13,888,374
Education	37,563,872	39,022,157
Parks, recreation and cultural	3,029,700	3,604,760
Community development	1,777,548	1,944,793
Interest on long-term debt	3,058,358	3,445,502
Total expenses	<u>\$ 84,143,886</u>	<u>\$ 89,810,447</u>
Increase (decrease) in net assets	\$ (112,337)	\$ (846,099)
Net assets, July 1, 2009	66,981,427	67,827,526
Net assets, June 30, 2010	<u>\$ 66,869,090</u>	<u>\$ 66,981,427</u>

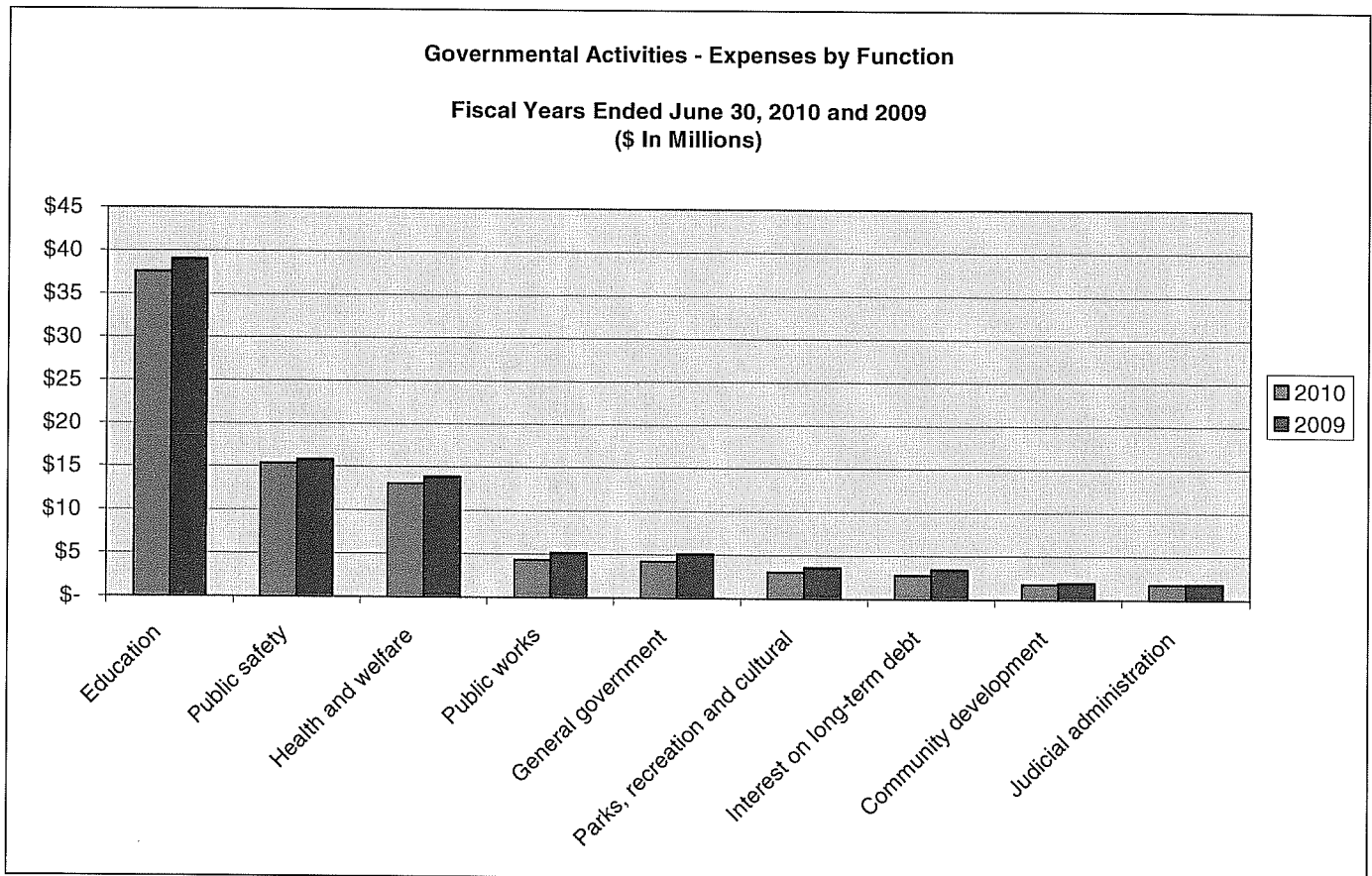
## Governmental Activities – Revenues

- General property taxes represent 50 percent of the total revenues for governmental activities. In fiscal year 2010 property taxes decreased by approximately 1.5 percent. This decrease is attributable to the unprecedented changes in the market value for SUV's and light duty trucks. The market value for these types of vehicles plummeted after the price of gasoline peaked.
- The increase in miscellaneous revenue is due to the acquisition of the Natural Chimney's park from the Upper Valley Regional Park Authority. The Authority dissolved in November 2009 transferring assets from the Authority to the County.
- Use of money and property revenues continued to decrease due to continued drops in interest rates that were directly related to economic factors.
- Capital grants and contributions saw a significant drop primarily from not receiving funds from the Rural Rustic Roads Program. Also State lottery funds allocated to School Capital Projects were eliminated by the State in fiscal year 2010. A portion of these funds are now allocated directly to school operating revenues.



## Governmental Activities – Expenses

- Health and welfare expenses decreased due to a dramatic reduction in Comprehensive Services Act (CSA) expenses. The reduction in expenses is directly related to a decrease in Medicaid adjustments, an increase in state reimbursement rates, restructuring of the CPMT (Community Policy and Management Team) committee, a reduction in residential services provided, and a focus on case review to step down services for cases showing progress.
- Expenses for public works have decreased primarily from the completion of landfill improvements related to the construction of a new cell at the Augusta Regional Landfill. The County also saw reductions in their overall tonnage of refuse disposal which also reduced expenses.
- General government expenses saw a decline in fiscal year 2010 due to decreases in expenses for the Board of Supervisors, the Board of Assessors and the Board of Equalization, the Commissioner of Revenue, and Management Information Systems. The Board of Supervisors decrease was primarily due to the completion of an economic development study that was performed in fiscal year 2009. The Board of Assessors and the Board of Equalization decreased due to the completion of expenses related to the general real estate reassessment conducted in 2008. Expenses for the Commissioner of Revenue and Management Information Systems decreased due to reductions in staff salary from vacant positions and realignment of personnel within those departments.





## **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 \$49,955,188. Approximately 26 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, work in drug enforcement operations, and EMS contributions related to EMS transport services. 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, 2010, total fund balance of the general fund was \$13,833,055, of which \$12,201,976 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 21 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$31,610,902.

The fund balance of the County's general fund decreased by \$666,262 during the current fiscal year. The key factors in this decrease are as follows:

- In response to decreases in revenues the County implemented County wide reductions in expenditures to offset those decreases. In response to these reductions all County functions have reduced their expenditures over the past two fiscal years.
- A portion of the decrease is also attributable to reductions in personal property taxes and other local taxes including business license tax and sales tax.
- Interest earnings continue to decline as interest rates are remaining low due to the economic stresses of the country.

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, 2010, total fund balances of these funds were \$0, \$0, \$35,477,239 and \$644,894, 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 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.

### **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 \$217,517 decrease, which included County wide reductions in expenditures for all County departments and agencies. Budgeted revenues decreased by \$1,238,100. This is a direct result of the economic conditions still plaguing the local, state, and federal economies. Revenues directly affected are other local taxes including sales tax and business license tax, as well as, a continued decline in building permit fees. 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 was revenue projections from the use of money and property of \$(457,593), which represents the declining interest rates that are predicted to remain extraordinary low for an extended period of time.

## **Capital Asset and Debt Administration**

### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2010 is \$77,821,181 (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:

- Acquisition of 128.4 acres of land from Upper Valley Regional Park Authority for Natural Chimney's Park located in Mt. Solon (\$1,465,100). Also with the acquisition the County acquired several buildings, a pool, four bathroom facilities, and picnic shelters. Buildings were added to capital assets at current market value (\$311,962).
- Fire Rescue Records Management Software upgrades (\$91,042).
- Management Information Systems performed a server upgrade which included computer software licenses (\$20,000).
- Parks and Recreation completed several projects at Augusta Springs Park including restrooms (\$27,900), a park shelter (\$14,266) and an alternative engineered septic system (\$24,350).
- Completion of construction in progress for a Heavy Rescue Squad (\$442,899) and Augusta Springs Park (\$173,461).
- Construction in progress for Verona Park (\$23,382) and Library Phase II construction (\$1,342,162).

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

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Land	\$ 5,685,975	\$ 4,220,875
Buildings and system	67,794,107	73,907,298
Machinery and equipment	2,122,949	2,001,909
Land improvements	852,607	743,921
Construction in progress	1,365,543	566,663
Total	<u>\$ 77,821,181</u>	<u>\$ 81,440,666</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**

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 62,760,277	\$ 68,092,773
Premium on bond issue	1,944,173	2,063,059
Compensated absences	1,411,417	1,481,021
Total	<u>\$ 66,115,867</u>	<u>\$ 71,636,853</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 2009 was 6.6 percent. The County's rate is in line with the state's average unemployment rate of 6.7 percent and still compares favorably to the national average rate of 9.3 percent.
- Overall the fiscal year 2011 budget was very conservative to the 2010 budget. Any slight changes in budget projections continue to be monitored very closely.
- As gas prices have leveled out, the demand for SUV's and light duty trucks have increased. This created an increase in the National Auto Dealers Associations (NADA) values for this segment of vehicle classes. It is anticipated that personal property taxes will increase due to this increase in value by approximately 3 percent.
- The General Assembly reduced the total amount of State Recordation transferred back to localities from \$40 million to \$28 million. The allocation for the County for fiscal year 2011 will be reduced significantly.
- Due to the continued slump of the economy and the housing market, revenues for local taxes and building permits remain low and are not anticipated to have much growth in the upcoming fiscal year.
- Tax rates remained the same for the fiscal year 2011 budget; Real Estate \$0.48 per \$100 value and Personal Property \$2.25 per \$100 value for all vehicles and \$1.90 per \$100 value for all other personal property.
- The County implemented Revenue Recovery, which is a charge for EMS ambulance transports. The charge for this service is anticipated to have a significant impact on funding of volunteer rescue agencies generating close to \$1 million dollars of income.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

During fiscal year 2010, unreserved fund balance in the general fund decreased by \$1,161,474. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2011 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](http://www.co.augusta.va.us).

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# **BASIC FINANCIAL STATEMENTS**



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**





Statement of Net Assets  
June 30, 2010

	Primary Government		Component
	Governmental	Total	Unit
	Activities		School Board
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,863,056	\$ 33,863,056	\$ 1,390,272
Cash in custody of others	683,577	683,577	3,000
Investments	21,211,671	21,211,671	602,430
Receivables (net of allowance for uncollectibles):			
Taxes receivable	18,025,628	18,025,628	-
Accounts receivable	1,504,563	1,504,563	229,837
Notes receivable	1,060,557	1,060,557	-
Due from primary government	-	-	7,702,877
Due from component unit	217,524	217,524	-
Due from other governmental units	2,361,482	2,361,482	2,927,404
Inventories	14,785	14,785	-
Prepaid expenses	61,661	61,661	26,433
Equity interest in joint venture	4,059,504	4,059,504	-
Capital assets (net of accumulated depreciation):			
Land	5,685,975	5,685,975	2,090,973
Buildings and system	67,794,107	67,794,107	61,239,498
Machinery and equipment	2,122,949	2,122,949	4,606,546
Land improvement	852,607	852,607	-
Construction in progress	1,365,543	1,365,543	-
Total assets	<u>\$ 160,885,189</u>	<u>\$ 160,885,189</u>	<u>\$ 80,819,270</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 763,520	\$ 763,520	\$ 5,368,469
Accrued liabilities	-	-	5,572,387
Accrued interest payable	1,429,383	1,429,383	-
Due to primary government	-	-	217,524
Due to component unit	7,702,877	7,702,877	-
Unearned revenue	17,078,554	17,078,554	177,380
Deposits held in escrow	380,898	380,898	113
Long-term liabilities:			
Due within one year			
Compensated absences	127,028	127,028	374,370
General obligation bonds	5,327,893	5,327,893	-
Unamortized bond premium	118,886	118,886	-
Due in more than one year			
Compensated absences	1,284,389	1,284,389	1,583,721
Net OPEB obligation	545,000	545,000	918,000
General obligation bonds	57,432,384	57,432,384	-
Unamortized bond premium	1,825,287	1,825,287	-
Total liabilities	<u>\$ 94,016,099</u>	<u>\$ 94,016,099</u>	<u>\$ 14,211,964</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 13,116,731	\$ 13,116,731	\$ 67,937,017
Unrestricted (deficit)	53,752,359	53,752,359	(1,329,711)
Total net assets	<u>\$ 66,869,090</u>	<u>\$ 66,869,090</u>	<u>\$ 66,607,306</u>

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,184,974	\$ 570,568	\$ 446,468	\$ -
Judicial administration	1,757,348	299,426	1,045,984	-
Public safety	15,364,669	405,743	3,326,623	145,692
Public works	4,314,949	1,149,190	14,493	-
Health and welfare	13,092,468	382,719	10,036,672	-
Education	37,563,872	-	-	-
Parks, recreation, and cultural	3,029,700	749,885	182,210	2,600
Community development	1,777,548	-	-	49,594
Interest on long-term debt	3,058,358	-	-	-
Total governmental activities	\$ 84,143,886	\$ 3,557,531	\$ 15,052,450	\$ 197,886
Total primary government	\$ 84,143,886	\$ 3,557,531	\$ 15,052,450	\$ 197,886
COMPONENT UNITS:				
School Board	\$ 106,765,743	\$ 3,969,259	\$ 67,489,090	\$ 813,450
Total component units	\$ 106,765,743	\$ 3,969,259	\$ 67,489,090	\$ 813,450

General revenues:

General property taxes  
Local sales tax  
Consumers' utility tax  
Business license taxes  
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	
\$ (3,167,938)	\$ (3,167,938)	\$ -	-
(411,938)	(411,938)	-	-
(11,486,611)	(11,486,611)	-	-
(3,151,266)	(3,151,266)	-	-
(2,673,077)	(2,673,077)	-	-
(37,563,872)	(37,563,872)	-	-
(2,095,005)	(2,095,005)	-	-
(1,727,954)	(1,727,954)	-	-
(3,058,358)	(3,058,358)	-	-
<u>\$ (65,336,019)</u>	<u>\$ (65,336,019)</u>	<u>\$ -</u>	-
<u>\$ (65,336,019)</u>	<u>\$ (65,336,019)</u>	<u>\$ -</u>	-
\$ -	\$ -	\$ (34,493,944)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,493,944)</u>	-
\$ 42,723,198	\$ 42,723,198	\$ -	-
4,384,864	4,384,864	-	-
4,295,733	4,295,733	-	-
2,655,872	2,655,872	-	-
2,169,738	2,169,738	-	-
1,638,634	1,638,634	-	-
883,653	883,653	50,872	-
1,832,444	1,832,444	933,107	-
4,639,546	4,639,546	35,963,285	-
<u>\$ 65,223,682</u>	<u>\$ 65,223,682</u>	<u>\$ 36,947,264</u>	-
(112,337)	(112,337)	2,453,320	-
66,981,427	66,981,427	64,153,986	-
<u>\$ 66,869,090</u>	<u>\$ 66,869,090</u>	<u>\$ 66,607,306</u>	-

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## **FUND FINANCIAL STATEMENTS**



Balance Sheet  
 Governmental Funds  
 June 30, 2010

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>County Capital Improvements</u>	<u>School Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,274,090	\$ 26,914	\$ 14,629,745	\$ 644,894	\$ 33,575,643
Cash in custody of others	679,277	4,300	-	-	683,577
Investments	-	-	21,211,671	-	21,211,671
Receivables (net of allowance for uncollectibles):					
Taxes receivable	18,025,628	-	-	-	18,025,628
Accounts receivable	1,417,656	2,127	-	-	1,419,783
Notes receivable	1,060,557	-	-	-	1,060,557
Due from other funds	964,642	-	-	-	964,642
Due from component unit	217,524	-	-	-	217,524
Due from other governmental units	1,406,664	928,218	26,600	-	2,361,482
Total assets	<u>\$ 42,046,038</u>	<u>\$ 961,559</u>	<u>\$ 35,868,016</u>	<u>\$ 644,894</u>	<u>\$ 79,520,507</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 368,359	\$ -	\$ 390,777	\$ -	\$ 759,136
Due to other funds	-	934,642	-	-	934,642
Due to component unit	7,702,877	-	-	-	7,702,877
Deferred revenue	19,800,983	-	-	-	19,800,983
Deposits held in escrow	340,764	26,917	-	-	367,681
Total liabilities	<u>\$ 28,212,983</u>	<u>\$ 961,559</u>	<u>\$ 390,777</u>	<u>\$ -</u>	<u>\$ 29,565,319</u>
Fund balances:					
Reserved for:					
Fire revolving loans	\$ 1,129,570	\$ -	\$ -	\$ -	\$ 1,129,570
Construction	-	-	35,477,239	-	35,477,239
Drug enforcement	367,224	-	-	-	367,224
EMS contribution	134,285	-	-	-	134,285
Unreserved, reported in:					
General fund	12,201,976	-	-	-	12,201,976
Capital projects funds	-	-	-	644,894	644,894
Total fund balances	<u>\$ 13,833,055</u>	<u>\$ -</u>	<u>\$ 35,477,239</u>	<u>\$ 644,894</u>	<u>\$ 49,955,188</u>
Total liabilities and fund balances	<u>\$ 42,046,038</u>	<u>\$ 961,559</u>	<u>\$ 35,868,016</u>	<u>\$ 644,894</u>	<u>\$ 79,520,507</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, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 49,955,188
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	77,821,181
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. This amount represents deferred revenue.	2,722,429
Equity interest in joint venture not reported in the funds.	4,059,504
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.	401,038
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(68,090,250)</u>
Net assets of governmental activities	<u>\$ 66,869,090</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, 2010

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements	School Capital Projects Fund	Total
<b>REVENUES</b>						
General property taxes	\$ 42,548,270	\$ -	\$ -	\$ -	\$ -	\$ 42,548,270
Other local taxes	15,144,841	-	-	-	-	15,144,841
Permits, privilege fees, and regulatory licenses	503,698	-	-	-	-	503,698
Fines and forfeitures	237,312	-	-	-	-	237,312
Revenue from the use of money and property	876,207	-	-	-	-	876,207
Charges for services	2,433,802	382,719	-	-	-	2,816,521
Miscellaneous	346,108	-	-	-	-	346,108
Recovered costs	127,811	824,622	-	-	-	952,433
Intergovernmental revenues:						
Commonwealth	7,327,240	5,235,233	-	140,875	-	12,703,348
Federal	2,387,457	4,742,066	-	57,011	-	7,186,534
Total revenues	<u>\$ 71,932,746</u>	<u>\$ 11,184,640</u>	<u>\$ -</u>	<u>\$ 197,886</u>	<u>\$ -</u>	<u>\$ 83,315,272</u>
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 3,343,925	\$ -	\$ -	\$ -	\$ -	\$ 3,343,925
Judicial administration	1,699,758	-	-	-	-	1,699,758
Public safety	14,011,363	-	-	-	-	14,011,363
Public works	3,070,550	-	-	-	-	3,070,550
Health and welfare	932,852	12,911,037	-	-	-	13,843,889
Education	31,615,617	-	-	-	-	31,615,617
Parks, recreation, and cultural	2,534,024	-	-	-	-	2,534,024
Community development	1,425,210	-	-	-	-	1,425,210
Nondepartmental	127,533	-	-	-	-	127,533
Capital projects	-	-	-	4,076,697	15,966	4,092,663
Debt service:						
Principal retirement	-	-	5,332,496	-	-	5,332,496
Interest and other fiscal charges	-	-	3,299,500	-	-	3,299,500
Total expenditures	<u>\$ 58,760,832</u>	<u>\$ 12,911,037</u>	<u>\$ 8,631,996</u>	<u>\$ 4,076,697</u>	<u>\$ 15,966</u>	<u>\$ 84,396,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 13,171,914</u>	<u>\$ (1,726,397)</u>	<u>\$ (8,631,996)</u>	<u>\$ (3,878,811)</u>	<u>\$ (15,966)</u>	<u>\$ (1,081,256)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 562	\$ 1,726,397	\$ 8,632,496	\$ 4,800,868	\$ 10,519	\$ 15,170,842
Transfers out	(13,838,738)	-	-	(1,332,104)	-	(15,170,842)
Total other financing sources (uses)	<u>\$ (13,838,176)</u>	<u>\$ 1,726,397</u>	<u>\$ 8,632,496</u>	<u>\$ 3,468,764</u>	<u>\$ 10,519</u>	<u>\$ -</u>
Net change in fund balances	\$ (666,262)	\$ -	\$ 500	\$ (410,047)	\$ (5,447)	\$ (1,081,256)
Fund balances - beginning	14,499,317	-	(500)	35,887,286	650,341	51,036,444
Fund balances - ending	<u>\$ 13,833,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,477,239</u>	<u>\$ 644,894</u>	<u>\$ 49,955,188</u>

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, 2010

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

Net change in fund balances - total governmental funds	\$ (1,081,256)
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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.	(3,619,484)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	174,928
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Revenues related to the equity interest in joint venture not reported as revenues in the funds.	(593,065)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,332,496
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	41,746
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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.	<u>(367,702)</u>
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Change in net assets of governmental activities	\$ <u><u>(112,337)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets  
Proprietary Funds  
June 30, 2010

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	<b>Internal Service Funds</b>
<hr/>	
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,421
Investments	1,677,610
Accounts receivables, net of allowances for uncollectibles	92,433
Inventories	14,785
Prepaid expenses	61,661
Total current assets	<u>\$ 1,848,910</u>
<b>LIABILITIES</b>	
Current liabilities:	
Reconciled overdraft	\$ 964,827
Accounts payable	6,971
Due to other funds	30,000
Deposits held in escrow	13,330
Total current liabilities	<u>\$ 1,015,128</u>
<b>NET ASSETS</b>	
Unrestricted	\$ 833,782
Total net assets	<u><u>\$ 833,782</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, 2010

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	<b>Internal Service Funds</b>
	<u>                    </u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 115,964
Total operating revenues	<u>\$ 115,964</u>
<b>OPERATING EXPENSES</b>	
Other supplies and expenses	\$ 3,687
Insurance claims and expenses	<u>760,454</u>
Total operating expenses	<u>\$ 764,141</u>
Operating income (loss)	<u>\$ (648,177)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 11,617
Total nonoperating revenues (expenses)	<u>\$ 11,617</u>
Change in net assets	<u>\$ (636,560)</u>
Total net assets - beginning	<u>1,470,342</u>
Total net assets - ending	<u><u>\$ 833,782</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, 2010

	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for materials and supplies	\$ 3,679
Receipts for insurance premiums	119,250
Payments to suppliers	42,830
Payments for premiums	(753,910)
Net cash provided by (used in) operating activities	\$ (588,151)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Negative cash balance implicitly financed	\$ 964,827
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale of investments	\$ (352,762)
Interest and dividends received	22,595
Net cash provided by (used in) investing activities	\$ (330,167)
Net increase (decrease) in cash and cash equivalents	\$ 46,509
Cash and cash equivalents - beginning	(44,088)
Cash and cash equivalents - ending	\$ 2,421
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (648,177)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	10,626
(Increase) decrease in inventories	3,013
(Increase) decrease in prepaid expenses	43,526
Increase (decrease) in accounts payable	6,522
Increase (decrease) in deferred revenue	(3,661)
Total adjustments	\$ 60,026
Net cash provided by (used in) operating activities	\$ (588,151)
Noncash investing, capital, and financing activities:	
Increase in fair value of investments	\$ (10,978)

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

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,485,243
Other receivables	23,127
Total assets	<u>\$ 3,508,370</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 417,961
Accrued liabilities	232,567
Amounts held for social services clients	106,038
Amounts held for Shenandoah Valley Regional Program	2,555,152
Amounts held for Valley Alcohol Safety Action Program	196,652
Total liabilities	<u>\$ 3,508,370</u>

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

COUNTY OF AUGUSTA, VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

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**Note 1—Summary of Significant Accounting Policies:**

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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, 2010.

**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, 2010, the County contributed \$188,993 to the Landfill for capital expenses.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**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, 2010 is as follows:

		<u>County of Augusta</u>		<u>City of Staunton</u>		<u>City of Waynesboro</u>
Operations	\$	1,217,266	\$	542,354	\$	690,332
% of Total Revenues		49.69%		22.14%		28.18%

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, 2010 as follows:

		<u>County of Augusta</u>		<u>City of Staunton</u>		<u>City of Waynesboro</u>
Operations	\$	3,390,197	\$	762,474	\$	537,147
% of Total Revenues		67.50%		15.18%		10.69%

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 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 \$117,860 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$292,672 to the Shenandoah Valley Juvenile Detention Home and \$1,218,253 to the Middle River Regional Jail Authority.



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**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. 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 a two month period preceding receipt by the County.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**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, Revenue Recovery, 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, and Valley Vocational Technical Education Center.

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

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**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 functions usage and the Self-Insurance Fund is allocated based on the functions 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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

**3. *Inventory and prepaid items***

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**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 \$753,643 at June 30, 2010 and is composed solely of property taxes. This allowance represents .29% 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**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

In accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, the County determined that retroactive changes were not needed as intangible assets have been appropriately capitalized in the past.

**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 the maximum paid upon 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**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.

**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:

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**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 (\$68,090,250) and (\$2,876,091) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Bonds payable	\$ (64,704,450)	\$ -
Accrued interest payable	(1,429,383)	-
Net OPEB obligation payable	(545,000)	(918,000)
Compensated absences	(1,411,417)	(1,958,091)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (68,090,250)</u>	<u>\$ (2,876,091)</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (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**

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 \$(3,619,484) and \$2,562,336 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Capital outlay	\$ 4,705,366	\$ 4,114,375
Depreciation expense	(2,992,354)	(6,884,535)
Allocation of debt financed school assets based on current year repayments	<u>(5,332,496)</u>	<u>5,332,496</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>\$ (3,619,484)</u>	<u>\$ 2,562,336</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 \$5,332,496 difference in the primary government are as follows:

## Principal repayments:

General obligation debt	\$ <u>5,332,496</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>\$ 5,332,496</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (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 \$41,746 and (\$17,399) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Compensated absences	\$ 69,604	\$ 428,601
Net OPEB obligation	(269,000)	(446,000)
Accrued interest	122,257	-
Amortization of bond premium	118,885	-
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>41,746</u>	\$ <u>(17,399)</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, 2010 (CONTINUED)

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**Note 3—Stewardship, Compliance, and Accountability (continued)**

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**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, 2010, there were no funds with expenditures exceeding appropriations.

**C. Deficit fund equity**

At June 30, 2010, there were no funds with deficit fund balances.

**Note 4—Deposits and Investments:**

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**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.

**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, 2010 (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, 2010 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, 2010 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	\$ 11,581,111	\$ -	\$ -	\$ -	\$ -
Corporate Debt	462,959	2,003,748	-	-	-
Local Government					
Investment Pool	145,533	-	-	-	-
Money Market Mutual Fund	685,852	-	-	-	-
Municipal Public Bonds	2,105,230	6,050,381	-	-	-
Total	<u>\$ 14,980,685</u>	<u>\$ 8,054,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Concentration of Credit Risk**

The County's investment policy limits the investment in corporate notes or bonds and obligations of other state, local government or districts within in the United States, but outside Virginia, to not more than 5% in the obligations of any one issuer.

**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	\$ 8,155,611	\$ 8,155,611	\$ -	\$ -	-
Corporate Debt	2,466,707	2,365,763	100,944	-	-
U.S. Agencies	11,581,111	9,896,406	1,684,705	-	-
Total	<u>\$ 22,203,429</u>	<u>\$ 20,417,780</u>	<u>\$ 1,785,649</u>	<u>\$ -</u>	<u>-</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**Note 4—Deposits and Investments: (continued)**

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**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:**

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

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 778,955	\$ -
State sales tax	-	1,785,286
Motor vehicle carrier's tax	78,199	-
State recordation tax	66,126	-
Excess fees-Clerk of Court	6,480	-
Reimbursement of shared services	380,054	-
Auto rental tax	6,916	-
Other	57,608	6,430
Comprehensive services act	291,769	-
Virginia public assistance	265,346	-
<u>Federal Government:</u>		
Virginia public assistance	371,102	-
Criminal justice	15,327	-
Homeland security	17,000	-
DEQ	26,600	-
School grants	-	806,924
Headstart	-	328,764
Totals	\$ <u>2,361,482</u>	\$ <u>2,927,404</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**Note 6—Interfund Obligations:**

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Due to Primary Government/ Component Unit</b>	<b>Due from Primary Government/ Component Unit</b>
Primary Government:				
General Fund	\$ 964,642	\$ -	\$ 7,702,877	\$ 217,524
Central Stores Fund	-	30,000	-	-
VPA Fund	-	934,642	-	-
Total	<u>\$ 964,642</u>	<u>\$ 964,642</u>	<u>\$ 7,702,877</u>	<u>\$ 217,524</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 7,702,877
General Fund	-	-	217,524	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,524</u>	<u>\$ 7,702,877</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 transfer for the year ended June 30, 2010, consisted of the following:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Primary Government:		
General Fund	\$ 562	\$ 13,838,738
Virginia Public Assistance Fund	1,726,397	-
School Debt Service Fund	8,632,496	-
County Capital Improvements Fund	4,800,868	1,332,104
School Capital Projects Fund	10,519	-
Total	<u>\$ 15,170,842</u>	<u>\$ 15,170,842</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, 2010 (CONTINUED)

Note 8—Long-Term Debt:

Primary Government-Governmental activity Indebtedness:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
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>62,760,277</u>	\$ <u>21,808,214</u>

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
General obligation bonds	\$ 68,092,773	\$ -	\$ 5,332,496	\$ 62,760,277
Premium on bond issue	2,063,059	-	118,886	1,944,173
Compensated absences	1,481,021	600,632	670,236	1,411,417
Total Long-Term Liabilities	\$ <u>71,636,853</u>	\$ <u>600,632</u>	\$ <u>6,121,618</u>	\$ <u>66,115,867</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (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>
<b><u>General obligation bonds (issued for school construction):</u></b>		
\$679,262 1991B Series, issued July 31, 1991, Virginia Public School Authority Bonds, due in annual installments from \$42,607 to \$44,119 through July 15, 2011, plus interest at 6.6%	\$ 86,726	\$ 42,607
\$2,330,000 1992A Series, issued December 17, 1992, Virginia Public School Authority Bonds, due in annual installments from \$70,000 to \$90,000 through December 15, 2012 plus interest at 5.85%	250,000	90,000
\$3,000,000 1993A Series, issued April 29, 1993, Virginia Public School Authority Bonds, due in annual installments from \$95,000 to \$120,000 through July 15, 2013, plus interest at 5.5%	325,000	120,000
\$3,000,000 1993B Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$15,000 to \$55,000 through July 15, 2013, plus interest at 5%	120,000	55,000
\$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%	2,465,000	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%	1,800,000	300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$562,104 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%	3,536,358	562,104
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$652,059 to \$742,320 through July 15, 2018, plus semi-annual interest at 4.6% to 5.1%	6,224,829	652,059

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

Note 8—Long-Term Debt: (continued)

**Primary Government-Governmental Activity Indebtedness: (continued)**

Details of long-term-indebtedness: (continued)

	Total Amount	Amount Due Within One Year
<b><u>General obligation bonds (issued for school construction): (continued)</u></b>		
\$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%	1,000,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$295,360 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.35% to 6.1%	3,279,912	295,360
\$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.	4,400,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$300,311 to \$372,067 through January 15, 2024, 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.	5,036,518	300,311
\$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.	22,610,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$570,452 to \$742,320 through July 15, 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.	11,625,934	570,452
Sub-total General obligation bonds payable	\$ 62,760,277	\$ 5,327,893
Unamortized premium on general obligation bonds	\$ 1,944,173	\$ 118,886
Compensated absences (payable from the general fund)	\$ 1,411,417	\$ 127,028
Total	\$ 66,115,867	\$ 5,573,807

Arbitrary Rebate Compliance:

As of June 30, 2010 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, 2010 (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, 2010:

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Compensated absences	\$ 2,386,692	\$ 707,418	\$ 1,136,019	\$ 1,958,091
Total Long-Term Liabilities	<u>\$ 2,386,692</u>	<u>\$ 707,418</u>	<u>\$ 1,136,019</u>	<u>\$ 1,958,091</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	\$ <u>1,958,091</u>	\$ <u>374,370</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 of service 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 their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.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, 2010 (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 its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2010 were 7.35% and 5.42%, respectively, of annual covered payroll.

The School's professional employees contribution rate for fiscal year 2010 was 8.81% of covered payroll for July 2009 through March 2010 and zero (0.00%) for April through June 2010. The School Board's contributions for professional employees were \$3,394,130, \$4,841,081, and \$5,455,762, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81%, 8.81%, and 10.30% respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year 2010, the County's annual pension cost of \$1,145,233 was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the board's non-professional employees was \$135,701 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:				
6/30/10	\$ 1,145,233	100.00%	\$ -	
6/30/09	1,150,700	100.00%	-	
6/30/08	1,130,276	100.00%	-	
Discretely Presented Component Unit:				
School Board Non-Professional				
6/30/10	\$ 135,701	100.00%	\$ -	
6/30/09	134,800	100.00%	-	
6/30/08	238,208	100.00%	-	

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**Note 9—Defined Benefit Pension Plan: (continued)**

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**D. Funded Status and Funding Progress:**

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 87.13% funded. The actuarial accrued liability for benefits was \$65,451,866, and the actuarial value of assets was \$57,030,988, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,420,878. The covered payroll (annual payroll of active employees covered by the plan) was \$15,760,844, and ratio of the UAAL to the covered payroll was 53.43%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's plan was 94.89% funded. The actuarial accrued liability for benefits was \$8,964,819, and the actuarial value of assets was \$8,506,759, resulting in an unfunded actuarial accrued liability (UAAL) of \$458,060. The covered payroll (annual payroll of active employees covered by the plan) was \$2,536,127, and ratio of the UAAL to the covered payroll was 18.06%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of 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:**

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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 for pension benefits. A separate audited employment benefit plan is not available for the County or School Board.

**County:**

**A. Plan Description:**

The County offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

**County: (continued)**

**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 or ARC. The estimated pay as you go cost for OPEB benefits is \$518,000 for fiscal year 2010. The County has paid \$249,000 towards this obligation during FY10. 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.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 522,000
Interest on OPEB Obligation	12,000
Adjustment to ARC	(16,000)
Annual OPEB cost	\$ 518,000
Estimated Contributions Made During FY10	(249,000)
Increase in Net OPEB Obligation	\$ 269,000
Net OPEB Obligation - beginning of year	276,000
Net OPEB Obligation - end of year	\$ 545,000

For 2010, the County's expected cash payment of \$249,000 was \$269,000 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 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Net OPEB Obligation</u>
6/30/10	\$ 518,000	48.07%	\$ 545,000
6/30/09	499,000	44.69%	276,000

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**County: (continued)**

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2007 valuation is as follows:

Actuarial accrued liability (AAL)	\$	3,656,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	3,656,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	14,876,000
UAAL as a percentage of covered payroll		24.60%

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

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

**E. Actuarial Methods and Assumptions**

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

**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. The actuarial assumptions included a 4.5% rate of return and a medical trend rate of 10%. The UAAL is being amortized on an increasing basis. The remaining amortization at July 1, 2007 was 20 years. Data is net of any retiree contributions.

**Actuarial Assumptions**

Funding interest rate	4.50%
Annual amortization increase rate	2.50%

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**School Board:**

**Health Insurance Plan**

**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, through a single-employer defined benefit plan. 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 \$1,288,000 for fiscal year 2010. The School Board has paid \$842,000 towards this obligation during FY10. 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, 2010 (CONTINUED)

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

**School Board: (continued)**

**Health Insurance Plan (continued)**

**C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the board's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 1,296,000
Interest on OPEB Obligation	21,000
Adjustment to ARC	<u>(29,000)</u>
Annual OPEB cost	\$ 1,288,000
Estimated Contributions Made During FY10	<u>(842,000)</u>
Increase in Net OPEB Obligation	\$ 446,000
Net OPEB Obligation - beginning of year	<u>472,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 918,000</u></u>

**Annual OPEB Cost**

For 2010, the School Board's expected cash payment of \$842,000 was \$918,000 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 2010 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 1,288,000	65.37%	\$ 918,000
6/30/09	1,257,000	62.45%	472,000

**D. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$ 12,646,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 12,646,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	56,811,000
UAAL as a percentage of covered payroll	22.30%

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**Note 10—Other Post-Employment Benefits Program: (continued)****School Board: (continued)****Health Insurance Plan (continued)****D. Funded Status and Funding Progress (continued)**

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

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

**E. Actuarial Methods and Assumptions**

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

**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. Data is net of any retiree contributions.

**Actuarial Assumptions**

Funding interest rate	4.50%
Annual amortization increase rate	2.50%
Medical trend	5.00%
Amortization period	20 years/open funded

**VRS Health Insurance Credit Program****A. Plan Description**

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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**School Board: (continued)**

**VRS Health Insurance Credit Program (continued)**

**B. Plan Description (continued)**

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

**C. Funding Policy**

The School board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$400,669, \$593,483, and \$614,435, respectively and equaled the required contributions for each year.

**Note 11—Unearned Revenue:**

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$17,078,554 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$668,494 at June 30, 2010.
- B. Receivables – Amounts not available to liquidate liabilities of current period totaled \$16,132,759 at June 30, 2010:

Property taxes	\$ 15,033,610
Repayment of loans from fire departments	1,060,557
EMS transport fees	38,596
Total	<u>\$ 16,132,763</u>



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**Note 11—Unearned Revenue: (continued)**

C. Deferred revenue – Revenue deferred in the amount of \$277,297 paid in advance:

Payment in lieu of taxes	\$	209,588
Restoration of records grant		54,061
Local utility tax		10,627
Timber sales		3,021
Total	\$	<u>277,297</u>

**Note 12—Capital Assets:**

Capital asset activity for the year ended June 30, 2010 was as follows:

**Primary Government**

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 4,220,875	\$ 1,465,100	\$ -	\$ 5,685,975
Construction in Progress	566,663	1,205,570	(406,689)	1,365,544
Total capital assets not being depreciated	<u>\$ 4,787,538</u>	<u>\$ 2,670,670</u>	<u>\$ (406,689)</u>	<u>\$ 7,051,519</u>
Capital assets being depreciated:				
Buildings	\$ 91,023,057	\$ 354,128	\$ (5,332,496)	\$ 86,044,689
Machinery & Equipment	8,787,782	864,060	(696,591)	8,955,251
Land Improvements	1,055,609	189,450	-	1,245,059
Total capital assets being depreciated	<u>\$ 100,866,448</u>	<u>\$ 1,407,638</u>	<u>\$ (6,029,087)</u>	<u>\$ 96,244,999</u>
Less Accumulated depreciation for:				
Buildings	\$ (17,115,759)	\$ (2,168,570)	\$ 1,033,747	\$ (18,250,582)
Machinery & Equipment	(6,785,873)	(743,020)	696,590	(6,832,303)
Land Improvement	(311,688)	(80,764)	-	(392,452)
Total Accumulated depreciation	<u>(24,213,320)</u>	<u>(2,992,354)</u>	<u>1,730,337</u>	<u>(25,475,337)</u>
Total capital assets being depreciated, net	<u>\$ 76,653,128</u>	<u>\$ (1,584,716)</u>	<u>\$ (4,298,750)</u>	<u>\$ 70,769,662</u>
Governmental activities capital assets, net	<u>\$ 81,440,666</u>	<u>\$ 1,085,954</u>	<u>\$ (4,705,439)</u>	<u>\$ 77,821,181</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**Note 12—Capital Assets: (continued)**

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

Governmental activities:	
General government	\$ 758,881
Judicial administration	6,764
Public safety	570,364
Public works	25,728
Health and welfare	9,042
Education	1,569,007
Parks, recreation, and cultural	52,568
Total depreciation expenses-governmental activities	\$ <u>2,992,354</u>

**Discretely Presented Component Unit**

Capital asset activity for the School Board for the year ended June 30, 2010 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>2,146,873</u>	\$ -	\$ (55,900)	\$ <u>2,090,973</u>
Capital assets being depreciated:				
Buildings	\$ 93,314,455	\$ 6,947,424	\$ -	\$ 100,261,879
Machinery & Equipment	20,548,805	986,340	(284,800)	21,250,345
Total capital assets being depreciated	\$ <u>113,863,260</u>	\$ <u>7,933,764</u>	\$ (284,800)	\$ <u>121,512,224</u>
Less Accumulated depreciation for:				
Buildings	\$ (34,899,062)	\$ (5,692,326)	\$ 1,569,007	\$ (39,022,381)
Machinery & Equipment	(15,736,390)	(1,192,209)	284,800	(16,643,799)
Total Accumulated depreciation	\$ <u>(50,635,452)</u>	\$ <u>(6,884,535)</u>	\$ <u>1,853,807</u>	\$ <u>(55,666,180)</u>
Total capital assets being depreciated, net	\$ <u>63,227,808</u>	\$ <u>1,049,229</u>	\$ <u>1,569,007</u>	\$ <u>65,846,044</u>
School Board Capital assets, net	\$ <u>65,374,681</u>	\$ <u>1,049,229</u>	\$ <u>1,513,107</u>	\$ <u>67,937,017</u>

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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#### Note 12—Capital Assets: (continued)

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Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$	5,850,788
Transfer of accumulated depreciation from primary government for corresponding debt financed assets		<u>1,033,747</u>
Net increases in accumulated depreciation	\$	<u><u>6,884,535</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, 2010, is that school financed assets in the amount of \$62,760,277 are reported in the Primary Government for financial reporting purposes.

#### Note 13—Risk Management

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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, 2010 (CONTINUED)

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#### **Note 14—Contingent Liabilities:**

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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:**

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Internal Service Fund net assets were allocated as follows:

Total internal service fund net assets per Exhibit 7	\$ <u>833,782</u>
Total internal service fund net assets allocated to primary government per Exhibit 4	\$ 401,038
Total internal service fund net assets allocated to discretely presented component unit school board per Exhibit 26	<u>432,744</u>
Total	\$ <u>833,782</u>

#### **Note 16—Landfill Closure and Postclosure Costs:**

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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, 2010 the Augusta Regional Landfill reported as its landfill closure liability \$4,148,065 which represents the cumulative amount reported to date based on the use of 94% of the estimated capacity of the Permit #585 (Phases 1-3) landfill. The Augusta Regional Landfill reported a postclosure monitoring liability of \$3,157,515 at June 30, 2010. 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 94% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.38% responsible. Total closure and postclosure care costs and postclosure monitoring costs accrued at June 30, 2010 for both landfill permits are \$7,305,580. The Landfill will recognize the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$337,689 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next year (without the pending permit modification) and \$2,800,065 for the newly constructed Phase 4 cell as it is filled in the next six 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**Note 16—Landfill Closure and Postclosure Costs: (continued)**

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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.

**Note 17—Construction Contracts Outstanding:**

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The Primary Government had the following material contracts outstanding at June 30, 2010:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
Library Renovations	\$ 1,333,863	\$ 1,080,887	\$ 252,976
Fire Truck (Pumper)	471,211	-	471,211
Total	<u>\$ 1,805,074</u>	<u>\$ 1,080,887</u>	<u>\$ 724,187</u>

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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, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 42,037,000	\$ 42,130,300	\$ 42,548,270	\$ 417,970
Other local taxes	16,256,445	14,961,445	15,144,841	183,396
Permits, privilege fees, and regulatory licenses	621,000	526,900	503,698	(23,202)
Fines and forfeitures	197,675	207,675	237,312	29,637
Revenue from the use of money and property	1,114,100	1,333,800	876,207	(457,593)
Charges for services	2,302,100	2,331,700	2,433,802	102,102
Miscellaneous	275,000	271,000	346,108	75,108
Recovered costs	110,000	121,500	127,811	6,311
Intergovernmental revenues:				
Commonwealth	9,787,300	7,577,000	7,327,240	(249,760)
Federal	408,050	2,409,250	2,387,457	(21,793)
Total revenues	<u>\$ 73,108,670</u>	<u>\$ 71,870,570</u>	<u>\$ 71,932,746</u>	<u>\$ 62,176</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,548,415	\$ 3,446,260	\$ 3,343,925	\$ 102,335
Judicial administration	1,756,295	1,744,805	1,699,758	45,047
Public safety	14,525,664	14,522,424	14,011,363	511,061
Public works	3,419,530	3,391,905	3,070,550	321,355
Health and welfare	1,067,523	961,640	932,852	28,788
Education	31,844,060	31,844,060	31,615,617	228,443
Parks, recreation, and cultural	2,548,277	2,625,025	2,534,024	91,001
Community development	1,517,680	1,473,808	1,425,210	48,598
Nondepartmental	174,405	174,405	127,533	46,872
Total expenditures	<u>\$ 60,401,849</u>	<u>\$ 60,184,332</u>	<u>\$ 58,760,832</u>	<u>\$ 1,423,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,706,821</u>	<u>\$ 11,686,238</u>	<u>\$ 13,171,914</u>	<u>\$ 1,485,676</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 562	\$ 562
Transfers out	<u>(12,962,862)</u>	<u>(13,781,858)</u>	<u>(13,838,738)</u>	<u>(56,880)</u>
Total other financing sources and uses	<u>\$ (12,962,862)</u>	<u>\$ (13,781,858)</u>	<u>\$ (13,838,176)</u>	<u>\$ (56,318)</u>
Net change in fund balances	\$ (256,041)	\$ (2,095,620)	\$ (666,262)	\$ 1,429,358
Fund balances - beginning	256,041	2,095,620	14,499,317	12,403,697
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,833,055</u>	<u>\$ 13,833,055</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 382,727	\$ 382,727	\$ 382,719	\$ (8)
Recovered costs	827,546	827,546	824,622	(2,924)
Intergovernmental revenues:				
Commonwealth	5,152,436	5,152,436	5,235,233	82,797
Federal	5,122,906	5,122,906	4,742,066	(380,840)
Total revenues	<u>\$ 11,485,615</u>	<u>\$ 11,485,615</u>	<u>\$ 11,184,640</u>	<u>\$ (300,975)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 13,514,500	\$ 13,514,500	\$ 12,911,037	\$ 603,463
Total expenditures	<u>\$ 13,514,500</u>	<u>\$ 13,514,500</u>	<u>\$ 12,911,037</u>	<u>\$ 603,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,028,885)</u>	<u>\$ (2,028,885)</u>	<u>\$ (1,726,397)</u>	<u>\$ 302,488</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,028,885	\$ 2,028,885	\$ 1,726,397	\$ (302,488)
Total other financing sources and uses	<u>\$ 2,028,885</u>	<u>\$ 2,028,885</u>	<u>\$ 1,726,397</u>	<u>\$ (302,488)</u>
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>

Schedule of Pension Funding Progress  
As of June 30, 2010

**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 )
06/30/09 \$	57,030,988 \$	65,451,866 \$	8,420,878	87.13% \$	15,760,844	53.43%
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 )
06/30/09 \$	8,506,759 \$	8,964,819 \$	458,060	94.89% \$	2,536,127	18.06%
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, 2010

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**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 )
07/01/09 \$	- \$	3,656,000 \$	3,656,000	0.00%	\$ 14,876,000	24.6%
07/01/07	-	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 )
07/01/09 \$	- \$	12,646,000 \$	12,646,000	0.00%	56,811,000	22.3%
07/01/07	-	12,047,000	12,047,000	0.00%	55,425,000	21.7%

## Note:

Fiscal Year 2009 was 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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 5,332,496	\$ 5,332,496	\$ 5,332,496	\$ -
Interest and other fiscal charges	3,301,504	3,301,504	3,299,500	2,004
Total expenditures	<u>\$ 8,634,000</u>	<u>\$ 8,634,000</u>	<u>\$ 8,631,996</u>	<u>\$ 2,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,634,000)</u>	<u>\$ (8,634,000)</u>	<u>\$ (8,631,996)</u>	<u>\$ 2,004</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 8,634,000</u>	<u>\$ 8,634,000</u>	<u>\$ 8,632,496</u>	<u>\$ (1,504)</u>
Total other financing sources and uses	<u>\$ 8,634,000</u>	<u>\$ 8,634,000</u>	<u>\$ 8,632,496</u>	<u>\$ (1,504)</u>
Net change in fund balances	\$ -	\$ -	\$ 500	\$ 500
Fund balances - beginning	\$ -	\$ -	\$ (500)	\$ (500)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ 140,875	\$ 140,875
Federal	-	-	57,011	57,011
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,886</u>	<u>\$ 197,886</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 3,621,000	\$ 4,140,996	\$ 4,076,697	\$ 64,299
Total expenditures	<u>\$ 3,621,000</u>	<u>\$ 4,140,996</u>	<u>\$ 4,076,697</u>	<u>\$ 64,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,621,000)</u>	<u>\$ (4,140,996)</u>	<u>\$ (3,878,811)</u>	<u>\$ 262,185</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 3,621,000	\$ 4,439,996	\$ 4,800,868	\$ 360,872
Transfers out	<u>(1,417,529)</u>	<u>(1,371,023)</u>	<u>(1,332,104)</u>	<u>38,919</u>
Total other financing sources and uses	<u>\$ 2,203,471</u>	<u>\$ 3,068,973</u>	<u>\$ 3,468,764</u>	<u>\$ 399,791</u>
Net change in fund balances	\$ (1,417,529)	\$ (1,072,023)	\$ (410,047)	\$ 661,976
Fund balances - beginning	<u>1,417,529</u>	<u>1,072,023</u>	<u>35,887,286</u>	<u>34,815,263</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,477,239</u></u>	<u><u>\$ 35,477,239</u></u>

School Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Capital projects	\$ 300,000	\$ 121,567	\$ 15,966	\$ 105,601
Total expenditures	\$ 300,000	\$ 121,567	\$ 15,966	\$ 105,601
Excess (deficiency) of revenues over (under) expenditures	\$ (300,000)	\$ (121,567)	\$ (15,966)	\$ 105,601
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 96,506	\$ 50,000	\$ 10,519	\$ 39,481
Total other financing sources and uses	\$ 96,506	\$ 50,000	\$ 10,519	\$ 39,481
Net change in fund balances	\$ (203,494)	\$ (71,567)	\$ (5,447)	\$ 66,120
Fund balances - beginning	203,494	71,567	650,341	578,774
Fund balances - ending	\$ -	\$ -	\$ 644,894	\$ 644,894



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

	Agency Funds				Total
	Special Welfare	Shenandoah Valley Regional Program	Valley Alcohol Safety Action Program	Valley Vocational Technical Education Center	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 91,958	\$ 2,796,876	\$ 189,545	\$ 406,864	\$ 3,485,243
Other receivables	14,080	-	9,047	-	23,127
Total assets	<u>\$ 106,038</u>	<u>\$ 2,796,876</u>	<u>\$ 198,592</u>	<u>\$ 406,864</u>	<u>\$ 3,508,370</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 151,767	\$ 1,940	\$ 264,254	417,961
Accrued liabilities	-	89,957	-	142,610	232,567
Amounts held for social services clients	106,038	-	-	-	106,038
Amounts held for Shenandoah Valley Regional Program	-	2,555,152	-	-	2,555,152
Amounts held for Valley Alcohol Safety Action Program	-	-	196,652	-	196,652
Total liabilities	<u>\$ 106,038</u>	<u>\$ 2,796,876</u>	<u>\$ 198,592</u>	<u>\$ 406,864</u>	<u>\$ 3,508,370</u>

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 95,513	\$ 249,847	\$ 253,402	\$ 91,958
Other receivables	5,875	14,080	5,875	14,080
Total assets	<u>\$ 101,388</u>	<u>\$ 263,927</u>	<u>\$ 259,277</u>	<u>\$ 106,038</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 101,388	\$ 249,847	\$ 245,197	\$ 106,038
Total liabilities	<u>\$ 101,388</u>	<u>\$ 249,847</u>	<u>\$ 245,197</u>	<u>\$ 106,038</u>
<b>Shenandoah Valley Regional Program Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,885,401	\$ 9,226,881	\$ 8,315,406	\$ 2,796,876
Total assets	<u>\$ 1,885,401</u>	<u>\$ 9,226,881</u>	<u>\$ 8,315,406</u>	<u>\$ 2,796,876</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 146,927	\$ 151,767	\$ 146,927	\$ 151,767
Accrued liabilities	94,800	89,957	94,800	89,957
Amounts held for Shenandoah Valley Regional Program	1,643,674	9,226,881	8,315,403	2,555,152
Total liabilities	<u>\$ 1,885,401</u>	<u>\$ 9,468,605</u>	<u>\$ 8,557,130</u>	<u>\$ 2,796,876</u>
<b>Valley Alcohol Safety Action Program Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 169,347	\$ 350,669	\$ 330,471	\$ 189,545
Other receivables	-	9,047	-	9,047
Total assets	<u>\$ 169,347</u>	<u>\$ 359,716</u>	<u>\$ 330,471</u>	<u>\$ 198,592</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,676	\$ 1,940	\$ 1,676	\$ 1,940
Amounts held for Valley Alcohol Safety Action Program	167,671	350,669	321,688	196,652
Total liabilities	<u>\$ 169,347</u>	<u>\$ 352,609</u>	<u>\$ 323,364</u>	<u>\$ 198,592</u>
<b>Valley Vocational Technical Education Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 397,116	\$ 4,732,575	\$ 4,722,827	\$ 406,864
Total assets	<u>\$ 397,116</u>	<u>\$ 4,732,575</u>	<u>\$ 4,722,827</u>	<u>\$ 406,864</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 241,350	\$ 264,254	\$ 241,350	\$ 264,254
Accrued liabilities	155,766	142,610	155,766	142,610
Total liabilities	<u>\$ 397,116</u>	<u>\$ 406,864</u>	<u>\$ 397,116</u>	<u>\$ 406,864</u>
<b>Blue Ridge Disability Services Board Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,547	\$ -	\$ 1,547	\$ -
Total assets	<u>\$ 1,547</u>	<u>\$ -</u>	<u>\$ 1,547</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,547	\$ -	\$ 1,547	\$ -
Total liabilities	<u>\$ 1,547</u>	<u>\$ -</u>	<u>\$ 1,547</u>	<u>\$ -</u>

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2010 (Continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,548,924	\$ 14,559,972	\$ 13,623,653	\$ 3,485,243
Other receivables	5,875	23,127	5,875	23,127
Total assets	<u>\$ 2,554,799</u>	<u>\$ 14,583,099</u>	<u>\$ 13,629,528</u>	<u>\$ 3,508,370</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 391,500	\$ 417,961	\$ 391,500	\$ 417,961
Accrued liabilities	250,566	232,567	250,566	232,567
Amounts held for social services clients	101,388	249,847	245,197	106,038
Amounts held for Shenandoah Valley Regional Program	1,643,674	9,226,881	8,315,403	2,555,152
Amounts held for Valley Alcohol Safety Action Program	167,671	350,669	321,688	196,652
Total liabilities	<u>\$ 2,554,799</u>	<u>\$ 10,477,925</u>	<u>\$ 9,524,354</u>	<u>\$ 3,508,370</u>

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2010

	Central Stores Fund	Self- Insurance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,421	\$ -	\$ 2,421
Investments	-	1,677,610	1,677,610
Accounts receivables, net of allowances for uncollectibles	79,600	12,833	92,433
Inventories	14,785	-	14,785
Prepaid expense	61,661	-	61,661
Total current assets	<u>\$ 158,467</u>	<u>\$ 1,690,443</u>	<u>\$ 1,848,910</u>
<b>LIABILITIES</b>			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 964,827	\$ 964,827
Accounts payable	-	6,971	6,971
Due to other funds	30,000	-	30,000
Deposits held in escrow	13,124	206	13,330
Total liabilities	<u>\$ 43,124</u>	<u>\$ 972,004</u>	<u>\$ 1,015,128</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ 115,343</u>	<u>\$ 718,439</u>	<u>\$ 833,782</u>
Total net assets	<u><u>\$ 115,343</u></u>	<u><u>\$ 718,439</u></u>	<u><u>\$ 833,782</u></u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2010

	<b>Central Stores Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services:			
Insurance premiums	\$ -	\$ 115,964	\$ 115,964
Total operating revenues	\$ -	\$ 115,964	\$ 115,964
<b>OPERATING EXPENSES</b>			
Other supplies and expenses	\$ 3,687	\$ -	\$ 3,687
Insurance claims and expenses	-	760,454	760,454
Total operating expenses	\$ 3,687	\$ 760,454	\$ 764,141
Operating income (loss)	\$ (3,687)	\$ (644,490)	\$ (648,177)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	\$ -	\$ 11,617	\$ 11,617
Total nonoperating revenues (expenses)	\$ -	\$ 11,617	\$ 11,617
Change in net assets	\$ (3,687)	\$ (632,873)	\$ (636,560)
Total net assets - beginning	\$ 119,030	\$ 1,351,312	\$ 1,470,342
Total net assets - ending	\$ 115,343	\$ 718,439	\$ 833,782

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2010

	Central Stores Fund	Self- Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts for materials and supplies	\$ 3,679	\$ -	\$ 3,679
Receipts for insurance premiums	-	119,250	119,250
Payments to suppliers	42,830	-	42,830
Payments for premiums	-	(753,910)	(753,910)
Net cash provided by (used in) operating activities	\$ 46,509	\$ (634,660)	\$ (588,151)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Negative cash balance implicitly financed	\$ -	\$ 964,827	\$ 964,827
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investments	\$ -	\$ (352,762)	\$ (352,762)
Interest and dividends received	-	22,595	22,595
Net cash provided by (used in) investing activities	\$ -	\$ (330,167)	\$ (330,167)
Net increase (decrease) in cash and cash equivalents	\$ 46,509	\$ -	\$ 46,509
Cash and cash equivalents - beginning	(44,088)	-	(44,088)
Cash and cash equivalents - ending	\$ 2,421	\$ -	\$ 2,421
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (3,687)	\$ (644,490)	\$ (648,177)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable	\$ 7,340	\$ 3,286	\$ 10,626
(Increase) decrease in inventories	3,013	-	3,013
(Increase) decrease in prepaid items	43,526	-	43,526
Increase (decrease) in accounts payable	(22)	6,544	6,522
Increase (decrease) in deferred revenue	(3,661)	-	(3,661)
Total adjustments	\$ 50,196	\$ 9,830	\$ 60,026
Net cash provided by (used in) operating activities	\$ 46,509	\$ (634,660)	\$ (588,151)
<b>Noncash investing, capital, and financing activities:</b>			
Increase (decrease) in fair value of investments	\$ -	\$ (10,978)	\$ (10,978)



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

Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules by Source  
 June 30, 2010

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	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 5,685,975	\$ 4,220,875
Buildings	86,044,689	91,023,057
Machinery and equipment	8,955,251	8,787,782
Land improvement	1,245,059	1,055,609
Construction in progress	1,365,544	566,663
Total governmental funds capital assets	<u>\$ 103,296,518</u>	<u>\$ 105,653,986</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 103,046,464	\$ 105,403,752
Special revenue funds	250,054	250,234
Total governmental funds capital assets by source	<u>\$ 103,296,518</u>	<u>\$ 105,653,986</u>

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2010

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,881,364	\$ 1,161,436	\$ 22,558,535	\$ 464,821	\$ 1,365,544	\$ 29,431,700
County administrator	-	-	-	44,171	-	44,171
Commissioner of revenue	-	-	-	60,203	-	60,203
Central accounting	-	-	-	22,175	-	22,175
Management information systems	-	-	-	502,884	-	502,884
Total general government administration	\$ 3,881,364	\$ 1,161,436	\$ 22,558,535	\$ 1,094,254	\$ 1,365,544	\$ 30,061,133
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 187,795	\$ -	\$ 187,795
General District Court	-	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	-	5,438	-	5,438
Total judicial administration	\$ -	\$ -	\$ -	\$ 212,485	\$ -	\$ 212,485
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,350,526	\$ -	\$ 2,350,526
Emergency operations	-	-	-	1,458,184	-	1,458,184
Fire department	-	-	202,537	2,182,996	-	2,385,533
Emergency services	-	-	-	81,333	-	81,333
Juvenile detention and probation	-	-	12,520	5,913	-	18,433
Building inspections	-	-	-	115,033	-	115,033
Animal control	-	-	-	59,596	-	59,596
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ -	\$ -	\$ 215,057	\$ 6,324,865	\$ -	\$ 6,539,922
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	172,371	-	446,929
Total public works	\$ 281,950	\$ 30,000	\$ 198,858	\$ 341,580	\$ -	\$ 852,388
Education:						
Schools	\$ -	\$ -	\$ 62,760,277	\$ -	\$ -	\$ 62,760,277
Total education	\$ -	\$ -	\$ 62,760,277	\$ -	\$ -	\$ 62,760,277
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 250,054	\$ -	\$ 250,054
Total health and welfare	\$ -	\$ -	\$ -	\$ 250,054	\$ -	\$ 250,054
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 377,281	\$ -	\$ 2,265,527
Library	-	-	-	217,986	-	217,986
Total parks, recreation, and cultural	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 595,267	\$ -	\$ 2,483,513
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 136,746	\$ -	\$ 136,746
Total community development	\$ -	\$ -	\$ -	\$ 136,746	\$ -	\$ 136,746
Total governmental funds capital assets	\$ 5,685,975	\$ 1,245,059	\$ 86,044,689	\$ 8,955,251	\$ 1,365,544	\$ 103,296,518

Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes By Function and Activity  
For the Year Ended June 30, 2010

Function and Activity	Governmental Funds Capital Assets June 30, 2009	Additions	Deductions	Transfers	Governmental Funds Capital Assets June 30, 2010
General government administration:					
Board of supervisors	\$ 28,120,252	\$ 1,470,260	\$ (158,812)	\$ -	\$ 29,431,700
County administrator	11,048	-	-	33,123	44,171
Commissioner of revenue	53,071	7,132	-	-	60,203
Central accounting	22,175	-	-	-	22,175
Management information systems	665,941	27,472	(213,503)	22,974	502,884
Total general government administration	\$ 28,872,487	\$ 1,504,864	\$ (372,315)	\$ 56,097	\$ 30,061,133
Judicial administration:					
Clerk of Circuit Court	\$ 193,254	\$ -	\$ (5,459)	\$ -	\$ 187,795
General District Court	19,252	-	-	-	19,252
Commonwealth's Attorney	5,438	-	-	-	5,438
Total judicial administration	\$ 217,944	\$ -	\$ (5,459)	\$ -	\$ 212,485
Public safety:					
Sheriff	\$ 2,435,472	\$ 208,135	\$ (293,081)	\$ -	\$ 2,350,526
Emergency operations	1,474,213	9,264	(25,293)	-	1,458,184
Fire department	2,108,087	578,984	(301,538)	-	2,385,533
Emergency services	99,779	-	(18,446)	-	81,333
Juvenile detention and probation	18,433	-	-	-	18,433
Building inspections	201,025	-	(20,897)	(65,095)	115,033
Animal control	59,596	-	-	-	59,596
Drug enforcement	71,284	-	-	-	71,284
Total public safety	\$ 6,467,889	\$ 796,383	\$ (659,255)	\$ (65,095)	\$ 6,539,922
Public works:					
Highways and roads	\$ 175,804	\$ -	\$ -	\$ -	\$ 175,804
Sanitation and waste removal	229,655	-	-	-	229,655
Maintenance of buildings and grounds	469,903	-	-	(22,974)	446,929
Total public works	\$ 875,362	\$ -	\$ -	\$ (22,974)	\$ 852,388
Education:					
Schools	\$ 68,092,773	\$ -	\$ (5,332,496)	\$ -	\$ 62,760,277
Total education	\$ 68,092,773	\$ -	\$ (5,332,496)	\$ -	\$ 62,760,277
Health and welfare:					
Social services	\$ 250,054	\$ -	\$ -	\$ -	\$ 250,054
Total health and welfare	\$ 250,054	\$ -	\$ -	\$ -	\$ 250,054
Parks, recreation, and cultural:					
Parks and recreation	\$ 495,195	\$ 1,777,062	\$ (28,280)	\$ 21,550	\$ 2,265,527
Library	230,034	-	(12,048)	-	217,986
Total parks, recreation, and cultural	\$ 725,229	\$ 1,777,062	\$ (40,328)	\$ 21,550	\$ 2,483,513
Community development:					
Community development	\$ 152,248	\$ -	\$ (25,924)	\$ 10,422	\$ 136,746
Total community development	\$ 152,248	\$ -	\$ (25,924)	\$ 10,422	\$ 136,746
Total governmental funds capital assets	\$ 105,653,986	\$ 4,078,309	\$ (6,435,777)	\$ -	\$ 103,296,518

**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,452,300	\$ 279,986	\$ 1,732,286
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	222,184	-	-	222,184
Due from primary government	7,702,176	-	701	7,702,877
Due from other governmental units	2,598,640	-	328,764	2,927,404
Prepaid items	26,433	-	-	26,433
Total assets	<u>\$ 10,552,433</u>	<u>\$ 1,452,300</u>	<u>\$ 609,451</u>	<u>\$ 12,614,184</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 167,367	\$ 167,367
Accounts payable	5,116,638	157,580	91,672	5,365,890
Accrued liabilities	5,286,899	152,600	132,888	5,572,387
Due to primary government	-	-	217,524	217,524
Deferred revenue	148,896	28,484	-	177,380
Total liabilities	<u>\$ 10,552,433</u>	<u>\$ 338,664</u>	<u>\$ 609,451</u>	<u>\$ 11,500,548</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ 1,113,636	\$ -	\$ 1,113,636
Total liabilities and fund balances	<u>\$ 10,552,433</u>	<u>\$ 1,452,300</u>	<u>\$ 609,451</u>	<u>\$ 12,614,184</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:				
Total fund balances per above			\$	1,113,636
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				67,937,017
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.				432,744
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				(2,876,091)
Net assets of governmental activities			\$	<u>66,607,306</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, 2010

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 24,908	\$ 21,793	\$ -	\$ 46,701
Charges for services	707,417	2,447,088	814,754	3,969,259
Miscellaneous	921,362	-	11,745	933,107
Intergovernmental revenues:				
Local government	31,663,884	-	652	31,664,536
Commonwealth	53,698,801	75,365	475,485	54,249,651
Federal	9,928,087	2,171,226	1,953,576	14,052,889
Total revenues	<u>96,944,459</u>	<u>4,715,472</u>	<u>3,256,212</u>	<u>104,916,143</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 96,944,459	\$ 4,538,231	\$ 3,202,578	\$ 104,685,268
Contribution to Primary Government	-	-	53,634	53,634
Total expenditures	<u>\$ 96,944,459</u>	<u>\$ 4,538,231</u>	<u>\$ 3,256,212</u>	<u>\$ 104,738,902</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 177,241	\$ -	\$ 177,241
Net change in fund balances	\$ -	\$ 177,241	\$ -	\$ 177,241
Fund balances - beginning	-	936,395	-	936,395
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,113,636</u>	<u>\$ -</u>	<u>\$ 1,113,636</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	\$ 177,241
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.	2,562,336
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.	(17,399)
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.	(268,858)
Change in net assets of governmental activities	<u>\$ 2,453,320</u>

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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,800	\$ 10,800	\$ 24,908	\$ 14,108
Charges for services	633,356	633,356	707,417	74,061
Miscellaneous	696,591	696,591	921,362	224,771
Intergovernmental revenues:				
Local government	31,839,255	31,839,255	31,663,884	(175,371)
Commonwealth	58,179,892	58,179,892	53,698,801	(4,481,091)
Federal	4,542,513	9,429,769	9,928,087	498,318
Total revenues	<u>\$ 95,902,407</u>	<u>\$ 100,789,663</u>	<u>\$ 96,944,459</u>	<u>\$ (3,845,204)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 95,902,407</u>	<u>\$ 100,789,663</u>	<u>\$ 96,944,459</u>	<u>\$ 3,845,204</u>
Total expenditures	<u>\$ 95,902,407</u>	<u>\$ 100,789,663</u>	<u>\$ 96,944,459</u>	<u>\$ 3,845,204</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>



School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 35,000	\$ 33,111	\$ 21,793	\$ (11,318)
2,814,170	2,780,452	2,447,088	(333,364)
-	-	-	-
-	-	-	-
84,000	75,365	75,365	-
2,051,833	2,046,300	2,171,226	124,926
<u>\$ 4,985,003</u>	<u>\$ 4,935,228</u>	<u>\$ 4,715,472</u>	<u>\$ (219,756)</u>
<u>\$ 4,985,003</u>	<u>\$ 4,935,228</u>	<u>\$ 4,538,231</u>	<u>\$ 396,997</u>
<u>\$ 4,985,003</u>	<u>\$ 4,935,228</u>	<u>\$ 4,538,231</u>	<u>\$ 396,997</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,241</u>	<u>\$ 177,241</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,241</u>	<u>\$ 177,241</u>
<u>-</u>	<u>-</u>	<u>936,395</u>	<u>936,395</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113,636</u>	<u>\$ 1,113,636</u>

## Statement of Fiduciary Net Assets

Fiduciary Fund - Discretely Presented Component Unit School Board

June 30, 2010

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	<b>Matthews Training Private- Purpose Trust</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>71,155</u>
<b>NET ASSETS</b>	
Held in trust for scholarships	\$ <u>71,155</u>

Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2010

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	<b>Matthews Training Private- Purpose Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Private donations	\$ 1,664
Total additions	<u>\$ 1,664</u>
<b>DEDUCTIONS</b>	
Scholarships	\$ -
Total deductions	<u>\$ -</u>
Change in net assets	\$ 1,664
Net assets - beginning	<u>69,491</u>
Net assets - ending	<u><u>\$ 71,155</u></u>

## Combining Balance Sheet

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board

June 30, 2010

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 279,986	\$ 279,986
Due from primary government	701	-	701
Due from other governmental units	328,764	-	328,764
Total assets	<u>\$ 329,465</u>	<u>\$ 279,986</u>	<u>\$ 609,451</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Reconciled overdraft	\$ 167,367	\$ -	\$ 167,367
Accounts payable	64,272	27,400	91,672
Accrued liabilities	97,826	35,062	132,888
Due to primary government	-	217,524	217,524
Total liabilities	<u>\$ 329,465</u>	<u>\$ 279,986</u>	<u>\$ 609,451</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ -	\$ -
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 329,465</u>	<u>\$ 279,986</u>	<u>\$ 609,451</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, 2010

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	Head Start Fund	Governor's School Fund	Total
<b>REVENUES</b>			
Charges for services	\$ 43,135	\$ 771,619	\$ 814,754
Miscellaneous	-	11,745	11,745
Intergovernmental revenues:			
Local government	652	-	652
Commonwealth	-	475,485	475,485
Federal	1,953,576	-	1,953,576
Total revenues	<u>\$ 1,997,363</u>	<u>\$ 1,258,849</u>	<u>\$ 3,256,212</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 1,997,363	\$ 1,205,215	\$ 3,202,578
Contribution to Augusta County	-	53,634	53,634
Total expenditures	<u>\$ 1,997,363</u>	<u>\$ 1,258,849</u>	<u>\$ 3,256,212</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>

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, 2010

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 142,576	\$ 43,135	\$ 43,135	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	652	652
Commonwealth	-	-	-	-
Federal	1,714,133	2,170,695	1,953,576	(217,119)
Total revenues	<u>\$ 1,856,709</u>	<u>\$ 2,213,830</u>	<u>\$ 1,997,363</u>	<u>\$ (216,467)</u>
EXPENDITURES				
Current:				
Education	\$ 1,856,709	\$ 2,213,830	\$ 1,997,363	\$ 216,467
Contribution to County of Augusta, Virginia	-	-	-	-
Total expenditures	<u>\$ 1,856,709</u>	<u>\$ 2,213,830</u>	<u>\$ 1,997,363</u>	<u>\$ 216,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<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>

Governor's School Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ 814,566	\$ 810,643	\$ 771,619	\$	(39,024)
10,000	12,600	11,745		(855)
-	-	-		-
468,171	475,485	475,485		-
-	-	-		-
<u>\$ 1,292,737</u>	<u>\$ 1,298,728</u>	<u>\$ 1,258,849</u>	<u>\$</u>	<u>(39,879)</u>
\$ 1,292,737	\$ 1,298,728	\$ 1,205,215	\$	93,513
-	-	53,634		(53,634)
<u>\$ 1,292,737</u>	<u>\$ 1,298,728</u>	<u>\$ 1,258,849</u>	<u>\$</u>	<u>39,879</u>
\$ -	\$ -	\$ -	\$	-
-	-	-		-
-	-	-		-
<u>\$ -</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, 2010

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	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 2,090,973	\$ 2,090,973
Buildings	100,261,879	93,314,455
Machinery and equipment	21,250,345	20,548,805
Construction in progress	-	55,900
Total governmental funds capital assets	<u>\$ 123,603,197</u>	<u>\$ 116,010,133</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 123,603,197	\$ 116,010,133
Total governmental funds capital assets	<u>\$ 123,603,197</u>	<u>\$ 116,010,133</u>



Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
Schedule by Function and Activity  
June 30, 2010

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progrss</u>	<u>Total</u>
Education:					
Schools	\$ <u>2,090,973</u>	\$ <u>100,261,879</u>	\$ <u>21,250,345</u>	\$ <u>-</u>	\$ <u>123,603,197</u>
Total governmental funds capital assets	\$ <u><u>2,090,973</u></u>	\$ <u><u>100,261,879</u></u>	\$ <u><u>21,250,345</u></u>	\$ <u><u>-</u></u>	\$ <u><u>123,603,197</u></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, 2010

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<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>
Education:				
Schools	\$ <u>116,010,133</u>	\$ <u>7,877,864</u>	\$ <u>(284,800)</u>	\$ <u>123,603,197</u>
Total governmental funds capital assets	\$ <u><u>116,010,133</u></u>	\$ <u><u>7,877,864</u></u>	\$ <u><u>(284,800)</u></u>	\$ <u><u>123,603,197</u></u>

## **SUPPORTING SCHEDULES**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 31,028,000	\$ 30,932,000	\$ 31,011,486	\$ 79,486
Real and personal public service corporation taxes	984,000	1,073,300	1,071,415	(1,885)
Personal property taxes	6,321,000	6,475,000	6,772,080	297,080
Mobile home taxes	189,000	144,000	157,592	13,592
Machinery and tools taxes	2,970,000	2,986,000	2,987,913	1,913
Penalties	325,000	300,000	297,060	(2,940)
Interest	220,000	220,000	250,724	30,724
Total general property taxes	<u>\$ 42,037,000</u>	<u>\$ 42,130,300</u>	<u>\$ 42,548,270</u>	<u>\$ 417,970</u>
Other local taxes:				
Local sales and use taxes	\$ 4,820,000	\$ 4,300,000	\$ 4,384,864	\$ 84,864
Consumers' utility taxes	4,425,000	4,230,000	4,295,733	65,733
Business license taxes	3,050,000	2,600,000	2,655,872	55,872
Utility license taxes	277,000	270,000	270,028	28
Bank stock taxes	193,000	217,000	219,962	2,962
Taxes on recordation and wills	765,000	690,000	685,701	(4,299)
Hotel and motel room taxes	440,000	420,000	423,270	3,270
Restaurant food taxes	2,236,445	2,192,445	2,169,738	(22,707)
Interest on local taxes	50,000	42,000	39,673	(2,327)
Total other local taxes	<u>\$ 16,256,445</u>	<u>\$ 14,961,445</u>	<u>\$ 15,144,841</u>	<u>\$ 183,396</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 27,000	\$ 40,000	\$ 52,523	\$ 12,523
Land use application fees	22,000	31,000	30,533	(467)
Transfer fees	3,000	3,000	1,685	(1,315)
Cellular tower fees	14,700	14,700	7,500	(7,200)
Permits and other licenses	554,300	438,200	411,457	(26,743)
Total permits, privilege fees, and regulatory licenses	<u>\$ 621,000</u>	<u>\$ 526,900</u>	<u>\$ 503,698</u>	<u>\$ (23,202)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 180,000	\$ 190,000	\$ 216,252	\$ 26,252
Dog violation fines	17,675	17,675	21,060	3,385
Total fines and forfeitures	<u>\$ 197,675</u>	<u>\$ 207,675</u>	<u>\$ 237,312</u>	<u>\$ 29,637</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 750,000	\$ 950,000	\$ 478,452	\$ (471,548)
Revenue from use of property	364,100	383,800	397,755	13,955
Total revenue from use of money and property	<u>\$ 1,114,100</u>	<u>\$ 1,333,800</u>	<u>\$ 876,207</u>	<u>\$ (457,593)</u>
Charges for services:				
Excess fees of clerk	\$ 67,500	\$ 68,000	\$ 68,802	\$ 802
Charges for law enforcement and traffic control	5,400	6,000	6,089	89
Charges for courthouse maintenance	42,000	66,000	59,841	(6,159)
Treasurer's collection fees	39,000	44,000	66,870	22,870
Concealed weapons permits	10,000	9,000	7,135	(1,865)
Courthouse security fees	140,000	160,000	168,042	8,042
Charges for Commonwealth's Attorney	2,000	3,000	2,741	(259)
Miscellaneous jail and inmate fees	10,000	15,000	17,023	2,023
Charges for sanitation and waste removal	1,275,000	1,125,000	1,149,190	24,190
Charges for parks and recreation	281,000	402,500	329,287	(73,213)
Charges for after school programs	311,000	310,000	304,495	(5,505)
Charges for day care	100,000	104,000	100,117	(3,883)
Charges for library	19,200	19,200	15,986	(3,214)
EMS transport service	-	-	138,184	138,184
Total charges for services	<u>\$ 2,302,100</u>	<u>\$ 2,331,700</u>	<u>\$ 2,433,802</u>	<u>\$ 102,102</u>

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (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	\$ 55,000	\$ 51,000	\$ 49,976	\$ (1,024)
Repayment of loans from fire companies	220,000	220,000	290,516	70,516
Seized funds	-	-	5,616	5,616
Total miscellaneous revenue	<u>\$ 275,000</u>	<u>\$ 271,000</u>	<u>\$ 346,108</u>	<u>\$ 75,108</u>
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 95,000	\$ 95,000	\$ 95,000	\$ -
Juvenile and domestic relations court costs	11,500	8,000	7,652	(348)
Other recovered costs	3,500	18,500	25,159	6,659
Total recovered costs	<u>\$ 110,000</u>	<u>\$ 121,500</u>	<u>\$ 127,811</u>	<u>\$ 6,311</u>
Total revenue from local sources	<u>\$ 62,913,320</u>	<u>\$ 61,884,320</u>	<u>\$ 62,218,049</u>	<u>\$ 333,729</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 92,000	\$ 78,000	\$ 78,199	\$ 199
Mobile home titling tax	130,000	100,000	113,589	13,589
Timber sales	200	600	-	(600)
Motor vehicle rental tax	35,000	35,000	29,342	(5,658)
Abandoned vehicles	-	300	-	(300)
State recordation tax	230,000	230,000	236,528	6,528
Personal property tax relief funds	4,296,000	4,296,000	4,081,193	(214,807)
Reduction in state aid	(262,000)	(262,000)	(261,571)	429
Total noncategorical aid	<u>\$ 4,521,200</u>	<u>\$ 4,477,900</u>	<u>\$ 4,277,280</u>	<u>\$ (200,620)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 571,000	\$ 518,000	\$ 504,112	\$ (13,888)
Sheriff	2,941,000	848,000	836,159	(11,841)
Commissioner of revenue	248,000	218,000	216,515	(1,485)
Treasurer	198,000	177,000	175,855	(1,145)
Registrar/electoral board	56,500	61,000	54,098	(6,902)
Clerk of the Circuit Court	448,000	410,000	399,738	(10,262)
Total shared expenses	<u>\$ 4,462,500</u>	<u>\$ 2,232,000</u>	<u>\$ 2,186,477</u>	<u>\$ (45,523)</u>
Other categorical aid:				
Emergency medical services	\$ 69,000	\$ 69,000	\$ 73,598	\$ 4,598
Department of health fire instructional grant	-	8,000	8,041	41
Litter control grant	18,000	14,000	14,493	493
Library grant	186,500	177,000	177,210	210
Grant for restoration of records	4,500	34,000	33,771	(229)
Victim-witness grant	64,900	70,500	70,509	9
Performing arts grant	5,000	5,000	5,000	-
Fireman's insurance fund	167,200	178,000	178,313	313
Technology trust fund	90,000	64,600	37,854	(26,746)
Seized funds	11,500	20,000	28,853	8,853
Valley Children's Center	57,000	57,000	59,373	2,373
E-911 wireless funding	130,000	168,000	174,337	6,337
Spay and neuter funds	-	2,000	2,131	131
Total other categorical aid	<u>\$ 803,600</u>	<u>\$ 867,100</u>	<u>\$ 863,483</u>	<u>\$ (3,617)</u>
Total categorical aid	<u>\$ 5,266,100</u>	<u>\$ 3,099,100</u>	<u>\$ 3,049,960</u>	<u>\$ (49,140)</u>
Total revenue from the Commonwealth	<u>\$ 9,787,300</u>	<u>\$ 7,577,000</u>	<u>\$ 7,327,240</u>	<u>\$ (249,760)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 355,000	\$ 355,000	\$ 362,266	\$ 7,266
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ 36,000	\$ 23,553	\$ (12,447)
Domestic violence grant	36,650	43,650	24,645	(19,005)
Sane grant	16,400	16,400	12,657	(3,743)
GOSAP grant	-	10,000	3,244	(6,756)
Seized funds	-	60,000	56,043	(3,957)
DEQ royalty grant	-	900	-	(900)
Justice assistance grant	-	40,000	38,026	(1,974)
Homeland security grant	-	-	17,000	17,000
ARRA-justice assistance grant	-	153,000	152,890	(110)
ARRA-sheriff	-	1,688,000	1,687,717	(283)
ARRA-domestic violence grant	-	6,300	9,416	3,116
Total categorical aid	\$ 53,050	\$ 2,054,250	\$ 2,025,191	\$ (29,059)
Total revenue from the federal government	\$ 408,050	\$ 2,409,250	\$ 2,387,457	\$ (21,793)
Total General Fund	\$ 73,108,670	\$ 71,870,570	\$ 71,932,746	\$ 62,176
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 382,727	\$ 382,727	\$ 382,719	\$ (8)
Recovered costs:				
City of Staunton, Virginia	\$ 404,843	\$ 404,843	\$ 401,873	\$ (2,970)
City of Waynesboro, Virginia	422,703	422,703	422,749	46
Total recovered costs	\$ 827,546	\$ 827,546	\$ 824,622	\$ (2,924)
Total revenue from local sources	\$ 1,210,273	\$ 1,210,273	\$ 1,207,341	\$ (2,932)
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,101,591	\$ 3,101,591	\$ 3,101,665	\$ 74
Other grants and programs	150,000	150,000	145,695	(4,305)
Comprehensive Services Act program	1,900,845	1,900,845	1,987,873	87,028
Total categorical aid	\$ 5,152,436	\$ 5,152,436	\$ 5,235,233	\$ 82,797
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,002,906	\$ 5,002,906	\$ 4,564,710	\$ (438,196)
ARRA-public assistance and welfare administration	120,000	120,000	177,356	57,356
Total revenue from the federal government	\$ 5,122,906	\$ 5,122,906	\$ 4,742,066	\$ (380,840)
Total Virginia Public Assistance Fund	\$ 11,485,615	\$ 11,485,615	\$ 11,184,640	\$ (300,975)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Department of conservation grant	\$ -	\$ -	\$ 22,994	\$ 22,994
Department of environmental quality	-	-	26,600	26,600
Hazardous Material Grant	-	-	12,000	12,000
Other fire and rescue grants	-	-	76,681	76,681
Library Gates grant	-	-	2,600	2,600
Total categorical aid	\$ -	\$ -	\$ 140,875	\$ 140,875
Revenue from the federal government:				
Categorical aid:				
LETPP grant	\$ -	\$ -	\$ 44,635	\$ 44,635
Hazardous Material Grant	-	-	12,376	12,376
Total categorical aid	\$ -	\$ -	\$ 57,011	\$ 57,011
Total County Capital Improvements Fund	\$ -	\$ -	\$ 197,886	\$ 197,886
Total Primary Government	\$ 84,594,285	\$ 83,356,185	\$ 83,315,272	\$ (40,913)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 10,800	\$ 10,800	\$ 24,908	\$ 14,108
Total revenue from use of money and property	\$ 10,800	\$ 10,800	\$ 24,908	\$ 14,108
Charges for services:				
Charges for education	\$ 288,322	\$ 288,322	\$ 338,307	\$ 49,985
Tuition and payments from other divisions	345,034	345,034	369,110	24,076
Total charges for services	\$ 633,356	\$ 633,356	\$ 707,417	\$ 74,061
Miscellaneous revenue:				
Other miscellaneous	\$ 696,591	\$ 696,591	\$ 921,362	\$ 224,771
Total revenue from local sources	\$ 1,340,747	\$ 1,340,747	\$ 1,653,687	\$ 312,940
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 31,839,255	\$ 31,839,255	\$ 31,663,884	\$ (175,371)
Total revenues from local governments	\$ 31,839,255	\$ 31,839,255	\$ 31,663,884	\$ (175,371)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,500,000	\$ 10,500,000	\$ 10,157,101	\$ (342,899)
Basic school aid	32,555,150	32,555,150	29,349,038	(3,206,112)
Remedial summer education	244,192	244,192	71,197	(172,995)
Regular foster care	86,438	86,438	84,782	(1,656)
Adult secondary education	72,980	72,980	78,295	5,315
Gifted and talented	318,884	318,884	317,066	(1,818)
Remedial education	559,818	559,818	556,627	(3,191)
Enrollment loss	131,046	131,046	369,719	238,673
Special education	2,536,898	2,536,898	2,522,436	(14,462)
Textbook payment	839,869	839,869	387,161	(452,708)
Standards of learning-project graduation	-	-	26,444	26,444

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Vocational standards of quality payments	\$ 1,417,262	\$ 1,417,262	\$ 1,409,182	\$ (8,080)
Vocational adult education	19,790	19,790	20,750	960
Social security fringe benefits	1,785,749	1,785,749	1,775,570	(10,179)
Retirement fringe benefits	2,295,964	2,295,964	1,712,156	(583,808)
Group life insurance instructional	63,777	63,777	49,321	(14,456)
Early reading intervention	135,692	135,692	104,853	(30,839)
State lottery payments	643,933	643,933	813,450	169,517
Homebound education	57,995	57,995	63,050	5,055
Regional program tuition	695,416	695,416	707,230	11,814
Vocational education - equipment	34,948	34,948	28,774	(6,174)
Vocational occupational preparedness	86,212	86,212	133,967	47,755
Mentor teacher program	8,459	8,459	9,640	1,181
Special education - foster children	52,186	52,186	100,457	48,271
At risk payments	438,925	438,925	428,084	(10,841)
Primary class size	962,011	962,011	915,258	(46,753)
Technology	596,000	596,000	596,000	-
Standards of Learning algebra readiness	90,342	90,342	83,998	(6,344)
At risk four-year olds	546,802	546,802	554,843	8,041
English as a second language	138,029	138,029	93,035	(44,994)
Race to GED	-	-	52,377	52,377
Other state funds	265,125	265,125	126,940	(138,185)
Total categorical aid	\$ 58,179,892	\$ 58,179,892	\$ 53,698,801	\$ (4,481,091)
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 214,041	\$ 214,041	\$ 218,461	\$ 4,420
Adult literacy	140,213	140,213	136,722	(3,491)
Title I	1,189,124	1,189,124	925,340	(263,784)
Title VI-B, special education flow-through	2,233,256	2,233,256	2,148,908	(84,348)
Vocational education	128,430	128,430	131,450	3,020
Title VI-B, special education pre-school	61,061	61,061	61,164	103
Drug free schools	33,045	33,045	22,135	(10,910)
21st century grant	150,790	150,790	123,135	(27,655)
Enhancing education through technology	12,300	12,300	10,856	(1,444)
Language acquisition	29,000	29,000	23,196	(5,804)
Title II Part A	350,753	350,753	395,514	44,761
Advanced placement	500	500	-	(500)
ARRA-education technology grant-Title II	-	33,334	33,334	-
ARRA-Title I grant	-	401,597	252,312	(149,285)
ARRA-IDEA Part B	-	1,294,012	1,099,823	(194,189)
ARRA-IDEA Part B preschool grant	-	43,205	39,928	(3,277)
ARRA-State fiscal stabilization funds	-	3,115,108	4,266,899	1,151,791
ARRA-ITCV grant	-	-	38,910	38,910
Total categorical aid	\$ 4,542,513	\$ 9,429,769	\$ 9,928,087	\$ 498,318
Total School Operating Fund	\$ 95,902,407	\$ 100,789,663	\$ 96,944,459	\$ (3,845,204)



Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 35,000	\$ 33,111	\$ 21,793	\$ (11,318)
Charges for services:				
Cafeteria sales	\$ 2,814,170	\$ 2,780,452	\$ 2,447,088	\$ (333,364)
Total revenue from local sources	\$ 2,849,170	\$ 2,813,563	\$ 2,468,881	\$ (344,682)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 84,000	\$ 75,365	\$ 75,365	\$ -
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,051,833	\$ 2,046,300	\$ 1,919,723	\$ (126,577)
USDA donated food	-	-	251,503	251,503
Total categorical aid	\$ 2,051,833	\$ 2,046,300	\$ 2,171,226	\$ 124,926
Total revenue from the federal government	\$ 2,051,833	\$ 2,046,300	\$ 2,171,226	\$ 124,926
Total School Cafeteria Fund	\$ 4,985,003	\$ 4,935,228	\$ 4,715,472	\$ (219,756)
<b>Head Start Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 142,576	\$ 43,135	\$ 43,135	\$ -
Total charges for services	\$ 142,576	\$ 43,135	\$ 43,135	\$ -
Contribution from primary government	\$ -	\$ -	\$ 652	\$ 652
Total revenue from local sources	\$ 142,576	\$ 43,135	\$ 43,787	\$ 652
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 1,714,133	\$ 1,929,073	\$ 1,778,118	\$ (150,955)
ARRA	-	241,622	175,458	(66,164)
Total categorical aid	\$ 1,714,133	\$ 2,170,695	\$ 1,953,576	\$ (217,119)
Total revenue from the federal government	\$ 1,714,133	\$ 2,170,695	\$ 1,953,576	\$ (217,119)
Total Head Start Fund	\$ 1,856,709	\$ 2,213,830	\$ 1,997,363	\$ (216,467)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Governor's School Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 814,566	\$ 810,643	\$ 771,619	\$ (39,024)
Miscellaneous revenue:				
Other miscellaneous	\$ 10,000	\$ 12,600	\$ 11,745	\$ (855)
Total revenue from local sources	\$ 824,566	\$ 823,243	\$ 783,364	\$ (39,879)
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 442,171	\$ 449,485	\$ 449,485	\$ -
Technology funds	26,000	26,000	26,000	-
Total categorical aid	\$ 468,171	\$ 475,485	\$ 475,485	\$ -
Total Governor's School Fund	\$ 1,292,737	\$ 1,298,728	\$ 1,258,849	\$ (39,879)
Total Discretely Presented Component Unit - School Board	\$ 104,036,856	\$ 109,237,449	\$ 104,916,143	\$ (4,321,306)

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 210,655	\$ 176,195	\$ 160,586	\$ 15,609
General and financial administration:				
County administrator	\$ 577,940	\$ 573,080	\$ 566,429	\$ 6,651
Personnel	178,960	170,190	167,110	3,080
Legal services	192,630	192,365	188,403	3,962
Commissioner of revenue	742,325	754,130	744,034	10,096
Board of Equalization	1,400	4,500	4,482	18
Treasurer	534,265	515,410	510,425	4,985
Central accounting	304,580	304,680	302,333	2,347
Management information systems	488,455	466,110	448,400	17,710
Other general and financial administration	113,900	93,400	64,542	28,858
Total general and financial administration	\$ 3,134,455	\$ 3,073,865	\$ 2,996,158	\$ 77,707
Board of elections:				
Electoral board and officials	\$ 203,305	\$ 196,200	\$ 187,181	\$ 9,019
Total board of elections	\$ 203,305	\$ 196,200	\$ 187,181	\$ 9,019
Total general government administration	\$ 3,548,415	\$ 3,446,260	\$ 3,343,925	\$ 102,335
Judicial administration:				
Courts:				
Circuit court	\$ 85,290	\$ 84,570	\$ 80,050	\$ 4,520
General district court	5,900	5,400	5,521	(121)
Special magistrates	5,825	5,725	4,818	907
Clerk of the circuit court	730,915	728,440	701,370	27,070
Total courts	\$ 827,930	\$ 824,135	\$ 791,759	\$ 32,376
Commonwealth's attorney:				
Commonwealth's attorney	\$ 928,365	\$ 920,670	\$ 907,999	\$ 12,671
Total commonwealth's attorney	\$ 928,365	\$ 920,670	\$ 907,999	\$ 12,671
Total judicial administration	\$ 1,756,295	\$ 1,744,805	\$ 1,699,758	\$ 45,047
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,068,355	\$ 5,052,595	\$ 4,946,180	\$ 106,415
Emergency operations center	1,530,095	1,516,440	1,461,295	55,145
Total law enforcement and traffic control	\$ 6,598,450	\$ 6,569,035	\$ 6,407,475	\$ 161,560
Fire and rescue services:				
Fire department	\$ 3,096,425	\$ 2,992,070	\$ 2,885,429	\$ 106,641
Volunteer emergency operations	1,997,539	2,119,514	1,991,738	127,776
Fire training center	280,550	263,135	227,885	35,250
Fire revolving fund loan disbursements	200,000	200,000	137,238	62,762
EMS transport service	-	-	3,921	(3,921)
Total fire and rescue services	\$ 5,574,514	\$ 5,574,719	\$ 5,246,211	\$ 328,508
Correction and detention:				
Probation and detention	\$ 1,524,050	\$ 1,534,925	\$ 1,553,371	\$ (18,446)
Total correction and detention	\$ 1,524,050	\$ 1,534,925	\$ 1,553,371	\$ (18,446)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (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)				
Inspections:				
Building	\$ 445,615	\$ 442,790	\$ 423,121	\$ 19,669
Total inspections	\$ 445,615	\$ 442,790	\$ 423,121	\$ 19,669
Other protection:				
Animal control	\$ 311,435	\$ 334,355	\$ 318,175	\$ 16,180
Drug enforcement funds	71,600	66,600	63,010	3,590
Total other protection	\$ 383,035	\$ 400,955	\$ 381,185	\$ 19,770
Total public safety	\$ 14,525,664	\$ 14,522,424	\$ 14,011,363	\$ 511,061
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 48,000	\$ 48,000	\$ 41,993	\$ 6,007
Streetlights	127,000	120,000	109,177	10,823
Total maintenance of highways, streets, bridges & sidewalks	\$ 175,000	\$ 168,000	\$ 151,170	\$ 16,830
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,742,490	\$ 1,740,950	\$ 1,578,726	\$ 162,224
Recycling program	145,300	131,900	130,439	1,461
Total sanitation and waste removal	\$ 1,887,790	\$ 1,872,850	\$ 1,709,165	\$ 163,685
Maintenance of general buildings and grounds:				
General properties	\$ 1,356,740	\$ 1,351,055	\$ 1,210,215	\$ 140,840
Total maintenance of general buildings and grounds	\$ 1,356,740	\$ 1,351,055	\$ 1,210,215	\$ 140,840
Total public works	\$ 3,419,530	\$ 3,391,905	\$ 3,070,550	\$ 321,355
Health and welfare:				
Health:				
Supplement of local health department	\$ 503,200	\$ 450,000	\$ 439,988	\$ 10,012
Total health	\$ 503,200	\$ 450,000	\$ 439,988	\$ 10,012
Mental health and mental retardation:				
Community services board	\$ 117,860	\$ 117,860	\$ 117,860	\$ -
Total mental health and mental retardation	\$ 117,860	\$ 117,860	\$ 117,860	\$ -
Welfare:				
Valley Education Alliance	\$ 943	\$ 943	\$ 943	\$ -
Augusta Regional Free Clinic	2,612	-	-	-
Blue Ridge Legal Services, Inc.	3,616	-	-	-
Valley Program for the Aging	30,808	15,404	15,404	-
New Directions Center	14,843	-	-	-
Blue Ridge Court Services	3,442	3,650	3,650	-
Disability Services Board	1,886	-	-	-
Coordinated Area Transportation Services	31,751	31,751	31,751	-
Court Appointed Special Advocate	2,452	-	-	-
Community Centers	12,500	11,250	11,250	-
Verona Food Pantry	20,300	20,300	20,300	-
Lions Sight and Hearing/Oak Grove Theatre	3,010	2,995	2,990	5
CAPSAW	-	34,232	34,232	-
Craigsville personal property	18,300	23,255	23,252	3
Tax relief for the elderly	300,000	250,000	231,232	18,768
Total welfare	\$ 446,463	\$ 393,780	\$ 375,004	\$ 18,776
Total health and welfare	\$ 1,067,523	\$ 961,640	\$ 932,852	\$ 28,788

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (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	\$ 4,715	\$ 4,715	\$ 4,715	\$ -
Contribution to County School Board	31,839,345	31,839,345	31,610,902	228,443
Total education	<u>\$ 31,844,060</u>	<u>\$ 31,844,060</u>	<u>\$ 31,615,617</u>	<u>\$ 228,443</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,300,585	\$ 1,399,925	\$ 1,341,989	\$ 57,936
Total parks and recreation	<u>\$ 1,300,585</u>	<u>\$ 1,399,925</u>	<u>\$ 1,341,989</u>	<u>\$ 57,936</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Arts & History Alliance	60,000	60,000	60,000	-
Total cultural enrichment	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,075,342	\$ 1,052,205	\$ 1,022,215	\$ 29,990
Churchville library	102,350	102,895	99,820	3,075
Total library	<u>\$ 1,177,692</u>	<u>\$ 1,155,100</u>	<u>\$ 1,122,035</u>	<u>\$ 33,065</u>
Total parks, recreation, and cultural	<u>\$ 2,548,277</u>	<u>\$ 2,625,025</u>	<u>\$ 2,534,024</u>	<u>\$ 91,001</u>
Community development:				
Planning and community development:				
Community development	\$ 973,070	\$ 970,532	\$ 942,519	\$ 28,013
Tourism development	230,950	64,860	60,874	3,986
Economic development	-	146,735	144,197	2,538
Contribution to Industrial Development Authority	50,000	46,000	45,244	756
Total planning and community development	<u>\$ 1,254,020</u>	<u>\$ 1,228,127</u>	<u>\$ 1,192,834</u>	<u>\$ 35,293</u>
Environmental management:				
Contribution to soil and water district	\$ 37,185	\$ 36,026	\$ 36,026	\$ -
Other environmental management	62,315	60,055	59,646	409
Total environmental management	<u>\$ 99,500</u>	<u>\$ 96,081</u>	<u>\$ 95,672</u>	<u>\$ 409</u>
Cooperative extension program:				
Extension office	\$ 161,160	\$ 146,600	\$ 134,688	\$ 11,912
Agricultural development	3,000	3,000	2,016	984
Total cooperative extension program	<u>\$ 164,160</u>	<u>\$ 149,600</u>	<u>\$ 136,704</u>	<u>\$ 12,896</u>
Total community development	<u>\$ 1,517,680</u>	<u>\$ 1,473,808</u>	<u>\$ 1,425,210</u>	<u>\$ 48,598</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	\$ -
Contingencies	50,000	50,000	3,128	46,872
Total nondepartmental	<u>\$ 174,405</u>	<u>\$ 174,405</u>	<u>\$ 127,533</u>	<u>\$ 46,872</u>
Total General Fund	<u>\$ 60,401,849</u>	<u>\$ 60,184,332</u>	<u>\$ 58,760,832</u>	<u>\$ 1,423,500</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (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>
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 7,884,500	\$ 7,978,500	\$ 7,698,449	\$ 280,051
Public assistance	2,260,000	1,712,000	1,629,628	82,372
Comprehensive services	3,190,000	3,604,000	3,357,554	246,446
Family resource center	180,000	220,000	225,406	(5,406)
Total welfare and social services	\$ 13,514,500	\$ 13,514,500	\$ 12,911,037	\$ 603,463
Total health and welfare	\$ 13,514,500	\$ 13,514,500	\$ 12,911,037	\$ 603,463
Total Virginia Public Assistance Fund	\$ 13,514,500	\$ 13,514,500	\$ 12,911,037	\$ 603,463
<b>Debt Service Fund:</b>				
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 5,332,496	\$ 5,332,496	\$ 5,332,496	\$ -
Interest and other fiscal charges	3,301,504	3,301,504	3,299,500	2,004
Total School Debt Service Fund	\$ 8,634,000	\$ 8,634,000	\$ 8,631,996	\$ 2,004
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
Landfill	\$ 640,000.00	\$ 640,000.00	\$ 585,170	\$ 54,830
Infrastructure	805,000	805,000	546,977	258,023
County schools	-	1,018,996	(3,227)	1,022,223
Secondary roads	1,115,000	1,115,000	-	1,115,000
Programs	431,000	331,000	222,115	108,885
Equipment Replacement	-	-	859,942	(859,942)
Building renovations	330,000	31,000	1,431,970	(1,400,970)
Economic development	300,000	200,000	287,952	(87,952)
Grants	-	-	145,798	(145,798)
Total capital projects	\$ 3,621,000	\$ 4,140,996	\$ 4,076,697	\$ 64,299
Total Capital Projects Fund	\$ 3,621,000	\$ 4,140,996	\$ 4,076,697	\$ 64,299
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
High school projects	\$ -	\$ 116,066	\$ 10,519	\$ 105,547
Other	300,000	5,501	5,447	54
Total capital projects	\$ 300,000	\$ 121,567	\$ 15,966	\$ 105,601
Total School Capital Projects Fund	\$ 300,000	\$ 121,567	\$ 15,966	\$ 105,601
Total Primary Government	\$ 86,471,349	\$ 86,595,395	\$ 84,396,528	\$ 2,198,867

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (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>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board	\$ 160,137	\$ 160,137	\$ 188,450	\$ (28,313)
Executive administration services	515,029	653,271	729,008	(75,737)
Personnel	271,217	271,217	271,215	2
Fiscal services	430,918	430,918	420,531	10,387
Data processing services	339,219	339,219	331,261	7,958
Total administration of schools	<u>\$ 1,716,520</u>	<u>\$ 1,854,762</u>	<u>\$ 1,940,465</u>	<u>\$ (85,703)</u>
Instruction costs:				
Elementary and secondary schools	\$ 63,107,377	\$ 65,187,844	\$ 62,973,598	\$ 2,214,246
Guidance services	2,436,803	2,436,803	2,430,736	6,067
Social worker services	321,505	364,710	325,211	39,499
Other instructional costs	1,760,509	1,760,509	1,706,353	54,156
Media services	1,787,372	1,806,166	1,765,393	40,773
Technology services	2,893,885	2,893,885	2,953,468	(59,583)
Office of the principal	5,919,679	5,992,036	5,916,610	75,426
Total instruction costs	<u>\$ 78,227,130</u>	<u>\$ 80,441,953</u>	<u>\$ 78,071,369</u>	<u>\$ 2,370,584</u>
Operating costs:				
Attendance and health services	\$ 1,224,947	\$ 1,380,528	\$ 1,332,646	\$ 47,882
Pupil transportation	5,535,673	5,762,503	6,101,247	(338,744)
Operation and maintenance of school plant	9,198,137	11,349,917	9,498,732	1,851,185
Total operating costs	<u>\$ 15,958,757</u>	<u>\$ 18,492,948</u>	<u>\$ 16,932,625</u>	<u>\$ 1,560,323</u>
Total education	<u>\$ 95,902,407</u>	<u>\$ 100,789,663</u>	<u>\$ 96,944,459</u>	<u>\$ 3,845,204</u>
Total School Fund	<u>\$ 95,902,407</u>	<u>\$ 100,789,663</u>	<u>\$ 96,944,459</u>	<u>\$ 3,845,204</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 4,985,003	\$ 4,935,228	\$ 4,538,231	\$ 396,997
Total Cafeteria Fund	<u>\$ 4,985,003</u>	<u>\$ 4,935,228</u>	<u>\$ 4,538,231</u>	<u>\$ 396,997</u>
<b>Head Start Fund:</b>				
Education:				
Instruction	\$ 1,471,984	\$ 1,807,842	\$ 1,629,577	\$ 178,265
Administration, attendance, and health	321,709	326,855	296,375	30,480

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (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	\$ 63,016	\$ 79,133	\$ 71,411	\$ 7,722
Total education	\$ 1,856,709	\$ 2,213,830	\$ 1,997,363	\$ 216,467
Total Head Start Fund	\$ 1,856,709	\$ 2,213,830	\$ 1,997,363	\$ 216,467
<b>Governor's School Fund:</b>				
Education:				
Instruction	\$ 1,261,957	\$ 1,266,548	\$ 1,179,521	\$ 87,027
Operations and maintenance services	30,780	32,180	25,694	6,486
Contribution to primary government	-	-	53,634	(53,634)
Total education	\$ 1,292,737	\$ 1,298,728	\$ 1,258,849	\$ 39,879
Total Governor's School Fund	\$ 1,292,737	\$ 1,298,728	\$ 1,258,849	\$ 39,879
Total Discretely Presented Component Unit - School Board	\$ 104,036,856	\$ 109,237,449	\$ 104,738,902	\$ 4,498,547



## **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 Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,168,130	\$ 5,700,181	\$ 8,436,443	\$ 4,137,028
Unrestricted	33,679,250	35,701,010	36,014,503	48,379,253
Total governmental activities net assets	<u>\$ 40,847,380</u>	<u>\$ 41,401,191</u>	<u>\$ 44,450,946</u>	<u>\$ 52,516,281</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	8,882,542	10,433,957	11,340,625	-
Total business-type activities net assets	<u>\$ 65,573,442</u>	<u>\$ 70,498,730</u>	<u>\$ 73,367,214</u>	<u>\$ -</u>
Primary government				
Invested in capital assets, net of related debt	\$ 60,382,187	\$ 62,193,886	\$ 66,693,896	\$ 4,137,028
Restricted	3,476,843	3,571,068	3,769,136	-
Unrestricted	42,561,792	46,134,967	47,355,128	48,379,253
Total primary government net assets	<u>\$ 106,420,822</u>	<u>\$ 111,899,921</u>	<u>\$ 117,818,160</u>	<u>\$ 52,516,281</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					
2006	2007	2008	2009	2010	
\$ 18,782,488	\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	
38,592,768	50,066,709	55,895,205	55,696,593	53,752,359	
<u>\$ 57,375,256</u>	<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 18,782,488	\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	
-	-	-	-	-	
38,592,768	50,066,709	55,895,205	55,696,593	53,752,359	
<u>\$ 57,375,256</u>	<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,532,842	\$ 3,706,869	\$ 3,839,477	\$ 2,478,683
Judicial administration	935,589	1,004,482	1,094,059	2,679,389
Public safety	10,348,457	10,939,395	11,938,546	15,189,283
Public works	2,264,495	6,788,951	4,852,479	5,034,373
Health and welfare	7,168,889	7,667,058	9,478,679	10,821,758
Education	28,885,170	30,205,596	32,275,983	32,680,676
Parks, recreation and cultural	1,905,821	1,920,357	1,899,918	1,956,779
Community development	1,306,243	1,094,698	1,284,739	1,095,394
Interest on long-term debt	2,385,160	2,207,537	2,027,895	2,348,501
Total governmental activities expenses	\$ 59,732,666	\$ 65,534,943	\$ 68,691,775	\$ 74,284,836
Business-type activities:				
Service Authority	\$ 8,865,022	\$ 9,328,399	\$ 9,843,983	\$ -
Total primary government expenses	\$ 68,597,688	\$ 74,863,342	\$ 78,535,758	\$ 74,284,836
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 29,762	\$ 32,047	\$ 29,817	\$ 201,308
Judicial administration	185,874	416,746	484,901	358,190
Public safety	9,784	36,733	46,749	1,818,693
Public works	1,091,511	1,381,470	1,032,628	1,218,967
Health and welfare	60,145	29,145	58,451	789,387
Parks, recreation and cultural	483,707	438,010	491,250	552,890
Community development	-	-	805,954	794,058
Operating grants and contributions	12,198,791	12,140,771	13,902,305	14,256,910
Capital grants and contributions	381,681	325,056	547,745	2,747,769
Total governmental activities program revenues	\$ 14,441,255	\$ 14,799,978	\$ 17,399,800	\$ 22,738,172
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	\$ 14,717,597	\$ 13,332,541	\$ 12,498,739	\$ -
Total primary government program revenues	\$ 29,158,852	\$ 28,132,519	\$ 29,898,539	\$ 22,738,172
<b>Net (expense) / revenue</b>				
Governmental activities	\$ (45,291,411)	\$ (50,734,965)	\$ (51,291,975)	\$ (51,546,664)
Business-type activities	5,852,575	4,004,142	2,654,756	-
Total primary government net expense	\$ (39,438,836)	\$ (46,730,823)	\$ (48,637,219)	\$ (51,546,664)

Table 2

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 4,079,044	\$ 4,311,447	\$ 5,509,093	\$ 5,065,770	\$ 4,184,974	
1,240,876	1,594,317	1,851,046	1,842,573	1,757,348	
16,101,838	13,644,513	15,262,308	15,832,972	15,364,669	
6,895,780	5,247,249	5,696,530	7,711,226	4,314,949	
11,961,725	11,680,282	12,994,411	11,340,693	13,092,468	
35,060,055	37,298,801	42,733,092	39,022,157	37,563,872	
2,375,514	2,501,010	3,291,280	3,604,760	3,029,700	
2,047,389	1,628,788	2,213,214	1,944,793	1,777,548	
2,314,508	2,653,362	3,353,767	3,445,502	3,058,358	
<u>\$ 82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ 82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	
\$ 38,174	\$ 723,199	\$ 744,154	\$ 662,395	\$ 570,568	
525,703	614,220	433,807	371,909	299,426	
1,963,916	50,341	226,257	237,223	405,743	
1,210,912	2,257,679	1,332,972	1,111,324	1,149,190	
796,865	188,485	326,113	361,690	382,719	
564,861	649,233	654,110	722,807	749,885	
747,914	-	-	-	-	
15,401,030	13,542,540	15,423,055	15,777,283	15,052,450	
2,777,194	2,227,600	2,769,821	3,241,550	197,886	
<u>\$ 24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ 24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	
\$ (58,050,160)	\$ (60,306,472)	\$ (70,994,452)	\$ (67,324,265)	\$ (65,336,019)	
-	-	-	-	-	
<u>\$ (58,050,160)</u>	<u>\$ (60,306,472)</u>	<u>\$ (70,994,452)</u>	<u>\$ (67,324,265)</u>	<u>\$ (65,336,019)</u>	

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 29,235,710	\$ 30,086,807	\$ 31,126,142	\$ 35,098,887
Local sales and use taxes	3,474,194	3,647,816	3,974,946	4,387,914
Motor vehicle licenses taxes	1,709,028	1,682,703	1,741,200	1,785,822
Consumer utility taxes	2,671,531	2,577,327	2,657,186	2,688,223
Business licenses taxes	2,007,787	2,122,349	2,338,263	2,662,780
Restaurant food taxes	1,766,369	1,800,881	1,875,801	1,990,184
Other local taxes	3,265,846	3,394,826	2,796,657	3,287,426
Unrestricted grants and contributions	5,040,773	4,840,236	5,851,264	5,030,068
Unrestricted revenues from use of money and property	1,510,552	1,382,843	645,491	1,461,575
Gain on disposal of capital assets	461,449	-	998,142	-
Miscellaneous	371,016	451,721	229,622	1,219,120
Loss on disposal of assets	-	-	-	-
Transfers	-	(698,733)	-	-
Total governmental activities	\$ 51,514,255	\$ 51,288,776	\$ 54,234,714	\$ 59,611,999
Business-type activities:				
Unrestricted grants and contributions				
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	\$ 59,611,999
<b>Change in Net Assets</b>				
Governmental activities	\$ 6,222,844	\$ 553,811	\$ 2,942,739	\$ 8,065,335
Business-type activities	6,172,542	4,925,288	2,868,484	-
Total primary government	\$ 12,395,386	\$ 5,479,099	\$ 5,811,223	\$ 8,065,335

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

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 36,591,540	\$ 40,998,297	\$ 41,016,853	\$ 43,396,769	\$ 42,723,198	
4,738,044	4,846,918	5,016,195	4,477,956	4,384,864	
1,823,862	1,823,630	1,798,392	55,167	-	
3,600,361	4,281,024	4,532,958	4,278,675	4,295,733	
2,879,209	3,009,798	3,142,260	3,141,510	2,655,872	
2,128,691	2,255,343	2,294,098	2,250,640	2,169,738	
2,786,138	2,000,072	1,871,161	1,656,024	1,638,634	
5,338,644	5,209,278	5,012,362	4,905,684	4,639,546	
2,263,684	3,554,050	2,817,589	1,822,584	883,653	
-	-	-	-	-	
758,962	475,137	1,948,943	493,157	1,832,444	
-	(622,633)	-	-	-	
-	-	-	-	-	
\$ 62,909,135	\$ 67,830,914	\$ 69,450,811	\$ 66,478,166	\$ 65,223,682	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 62,909,135	\$ 67,830,914	\$ 69,450,811	\$ 66,478,166	\$ 65,223,682	
\$ 4,858,975	\$ 7,524,442	\$ (1,543,641)	\$ (846,099)	\$ (112,337)	
-	-	-	-	-	
\$ 4,858,975	\$ 7,524,442	\$ (1,543,641)	\$ (846,099)	\$ (112,337)	



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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Consumer Utility Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Restaurant Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2010 \$	42,723,198	\$ 4,384,864	\$ 4,295,733	\$ -	\$ 2,169,738	\$ 2,655,872	\$ 56,229,405
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

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				
	2001	2002	2003	2004	2005
General fund					
Reserved	\$ -	\$ 228,518	\$ 175,165	\$ 407,538	\$ 407,017
Unreserved	<u>13,570,205</u>	<u>14,363,062</u>	<u>14,138,810</u>	<u>12,800,893</u>	<u>17,598,056</u>
Total general fund	<u>\$ 13,570,205</u>	<u>\$ 14,591,580</u>	<u>\$ 14,313,975</u>	<u>\$ 13,208,431</u>	<u>\$ 18,005,073</u>
All other governmental funds					
Reserved	\$ -	\$ 17,599,214	\$ 19,821,562	\$ 26,779,004	\$ 28,523,195
Unreserved, reported in:					
Capital projects funds	13,886,369	173,408	1,665	-	-
Debt services funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 13,886,369</u>	<u>\$ 17,772,622</u>	<u>\$ 19,823,227</u>	<u>\$ 26,779,004</u>	<u>\$ 28,523,195</u>

Table 4

Fiscal Year				
2006	2007	2008	2009	2010
\$ 741,541	\$ 1,085,858	\$ 1,332,428	\$ 1,135,867	\$ 1,631,079
<u>16,263,261</u>	<u>20,592,646</u>	<u>17,289,242</u>	<u>13,363,450</u>	<u>12,201,976</u>
<u>\$ 17,004,802</u>	<u>\$ 21,678,504</u>	<u>\$ 18,621,670</u>	<u>\$ 14,499,317</u>	<u>\$ 13,833,055</u>
\$ 25,442,249	\$ 34,275,104	\$ 34,894,572	\$ 35,887,286	\$ 35,477,239
-	(7,541,836)	581,874	650,341	644,894
<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<u>\$ 25,442,249</u>	<u>\$ 26,733,268</u>	<u>\$ 35,475,946</u>	<u>\$ 36,537,127</u>	<u>\$ 36,122,133</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Revenues</b>					
General property taxes	\$ 27,856,151	\$ 29,215,101	\$ 30,153,447	\$ 31,292,004	\$ 34,616,279
Other local taxes	13,418,872	14,223,702	14,541,480	15,384,053	16,802,349
Permits, privilege fees and regulatory licenses	612,099	561,732	684,422	819,021	794,058
Fines and forfeitures	87,139	109,321	113,485	173,891	176,852
Revenue from use of money and property	2,254,431	1,488,978	1,364,576	623,962	1,445,113
Charges for services	2,176,966	1,860,783	2,220,666	1,956,838	2,307,499
Miscellaneous	160,365	150,658	220,932	1,343,728	1,237,864
Recovered costs	764,388	932,737	1,235,052	1,968,868	2,455,084
Intergovernmental:					
Commonwealth	10,522,280	13,580,803	13,278,030	14,982,073	16,756,534
Federal	3,370,716	4,040,442	4,006,685	5,319,241	5,287,054
Total revenues	\$ 61,223,407	\$ 66,164,257	\$ 67,818,775	\$ 73,863,679	\$ 81,878,686
<b>Expenditures</b>					
General government administration	\$ 2,812,242	\$ 2,735,805	\$ 2,862,360	\$ 3,126,493	\$ 3,210,610
Judicial administration	1,056,485	1,016,319	981,550	1,034,224	1,117,543
Public safety	10,095,931	11,205,461	11,660,505	12,863,042	14,827,604
Public works	1,932,275	2,061,756	2,281,420	2,296,943	2,515,917
Health and welfare	6,319,605	7,444,922	8,003,424	10,003,750	10,789,063
Education	3,000	24,811,181	26,313,785	27,089,804	25,895,416
Parks, recreation and cultural	1,758,797	1,962,575	2,045,094	2,084,593	2,287,135
Community development	1,398,281	1,344,008	999,810	1,068,521	1,325,598
Capital projects	4,162,660	3,641,970	5,427,451	9,597,824	15,182,609
Debt service					
Principal	92,111	3,278,319	3,203,641	3,164,847	2,994,266
Interest and other fiscal charges	7,543	2,443,479	2,266,735	2,090,813	2,120,675
Total expenditures	\$ 29,638,930	\$ 61,945,795	\$ 66,045,775	\$ 74,420,854	\$ 82,266,436
Excess of revenues over (under) expenditures	\$ 31,584,477	\$ 4,218,462	\$ 1,773,000	\$ (557,175)	\$ (387,750)
<b>Other financing sources (uses)</b>					
Transfers in	\$ 6,622,420	\$ 12,275,913	\$ 13,271,497	\$ 13,706,738	\$ 13,201,991
Transfers out	(36,687,767)	(12,275,913)	(13,271,497)	(13,706,738)	(13,201,991)
Bonds issued	-	227,717	-	6,300,392	6,454,481
Premium on bonds issued	-	-	-	-	474,102
Capital leases	-	-	-	-	-
Sale of capital assets	848,496	-	-	-	-
Total other financing sources (uses)	\$ (29,216,851)	\$ 227,717	\$ -	\$ 6,300,392	\$ 6,928,583
Net change in fund balances	\$ 2,367,626	\$ 4,446,179	\$ 1,773,000	\$ 5,743,217	\$ 6,540,833
Debt service as a percentage of noncapital expenditures	\$ 0.39%	\$ 9.73%	\$ 8.40%	\$ 7.52%	\$ 7.04%

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

Table 5

Fiscal Year				
2006	2007	2008	2009	2010
\$ 37,850,345	\$ 40,945,162	\$ 40,856,658	\$ 42,760,266	\$ 42,548,270
17,956,305	18,216,785	18,655,064	15,859,972	15,144,841
765,606	702,238	697,717	590,168	503,698
186,124	224,266	195,626	206,887	237,312
2,224,715	3,498,183	2,766,852	1,792,056	876,207
2,456,587	2,521,143	2,824,070	2,670,293	2,816,521
742,133	536,046	1,930,812	437,853	346,108
2,440,028	1,181,549	848,945	841,161	952,433
17,387,178	14,935,463	17,115,948	17,557,521	12,703,348
6,129,690	6,043,955	6,089,290	6,366,997	7,186,534
\$ 88,138,711	\$ 88,804,790	\$ 91,980,982	\$ 89,083,174	\$ 83,315,272
\$ 3,237,610	\$ 3,515,136	\$ 4,227,869	\$ 4,036,220	\$ 3,343,925
1,268,300	1,502,163	1,885,147	1,789,570	1,699,758
15,314,641	13,410,881	14,790,155	14,791,170	14,011,363
2,886,088	3,034,064	3,144,129	3,624,473	3,070,550
11,868,923	12,395,465	13,686,090	14,605,119	13,843,889
28,010,867	30,072,708	31,763,370	31,884,595	31,615,617
2,340,685	2,515,714	2,678,852	2,718,695	2,534,024
1,495,977	1,635,706	1,743,298	1,721,192	1,552,743
19,805,811	36,605,957	17,424,291	7,868,417	4,092,663
3,572,479	3,580,578	4,921,853	5,400,528	5,332,496
2,418,547	1,973,221	3,446,208	3,704,367	3,299,500
\$ 92,219,928	\$ 110,241,593	\$ 99,711,262	\$ 92,144,346	\$ 84,396,528
\$ (4,081,217)	\$ (21,436,803)	\$ (7,730,280)	\$ (3,061,172)	\$ (1,081,256)
\$ 22,610,887	\$ 15,973,349	\$ 20,031,363	\$ 16,999,833	\$ 15,170,842
(22,610,887)	(15,973,349)	(20,031,363)	(16,999,833)	(15,170,842)
-	26,610,000	12,729,426	-	-
-	791,524	686,698	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ 27,401,524	\$ 13,416,124	\$ -	\$ -
\$ (4,081,217)	\$ 5,964,721	\$ 5,685,844	\$ (3,061,172)	\$ (1,081,256)
\$ 7.51%	\$ 7.00%	\$ 9.24%	\$ 10.16%	\$ 10.64%

General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Consumer Utility Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Restaurant Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2010	\$ 42,548,270	\$ 4,384,864	\$ 4,295,733	\$ -	\$ 2,169,738	\$ 2,655,872	\$ 56,054,477
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

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)
2010	\$ 6,523,317,700	\$ 545,724,160	\$ 157,441,730	\$ 221,103,702	\$ 7,447,587,292	\$ 8,016,778,571	92.90%
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%

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 2010 is \$0.63. In Fiscal Year 2009 and 2008 the weighted average was \$0.70 and \$0.73 respectively. 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
2010	0.48	2.25	1.90	0.48	1.90
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

(1) Per \$100 of assessed value

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2010		Fiscal Year 2001	
		2009 Assessed Valuation	% of Total Assessed Valuation	2000 Assessed Valuation	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 110,899,220	1.49%	\$ 79,425,110	1.96%
Hershey Foods Corporation	Food Manufacturer	89,393,670	1.20%	80,347,220	1.99%
McKee Baking Company	Food Manufacturer	63,586,692	0.85%	65,530,500	1.62%
Shenandoah Valley Electric	Public Utility	47,809,890	0.64%	28,877,890	0.71%
Verizon/Bell Atlantic	Public Utility	24,889,951	0.33%	24,928,570	0.62%
MeadWestvaco <sup>(1)</sup>	Paper Mfg. Warehouse	20,540,400	0.28%	-	0.00%
First Republic Group Realty/Colonial Realty <sup>(1)</sup>	Real Estate	17,066,800	0.23%	-	0.00%
Reynolds Metals	Flexible Packaging	15,768,850	0.21%	13,945,160	0.34%
Hollister, Inc	Medical Supplies Mfg.	14,564,529	0.20%	10,831,379	0.27%
McQuay International	Industrial Air Cond. Equip.	14,037,420	0.19%	12,769,940	0.32%
		<u>\$ 418,557,421</u>	<u>5.43%</u>	<u>\$ 316,655,769</u>	<u>7.51%</u>

Source: Commissioner of Revenue

<sup>(1)</sup> 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
2010	\$	46,713,547	\$ 45,481,724	97.36%	\$ -	\$ 45,481,724	97.36%
2009		47,600,593	46,038,275	96.72%	728,351	46,766,626	98.25%
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%

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	
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Capital Leases
2010	\$ 62,760,277	\$ -	\$ -	\$ -	\$ -	\$ -
2009	68,092,773	-	-	-	-	-
2008	73,493,301	-	-	-	-	-
2007	65,685,728	-	-	-	-	-
2006	42,656,306	-	-	-	-	-
2005	46,228,785	-	-	-	-	-
2004	42,768,570	-	-	-	33,375,167	84,235
2003	40,058,417	-	-	-	29,731,295	90,026
2002	43,227,261	-	225,642	34,797	28,985,942	95,276
2001	46,378,315	-	-	159,987	-	-

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**

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	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$	62,760,277	2.63%	871
	68,092,773	2.85%	945
	73,493,301	3.10%	1,027
	65,685,728	2.86%	928
	42,656,306	1.94%	609
	46,228,785	2.23%	671
	76,227,972	3.90%	1,128
	69,879,738	3.79%	1,041
	72,568,918	4.17%	1,095
	46,538,302	2.67%	700

Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
2010	\$ 62,760,277	\$ -	\$ 62,760,277	0.84%	871
2009	68,092,773	-	68,092,773	1.00%	945
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

(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

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemploy- ment Rate</b>
2010	72,020	\$ 33,161	46.04%	45-49	10,515	N/A
2009	72,020	33,161	46.04%	45-49	10,688	6.60%
2008	71,586	33,161	46.32%	45-49	10,716	3.60%
2007	70,747	32,418	45.82%	45-49	10,798	2.60%
2006	70,034	31,453	44.91%	40	10,769	2.60%
2005	68,900	30,146	43.75%	40	10,691	2.90%
2004	67,600	28,918	42.78%	N/A	10,662	2.90%
2003	67,100	27,469	40.94%	N/A	10,624	3.10%
2002	66,300	26,275	39.63%	N/A	10,720	3.10%
2001	66,500	26,196	39.39%	N/A	10,704	2.80%

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 2010			Fiscal Year 2001		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.30%	1000+	1	4.40%
Augusta Medical Center	1000+	2	4.30%	1000+	2	4.40%
McKee Foods Corporation	500-999	3	2.10%	1000+	3	4.40%
Hershey Chocolate of Virginia	500-999	4	2.10%	500-999	6	2.20%
Target Corp.	500-999	5	2.10%	1000+	4	4.40%
Hollister, Inc.	250-499	6	1.08%	250-499	9	1.10%
AAF McQuay, Inc.	250-499	7	1.08%	500-999	7	2.20%
Augusta Correctional Center	250-499	8	1.08%			
Blue Ridge Community College	250-499	9	1.08%			
Alcoa Building Products	250-499	10	1.08%	250-499	8	1.10%
Western State Hospital				500-999	5	2.20%
American Safety Razor Company				250-499	10	1.10%
Totals-average	<u>7,125</u>		<u>20.30%</u>	<u>9,375</u>		<u>27.50%</u>
Total County Employment	<u>35,148</u>			<u>34,121</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	2001	2002	2003	2004	2005	2006	2007
General government	47	48	53	51	53	48	52
Judicial administration	19	19	21	21	19	22	22
Public safety							
Sheriffs department (1)	117	121	122	129	129	85	81
Emergency communication center	17	16	14	17	18	18	21
Fire & rescue	15	14	20	27	27	37	44
Building inspections	6	6	7	7	8	9	9
Animal control	2	2	2	2	2	2	3
Public works							
General maintenance	20	21	22	22	21	20	19
Health and welfare							
Department of social services (2)	91	91	83	110	116	118	121
Culture and recreation							
Parks and recreation	6	6	7	7	8	9	11
Library	17	15	16	16	16	16	17
Community development	10	10	10	10	12	13	13
Economic development	-	-	-	-	-	-	-
Totals	<u>367</u>	<u>369</u>	<u>377</u>	<u>419</u>	<u>429</u>	<u>397</u>	<u>413</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

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2008	2009	2010
52	50	46
22	26	26
81	76	74
20	19	18
44	48	47
9	7	7
3	3	3
18	18	17
120	121	129
11	10	11
16	17	15
13	12	12
-	-	1
409	407	406

# COUNTY OF AUGUSTA, VIRGINIA

## Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Years				
	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 Years			
2007	2008	2009	2010
79	81	76	76
3,975	3,692	3,421	2,203
7,000	6,434	6,656	6,124
-	-	-	-
17,974	19,401	17,508	18,065
923	1,001	1,003	1,006
43	43	48	47
1,241	1,117	868	N/A
4,056	3,866	3,948	N/A
7	7	7	7
8,734	9,034	9,889	11,053
323	377	349	324
539	598	565	N/A
1,135	1,140	1,147	1,155
465	478	483	485
1,600	1,618	1,630	1,640
\$ 3,325	\$ 3,745	\$ 3,835	\$ 3,828

# COUNTY OF AUGUSTA, VIRGINIA

## Capital Asset Statistics by Function Last Ten Fiscal Years

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

Table 17

2009	2010
17	17
5	5
3	1
71	71
10	9
14	14
8	8
172	177
6	5
3	3
1	1
7	7
10	10
26	27
6	6
8	13
4	5
115	210
1	2
18	18
1	1
7	4
12	12
4	4
5	5



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# **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

### TO THE 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, 2010, which collectively comprise the County of Augusta, Virginia's basic financial statements and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

#### **Internal Control Over Financial Reporting:**

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

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

#### **Compliance and Other Matters:**

As part of obtaining reasonable assurance about whether the County of 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 12, 2010.

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

*Robinson, Farmer, Cox Associates*

Verona, Virginia  
November 12, 2010

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

---

**THE BOARD OF SUPERVISORS  
COUNTY OF AUGUSTA, VIRGINIA**

Compliance

We have audited County of Augusta, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the County of Augusta, Virginia's major federal programs for the year ended June 30, 2010. 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 on the County of Augusta, Virginia's compliance with those requirements.

In our opinion, County of Augusta, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of 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 County of Augusta, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Augusta, Virginia's internal control over compliance.

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

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

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

*Robinson, Farrow, Cox Associates*

Verona, Virginia  
November 12, 2010

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Health and Human Services:			
Direct Payments:			
Headstart program	93.600		\$ 1,778,118
Headstart program-Recovery Act	93.708		<u>175,458</u>
Total Dept. Health & Human Services-direct payments			\$ <u>1,953,576</u>
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556		34,892
Temporary assistance to needy families (TANF)	93.558		1,225,426
Refugee and entrant assistance - discretionary grants	93.566		2,243
Low income home energy assistance	93.568		38,997
Child care and development block grant - ARRA	93.575		228,383
Child care and development fund - matching funds	93.596		388,209
Chafee education and training vouchers	93.599		21,729
Child welfare services - state grants	93.645		3,504
Foster care - Title IV-E	93.658		563,586
Foster care - Title IV-E-Recovery Act	93.658		35,489
Adoption assistance	93.659		212,729
Adoption assistance - Recovery Act	93.659		22,637
Social services block grant	93.667		296,595
Chafee foster care independence	93.674		19,723
Child care and development block grant-Recovery Act	93.713		99,235
State children's health insurance program	93.767		43,422
Medical assistance program (Title XIX)	93.778		<u>543,505</u>
Total Dept. Health & Human Services-pass through payments			\$ <u>3,780,304</u>
Total Department Health and Human Services			\$ <u>5,733,880</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555		\$ 251,503
Department of Education:			
National school breakfast program	10.553		375,113
National school lunch program	10.555		1,544,610
Secure payments for states and counties containing federal lands	10.665		218,461
Department of Social Services:			
State admin matching grants for food stamp program	10.561		941,767
State admin matching grants for food stamp program-Recovery Act	10.561		<u>19,995</u>
Total Department of Agriculture - pass-through payments			\$ <u>3,351,449</u>

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (continued)  
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in lieu of taxes	15.226		\$ 362,266
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Women (SANE)	16.588		\$ 12,657
Violence against women	16.588		24,645
Violence against women-Recovery Act	16.588	09WFAX0037	9,416
Forfeited assets	16.000		56,043
Edward Byrne Memorial Formula Grant (GOSAP)	16.579		3,244
Edward Byrne Justice Assistance Grant	16.738		38,026
Edward Byrne Justice Assistance Grant-Recovery Act	16.803	2009-SU-B9-0033	152,890
Total Department of Justice - pass-through payments			\$ 296,921
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600		\$ 23,553
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Homeland security-Law Enforcement Terrorism Prev. Prog.	97.067		\$ 44,635
State homeland security grant-Haz-Mat	97.073		12,376
Department of Criminal Justice Services:			
State homeland security grant	97.073		\$ 17,000
Total Department of Homeland Security pass-through payments			\$ 74,011
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult basic education	84.002		\$ 136,722
Title I: Grants to Local Educational Agencies	84.010		925,340
Title I: Grants to Local Educational Agencies-Recovery Act	84.389		252,312
Special education grants to states	84.027		2,148,908
Special education grants to states-Recovery Act	84.391		1,099,823
Career and technology Education: basic grants to states	84.048		131,450
Special education-preschool grants	84.173		61,164
Special education-preschool grants-Recovery Act	84.392		39,928
Safe and drug free schools and communities	84.186		22,135
English language acquisition	84.365		23,196
Twenty-First century community learning centers	84.287		123,135



County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (continued):  
For the Year Ended June 30, 2010

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Pass-through Identifying Number</b>	<b>Expenditures</b>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Education technology grants	84.318		\$ 10,856
ITCV Education technology grants	84.393		38,910
Title II Part A - Improving teacher quality	84.367		395,514
Title II Part A - Education technology grant-Recovery Act	84.386		33,334
State fiscal stabilization funds-Recovery Act	84.394		4,266,899
Total Department of Education pass through payments			\$ 9,709,626
Pass Through Payments:			
Compensation Board:			
State Fiscal Stabilization Funds-Government Services-Recovery Act	84.397		\$ 1,687,717
Total Compensation Board pass through payments			\$ 1,687,717
Total Federal Assistance			\$ 21,239,423

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.

NOTE B-SIGNIFICANT ACCOUNTING POLICIES

Pass-through entity identifying numbers are presented where available.

**County of Augusta, Virginia**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued

unqualified

Internal control over financial reporting:

- Material weaknesses identified?

yes x no

- Significant deficiencies identified?

yes x none reported

Noncompliance material to financial statements noted?

yes x no

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?

yes x no

- Significant deficiencies identified?

yes x none reported

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

unqualified

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133?

yes x no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

93.659	AdoptionAssostance
93.658	Foster Care Title IV-E
93.667	Social Services Block Grant
93.558	Temporary Assistance to Needy Families
16.803	Edward Byrne Memorial justice assistance grant
	<b>Special Education Cluster</b>
84.027	Title VI-B handicapped state grants
84.391	Title VI-B handicapped state grants-recovery act
84.173	Title VI-B-handicapped preschool incentive grant
84.392	Title VI-B-handicapped preschool incentive grant-recovery act
	<b>Title I Cluster</b>
84.010	Title I-educationally deprived children
84.389	Title I-educationally deprived children-recovery act
	<b>Child Care Cluster</b>
93.575	Child care and development block grant
93.596	Child care mandatory and matching funds of the child care and development fund
93.713	Child care and development block grant-recovery act
	<b>Headstart Cluster</b>
93.600	Headstart program
93.708	Headstart program-recovery act
	<b>State Fiscal Stabilization Cluster</b>
84.394	State Fiscal Stabilization Fund - Recovery Act
84.397	State Fiscal Stabilization Fund - Government Services Recovery Act

Dollar threshold used to distinguish between type A and type B programs: \$637,183

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.