# COUNTY OF FAUQUIER, VIRGINIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

# FISCAL YEAR ENDED JUNE 30, 2010

**Prepared by:**

**The Fauquier County Government and Public Schools**
**Department of Finance**


JUSTITIA ET LIBERATAS

*COUNTY OF FAUQUIER, VIRGINIA*
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*
*FOR THE FISCAL YEAR ENDED JUNE 30, 2010*

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# *Fauquier County Government and Public Schools*

*FINANCE DEPARTMENT*
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November 12, 2010

**To the Honorable Chairman and Members of the Fauquier County Board of Supervisors, Chairman and Members of the Fauquier County School Board, and Citizens of Fauquier County, Virginia:**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Fauquier County (the County) for the fiscal year ended June 30, 2010. The *Code of Virginia* requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Governmental Accounting Standards Board.

This report consists of management's representations concerning the finances of the County. Consequently, responsibility for both the accuracy of the data, and the completeness and reliability of the information presented in this report rests with management. To provide a reasonable basis for making these representations, County administration has established a comprehensive internal control framework that is designed both to protect the assets of the County from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits obtained. To the best of our knowledge and belief, this financial report is complete and accurate in all material respects.

The County's financial statements have been audited by the firm of Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, as required by the *Code of Virginia*. The audit was conducted in accordance with generally accepted auditing standards and the Independent Auditors' Report is included as the first component in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the County was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are presented in the Compliance Section of this report.

GAAP 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's MD&A is included in the Financial Section of this report immediately following the report of the independent auditors.

**Profile of Fauquier County, Virginia**

Fauquier County (the County), incorporated in 1759, is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington D.C., or 95 miles northwest of Richmond, Virginia, and encompasses approximately 660 square miles with a population of 67,702. On average, population growth has been greater than 2% per year. Despite population growth, the County remains primarily rural in nature. Approximately 85% of the land area within the County is comprised of farmlands and woodlands. Interstate Highway 66 runs east-west through the northern portion of the County. Additionally, five U.S. primary routes and two State primary routes traverse the County.

The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, Fauquier County includes the towns of Remington and The Plains. The County provides certain governmental services, such as public education, to the town residents pursuant to general provisions of the *Code of Virginia*. Properties in these towns are subject to both town and county taxation.

## Government

Fauquier County operates under the traditional (modified) Board of Supervisors/County Administrator form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five magisterial districts in the County: Cedar Run, Center, Lee, Marshall, and Scott. The Chairman of the Board of Supervisors is elected from within the Board of Supervisors and serves generally for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures within the County government.

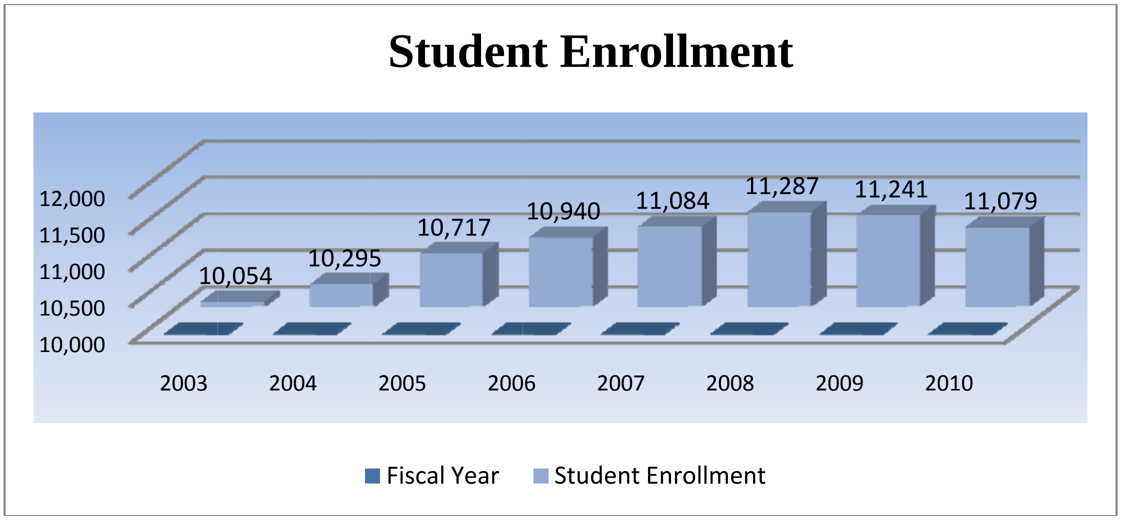
In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Sheriff, the Commonwealth's Attorney, the Clerk of the Circuit Court, the Treasurer, and the Commissioner of the Revenue.

The County provides a full range of services to its residents, including education, public safety, court services, solid waste disposal, community and economic development, parks and recreational activities, public libraries, social services, and general administration. All resources required to support these services are reflected in this report.

## School Board

Fauquier County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. The Fauquier County Public Schools (FCPS) is the single largest service provided by the County. The mission of the FCPS is to cultivate the ability, intellect, and character of each student to ensure an educated citizenry. The elected School Board is composed of five members who represent the five magisterial districts. The School Board members serve a term of four years, with the Chairman and Vice Chairman of the Board selected annually by the members.

The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of three high schools, five middle schools, eleven elementary schools, and one alternative school. In addition, FCPS participates with six other school divisions in the Mountain Vista Regional Governor's School. The Mountain Vista Regional Governor's School was established in fiscal year 2007. FCPS is the fiscal agent for the school. The combined enrollment of FCPS as of June 2010 totaled 11,079 students. The FCPS High School Completion Rate is 94.6%, with 76.0% of graduates seeking higher education. The following chart shows student enrollment (Data Source - Table 13) which has grown between fiscal years 2003 and 2008, but has declined 0.4% and 1.4% for fiscal years 2009 and 2010, respectively.




**Budget**

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation for the County's financial planning and control. County departments and agencies begin their budget preparation each year in August. In November, all agencies submit their appropriation requests for the fiscal year commencing the following July 1st. In February, the County Administrator submits a proposed operating and capital budget. The operating and capital budget includes proposed expenditures and the means of financing such expenditures. Public hearings are conducted to obtain citizen comments. Prior to April 1st, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the department level. All budgets are adopted on a basis consistent with GAAP. A budget-to-actual comparison is provided in this report for the general fund in Exhibit 7.

The *Code of Virginia* requires the appointed Superintendent of the FCPS to submit a budget to the County Board of Supervisors with approval of the School Board. In late December, the Superintendent submits a budget plan to the School Board for review. During the month of January, the School Board discusses the budget plan in a series of work sessions and public hearings. In February, the School Board adopts its requested budget and forwards it to the County for inclusion in the County Administrator's proposed budget plan. The County Board of Supervisors reviews the School Board's budget during the month of March, and determines the level of funding for the Schools by the end of the month. If the requested level of funding is less than requested, the budget is reworked by the FCPS staff in coordination with the School Board to develop and adopt a revised budget. The approved budget is the basis for operating FCPS in the next fiscal year.

**Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Fauquier County operates.

## Local economy

Fauquier County's housing economy has continued to slow in comparison to the unprecedented growth that has characterized the region in past years. After witnessing double-digit annual increases in home values, the local real estate housing market continues to be impacted by the challenging economic environment.

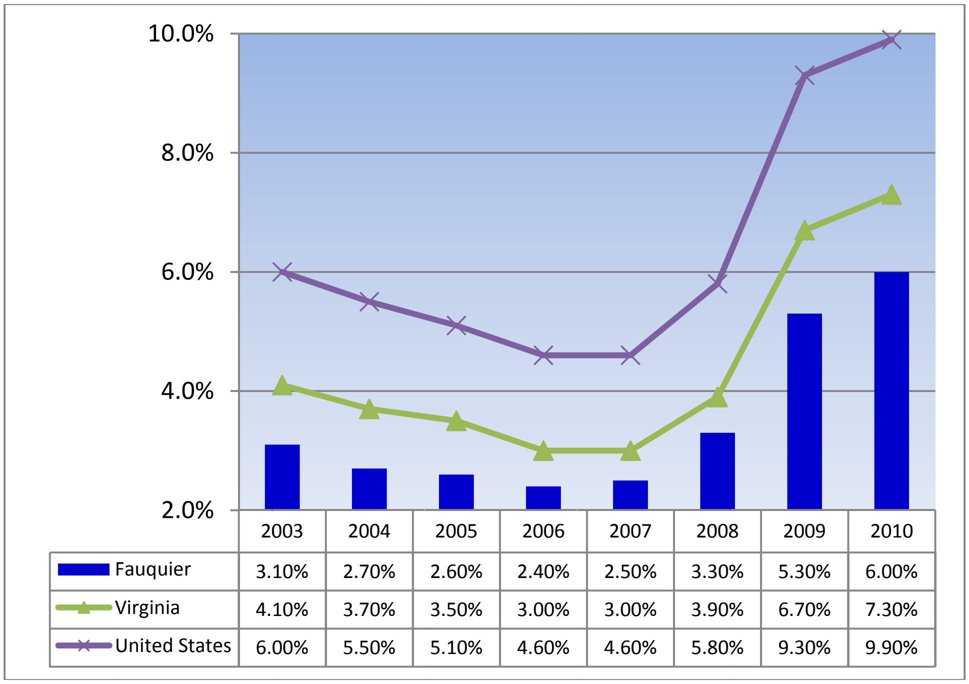
The County's quadrennial real estate reassessment in 2009, effective January 1, 2010, reflected a 21.8% decrease in taxable residential and commercial property values from $12.3 billion in 2009 to $9.6 billion in 2010. The reassessment resulted in significantly varying trends among different classes of property, with commercial and agricultural valuations up by an average of 2.7%, and residential valuations down by 24.9%. This decline was as anticipated due to the depressed housing market and necessitated an increase in the real property tax rate to 97 cents per $100 in assessed value, up from 76.5 cents per assessed value, to ensure the County received sufficient revenue to maintain services and meet its obligations.

To mitigate the impact of increasing taxes on the business community the Board of Supervisors set a business personal property tax of $2.30, a reduction from the previous rate of $4.65 per $100 assessed value. This change in tax rate, coupled with declining property assessments, will result in a decrease in the average residential tax bill in fiscal year 2011. This fiscal year's collection rate for property tax levies increased slightly from 97.92% in the last fiscal year to 97.99% in the current fiscal year.

Economic indicators show that the County's economy has slowed in areas other than housing and the County faces a number of the same challenges faced by the national and state economies. In the last fiscal year, among many factors impacting Fauquier County's local economy were declining business activity, increasing demand for services, rising unemployment, increases in residential foreclosures, increasing health care costs and significant shortfalls in State revenue. The County continues to monitor and address the increasing demand for services and the impact of these economic indicators.

The unfavorable economic conditions have impacted the local job market to a lesser extent than other areas of the Country. The County's proximity to the federal government and its affiliated contractor industries has provided some mitigation of the economic decline experienced in other regions. According to 2000 Census Bureau and the Virginia Employment Commission data (as reported on the *Fauquier County Department of Economic Development* website), approximately 58.0% of County residents commute to work outside the County. The majority of these residents commute to Fairfax, Prince William, and Loudoun Counties. While the County's six-month average unemployment rate has risen by 0.7% to 6.0% as of June 2010, this figure is below Virginia's six-month average rate of 7.3% and well below the National six-month average of 9.9%. The construction industry has suffered the bulk of the employment reductions, a casualty of the decline in new home construction.

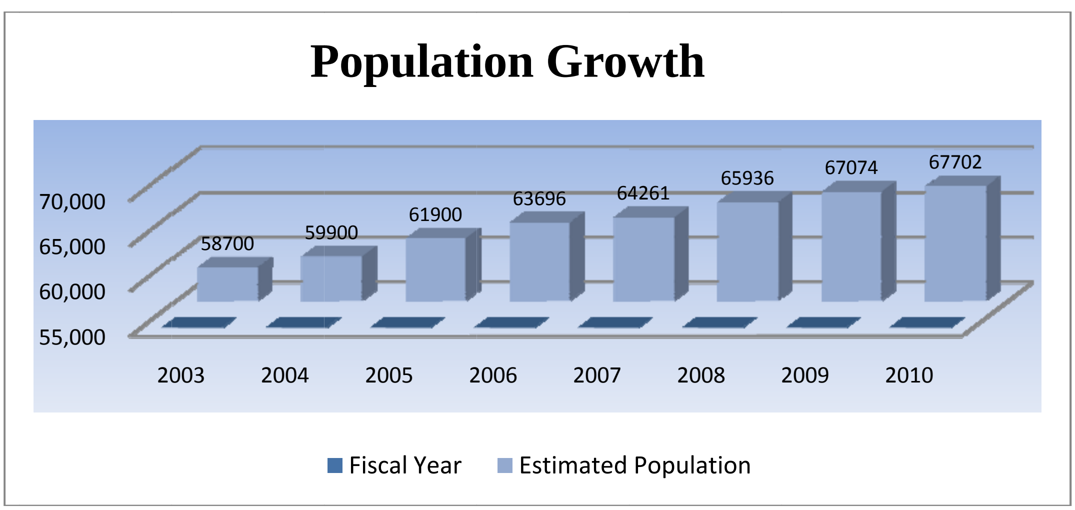
# Annual Unemployment Rates




| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|
| Fauquier | 3.10% | 2.70% | 2.60% | 2.40% | 2.50% | 3.30% | 5.30% | 6.00% |
| Virginia | 4.10% | 3.70% | 3.50% | 3.00% | 3.00% | 3.90% | 6.70% | 7.30% |
| United States | 6.00% | 5.50% | 5.10% | 4.60% | 4.60% | 5.80% | 9.30% | 9.90% |

**Economic Development and Industries**

Fauquier County's Board of Supervisors has defined in the County's mission statement that the Board seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage, and environmental quality of the County. Preserving the agricultural nature of the County has resulted in slower population growth. While population growth in some neighboring jurisdictions have experienced increases greater than 25.0%, Fauquier County saw its population increase by approximately 15.3% since 2003 reflecting the County's stabilizing focus on long-term planning through land use policies that have been in place since the 1960's. The County manages growth by directing residential, commercial, and industrial development into nine service districts to preserve the rural agricultural nature of the County.



In addition to its growth management policies, the Board of Supervisors has actively sought to preserve the farms and agriculturally related uses in its rural areas by establishing and funding a conservation easement program. The program purchases conservation easements on farms ensuring in perpetuity their availability for agriculture. The County's agricultural community includes dairy, cattle, crop and horse farms, along with vineyards, wineries, orchards and other horticultural uses.

The primary goal of the County's economic development efforts is to assist existing businesses as they grow and expand within the County. The majority of businesses in Fauquier County are small, with 86% having fewer than 20 employees. The County's economic development program seeks to attract small to mid-sized companies to locate into planned development sites within the county. In the first quarter of 2010, there were 38 new startup firms in the County. This is a slight increase from the fourth quarter of 2009.

The Vint Hill Economic Development Authority, created in 1996, is responsible for guiding the redevelopment of the former Army communications base. Vint Hill has 232 acres of zoned land available for commercial and light industrial development. As of 2010, Vint Hill had 60 growing businesses occupying 550,000 square feet of commercial space with 1,000+ employees. Over the past three years Vint Hill has experienced increased commercial investment. Rockwell Collins moved into its 43,000 square foot build-to-suit facility and the Federal Aviation Administration began construction of a major $50 million expansion doubling its workforce to 600. This expansion on a new 60,000 square foot building will house the System Command Center, which is moving from Fairfax, Virginia.

Below are additional highlights of economic development since 2009:

- ☐ Expansion of the Vint Hill Farms Station Wastewater Treatment Plant began increasing capacity from 600,000 gallons per day to 950,000 gallons per day.
- ☐ The Vint Hill Economic Development Authority signed a lease with the Cold War Museum which is currently under development.
- ☐ Fauquier Hospital expanded its assisted living department and digital technology diagnostics.
- ☐ Department of Homeland Security creation of a Customs Border Protection-Test Lane Facility.
- ☐ Two new Business Parks offering a mixture of commercial and industrial pad sites.
- ☐ Harris Teeter Retail Complex / Commercial Development, a 94,000 square foot complex was completed in FY 2010.
- ☐ Buccaneer Computer Systems & Service was awarded a contract valued at $126 million over the next five years with the Centers for Medicare & Medicaid Services
- ☐ Addition of two new auto dealerships

The County's commitment to maintaining the rural character of Fauquier is captured in the Comprehensive Plan where the "industrial and commercial zoned" acreage amounts to slightly more than 1.0% of total County acreage. Given this land allocation for commercial and industrial uses, the ability of the Fauquier business community to provide over 13.0% of County revenue speaks well for the economic efficiency of this community. In 2010, Buckland Farmer's Market opened to promote the sale of local produce and agriculture. Tourism continues to represent a growing segment of the economic sector in

Fauquier County with 4 new wineries opening, for a total of 20 vineyards and wineries in the County, along with driving tours, and getaway packages. This includes a "one-stop shop" for tourism programs as well as business development. Based on Virginia Employment Commission data, Fauquier has the potential to be competitive in the Accommodations and Food Service industry that supports tourism.

The County has recently had its bond rating recalibrated by Moody's Investors Service to Aa1 and Fitch Ratings to AA+. Standard & Poor's bond rating is AA. These ratings are a reflection of the County's sound financial management policies that have helped the County weather the current difficult economic times. In addition, Standard & Poor's has given the County its highest Financial Management Assessment rating of "strong" due to the County's formal fiscal policies reflecting the County's commitment to maintain a fiscally conservative position.

**Long-term financial planning**

It is the County policy to balance the need for public facilities, as expressed by the countywide land use plan, with the fiscal capability of the County to provide for those needs. The six-year Capital Improvement Program (CIP) submitted annually to the Board of Supervisors is the vehicle through which stated need for public facilities is analyzed against the County's ability to pay.

The CIP is the County's plan for investing in facilities, equipment, and vehicles, and includes those items with a unit cost generally greater than $50,000. The fiscal year 2011-2016 capital budget for new County and School projects is $120.2 million. These projects include:

- ☐ $50.7 million for school system projects,
- ☐ $22.7 million for the county government (Public Safety – Sheriff's Vehicles, New Baltimore Library, and Parks & Recreation - Northern Swimming Pool & Central sports Complex),
- ☐ $13.7 million for utility projects (Vint Hill Wastewater and Opal Water), and
- ☐ $33.1 million as a placeholder for county and school system office space needs.

The proposed CIP defers expenditures where possible and recommends funding only to the extent that is consistent with the Board of Supervisors' financial policies. The proposal includes funding in future years for a significant renovation to Fauquier High School, the provision of public water service to the Opal Service District, construction of the New Baltimore Library, and parks and recreation facilities in the northern and central areas of the county. The CIP includes a significant commitment of cash funding, totaling $12.8 million, or about 11.0%, of total expenditures over the course of the six-year planning period.

The Board of Supervisors and the Planning Commission of Fauquier County have in place a 20 year Comprehensive Plan to ensure adequate planning as the County continues to grow. The plan acknowledges the importance of balancing agriculture, urban development, and conservation uses.

## Relevant financial policies

In fiscal year 2003, the Board of Supervisors adopted a fund balance policy for the County's General Fund. The policy sets the minimum undesignated, unreserved fund balance for the General Fund of not less than ten percent (10%) of General Fund revenues, providing for enhanced financial planning and stability.

The Board of Supervisors established a debt referendum policy in 2001, updated in 2009, to encourage public participation in the decision-making process relating to major construction projects due to the potential effects on the County's credit rating, debt availability, tax rates, and the annual operating budget. The policy requires projects costing in excess of $25.0 million be subject to voter referendum.

Investments are made according to a formal Investment Policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the *Code of Virginia.* Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

The County recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. A Revenue Committee convenes monthly to ensure a careful review of all revenue sources and to provide revenue estimates for budget development.

## Implementation of GASBS 51

Fauquier County implemented GASBS 51 – *Accounting and Financial Reporting for Intangible Assets* in fiscal year 2010. This Statement establishes standards for the measurement, recognition of intangible assets, note disclosures, and required supplementary information. Additional information relative to the Statement is contained in Note 8 to the Financial Statements.

Next fiscal year, the County will be implementing GASBS 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fauquier County for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2009. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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 (1) year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded its Certificate of Excellence in Financial Reporting Award for fiscal year 2009. This is the fourth time Fauquier County Government & Public Schools has achieved this award.

The GFOA has awarded its Distinguished Budget Presentation Award to Fauquier County for fiscal year 2010. Fauquier County has received this award for fourteen years. GFOA has also awarded its Distinguished Budget Presentation Award to the Fauquier County School Division for the fourth consecutive year.

**Acknowledgements**

This report was prepared by the professional staff of the Finance Department. Their hard work, dedication, and continuing efforts to improve the quality of this report directly benefit all who read and use it. We also acknowledge the cooperation and assistance of the staff of the School Board, County Treasurer, the Commissioner of the Revenue, and the many other County departments and agencies that contributed to the preparation of this report.

The Comprehensive Annual Financial Report reflects the commitment of the Board of Supervisors and County administration to the citizens of Fauquier County and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

| | |
|---|---|
| Paul McCulla | Janet Romanchyk |
| County Administrator | Finance Director |

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# County of Fauquier 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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

# FAUQUIER COUNTY SCHOOL BOARD

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

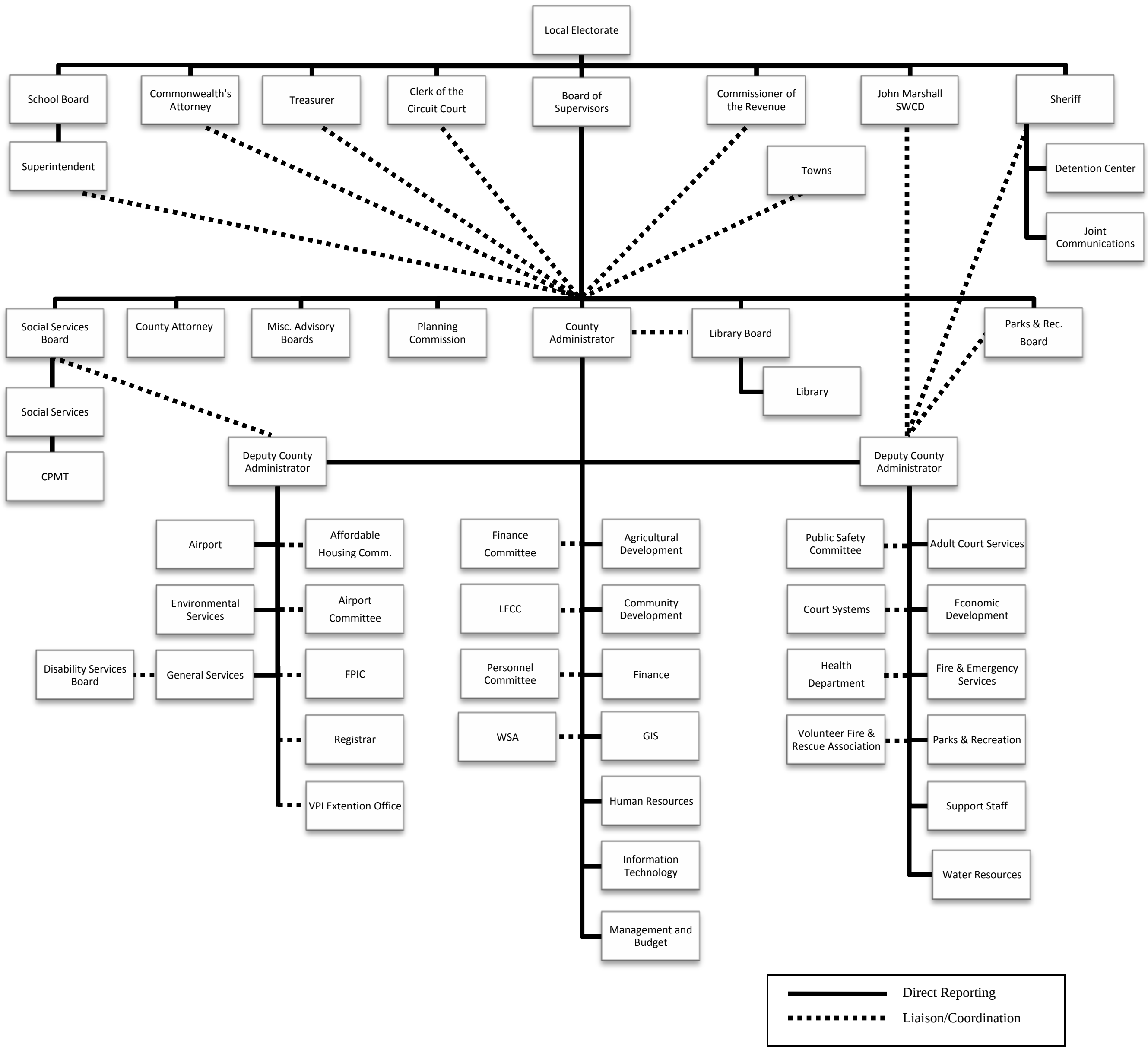
Erin Green

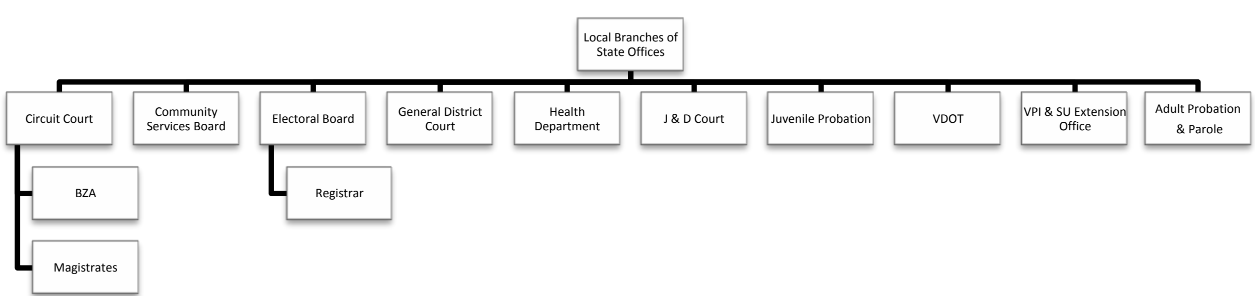
President

John D. Musso

Executive Director

# County of Fauquier, Virginia
# Organizational Chart



# *COUNTY OF FAUQUIER, VIRGINIA*
# PRINCIPAL OFFICIALS

## BOARD OF SUPERVISORS

Terrence L. Nyhous, Chairman
Raymond E. Graham, Vice-Chairman
Peter B. Schwartz
Chester W. Stribling
R. Holder Trumbo, Jr.

## COUNTY ADMINISTRATION

Paul S. McCulla, County Administrator
Anthony I. Hooper, Deputy County Administrator
Catherine M. Heritage, Deputy County Administrator

## COUNTY SCHOOL BOARD

Sheryl Wolfe, Chairman
Donna Grove, Vice-Chairman
Raymond E. Bland
Sally Murray
Maureen Riordan

## SCHOOL ADMINISTRATION

Jonathan Lewis, Ed.D, Superintendent
Sandra P. Mitchell, Associate Superintendent for Instruction
Janice Bourne, Assistant Superintendent for Administration
Frank Finn, Assistant Superintendent for Special Education & Student Services

## OTHER OFFICIALS

Clerk of the Circuit Court ........ Gail H. Barb

Director of Finance ........ Janet Romanchyk

Commissioner of the Revenue ........ Ross W. D'Urso

Judge of the General District Court ........ Dean S. Worcester

Sheriff ........ Charlie Ray Fox, Jr.

Treasurer ........ Elizabeth A. Ledgerton

Commonwealth's Attorney ........ Jonathan S. Lynn

Judge of the Circuit Court ........ Jeffrey W. Parker

Judge of Juvenile and Domestic Relations District Court ........ J. Gregory Ashwell

## Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors**
**County of Fauquier, Virginia**
**Warrenton, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Fauquier, Virginia' basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Fauquier, 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 *Specifications for Audits of Counties, Cities and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 25, the County implemented GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, effective July 1, 2009.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 14, 2010, on our consideration of the 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Fauquier, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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 Fauquier, Virginia. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards as listed in the table of contents 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

Charlottesville, Virginia
October 14, 2010

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Fauquier, Virginia presents the following discussion and analysis as an overview of the County of Fauquier's financial activities for the fiscal year ending June 30, 2010. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report and the County's financial statements, which follow this discussion and analysis.

Percentages are calculated based on the rounded numbers in millions as presented in the tables of the Management's Discussion and Analysis section.

## FISCAL YEAR 2010 FINANCIAL HIGHLIGHTS

- The assets of the total reporting entity, which includes the School Board component unit, exceeded its liabilities by $185.2 million at June 30, 2010. Of this amount, $13.3 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The County issues bonds for the School Board component unit. The debt is reflected as a liability for the primary government while the related capital asset is shown as an asset for the School Board component unit. At June 30, 2010, the County has $131.6 million ($127.0 million in unpaid principal balance and $4.6 million in premium) of long-term debt outstanding. This includes:

  - $106.4 million of School Board general obligation bonds related to assets on the books and $12.2 million of County moral obligation commitments.

  - $6.2 million in revenue bonds issued by the County during fiscal year 2010 through the Fauquier County Industrial Authority to finance the expansion of the Vint Hill waste water treatment plant with no corresponding asset, as the sewer plant is an asset of the Fauquier County Water and Sewer Authority.

- The net assets of the total reporting entity decreased by $1.9 million, or 1.0%, and is the reflection of the change in financial position of the County as a whole, as this presentation includes the activities of the County's component unit. This small decrease, during a time of historic national economic turmoil and uncertainty, demonstrates the continuing collaborative sound fiscal policies of the County and the School Board component unit.

- The County's net assets for governmental activities increased by $3.4 million, or 31.5%. This increase is primarily due to the reduction in expenses of $6.0 million offset with a decrease in revenues of $3.0 million. One significant contributor to the revenue decline is general property tax which decreased by $3.2 million, due in part to the countywide quadrennial reassessment. Reductions in personal property tax revenue resulted from the continuing decline in vehicle values and the policy decision of the Board to reduce certain business personal property tax. Other local taxes decreased by $3.6 million, or 23.4%, due to the reclassification of local revenue to grants and contributions.

- The total cost of the County's programs was $160.8 million (governmental activities), a decrease of $6.0 million, or 3.6%, which is due primarily to decreases in Education expenses offset with an increase in Public Safety and Community Development expenses.

- Business-type activities expenses (Airport and Landfill) decreased by $1.1 million due to a reduction in operating costs. Revenues decreased by $0.1 million due primarily to the slowdown in construction, demolition and debris, and tipping fee revenues at the landfill.

- The School Board component unit's revenues, including the County contribution, totaled $127.9 million and expenses totaled $131.5 million. Schools net assets decreased by $3.7 million, or 2.1%, during fiscal year 2010 due primarily to $2.8 million constructed in the primary government's capital projects fund which was donated to the School Board component unit and $1.2 million in capital outlays offset with $7.6 million in depreciation expense.

- General fund revenues were less than the amended budget expectations by $3.2 million. Expenditure savings of $10.5 million were the result of $6.4 million savings in the contribution to the School Board component unit and $4.1 million in savings from County Departments (Exhibit 7).

- As of June 30, 2010, the County governmental funds reported combined fund balances of $46.9 million, an increase of $1.2 million in comparison with the prior year. Approximately 97.2% of the general fund's fund balance, or $24.2 million, is designated for revenue shortfalls, designated for future years' expenditures, or undesignated and is therefore available to meet the County's current and future needs (Exhibits 3 and 5).

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, statistical, and compliance.

- The introductory section includes the letter of transmittal, a copy of the fiscal year 2009 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the fiscal year 2009 Association of School Business Officials International Certificate of Excellence in Financial Reporting, the County's organizational chart, and a list of principal officials.

- The financial section includes the Independent Auditors' Report, management's discussion and analysis (this section), the basic financial statements, required supplemental information, and combining and individual fund statements and schedules.

- The statistical section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.

- The compliance section is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations; and includes the auditors' reports on compliance and internal controls.

### Financial Section Overview

This management discussion and analysis, which is preceded by the Independent Auditors' Report, is intended to serve as an introduction to the Financial Section of the CAFR. It is followed by three additional parts – the basic financial statements, required supplementary information, and the combining and individual fund statements and schedule.

The Independent Auditors' Report reflects the results of the external audit. The auditor expresses an opinion on whether the financial statements have been presented in conformity with Generally Accepted Accounting Principles (GAAP).

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements and the fund financial statements present different views of the County. These two types of statements are discussed in more detail in the following sections.

The required supplementary information includes this discussion and analysis, Schedule of Funding Progress for the Virginia Retirement System, the Fire and Rescue Pension Trust Length of Service Awards Program, and the Other Postemployment Benefits Program (OPEB) (Exhibit 13).

Finally, the combining and individual fund statements and schedules are included, which present combining statements for non-major governmental funds, internal service funds, fiduciary funds, and the component unit as well as other supporting schedules.

**Government-wide Financial Statements**

The government-wide financial statements (Exhibits 1 and 2) report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net assets and how they have changed during the fiscal year. These statements provide both short-term and long-term information about the County's overall financial status.

The Statement of Net Assets (Exhibit 1) presents information on all of the County's assets and liabilities, including governmental activities, business-type activities, and School Board activities. Net assets are the difference between assets and liabilities, which provides a measure of the County's financial health, or financial condition. Over time, changes in the net assets may serve as an indicator of whether the County's financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County's property tax base and the condition of the County's facilities.

The Statement of Activities (Exhibit 2) presents information using the accrual basis of accounting, and shows how the County's net assets changed during the fiscal year. All of the current year's revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government's revenues are generated for the express purpose of providing services.

In the government-wide financial statements, the County's activities are divided into three categories:

- Governmental activities: Most of the County's basic services are reported here, including general government; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants. Governmental funds and internal service funds are included in the governmental activities.

- Business-type activities: The County charges fees to users to cover all, or a significant portion, of the costs associated with the provision of certain services. These business-type activities of Fauquier County are intended to be self-supporting and include the Landfill and Recycling activities and Airport activities.

- Component unit: The County has one component unit, the Fauquier County Public Schools (School Board), which is included in this annual financial report. Although legally separate, this discretely presented component unit is important because the County is financially accountable for it. A primary government is accountable for an organization if the primary government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. The County approves debt issuances to finance School

Board assets and provides significant funding for its operation. Additional information on the component unit can be found in Note 1 of the Notes to Financial Statements section of this report.

**Fund Financial Statements**

These statements focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. Funds are used to ensure compliance with finance-related legal requirements and are used to keep track of specific sources of revenues and expenses for particular purposes. The County has three kinds of funds:

- Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) the in flows and out flows of cash and other financial assets that can be readily converted to cash and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The County has two major funds, the General Fund and the Capital Projects Fund. The General Fund is the main operating account of the County and therefore, the largest of the governmental funds. The Capital Projects Fund is used to account for major capital projects, primarily construction related. It provides control over resources that have been segregated for specific capital projects. All other governmental funds, which include special revenue funds, are collectively referred to as non-major governmental funds.

- Proprietary Funds – The County's proprietary funds consist of two enterprise funds and two internal service funds, which operate in a manner similar to private business enterprises in which costs are recovered primarily through user charges or fees. Proprietary fund financial statements provide both short-term and long-term financial information. The County's enterprise funds include the Landfill and Recycling Fund and the Airport Fund. The County's internal service funds include the Fleet Maintenance Fund and the Health Insurance Fund.

- Fiduciary Funds – Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County's programs. The County's fiduciary funds consist of a pension trust fund, an OPEB fund, and agency funds. The funds are used to account for monies received, held, and disbursed on behalf of certain retirees, external beneficiaries, detention center inmates, and certain other agencies and governments.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Statement of Net Assets

Table 1 summarizes the Statement of Net Assets (Exhibit 1 in the Financial Section of the CAFR) for the primary government and component unit as of June 30, 2010 and 2009.

**Table 1** — **County of Fauquier Summary of Net Assets ($ in millions)**

| | Primary Government | | | | | | Total Reporting Entity Including Component Unit | |
|---|---|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Assets: | | | | | | | | |
| Current and other assets | $ 63.9 | $ 64.1 | $ 1.3 | $ 1.3 | $ 65.2 | $ 65.4 | $ 78.9 | $ 79.8 |
| Capital assets | 73.8 | 74.7 | 27.5 | 29.4 | 101.3 | 104.1 | 280.5 | 287.0 |
| Total assets | 137.7 | 138.8 | 28.8 | 30.7 | 166.5 | 169.5 | 359.4 | 366.8 |
| Liabilities: | | | | | | | | |
| Other liabilities | 18.5 | 10.0 | 0.6 | 0.4 | 19.1 | 10.4 | 32.7 | 23.9 |
| Long-term liabilities | 126.6 | 139.6 | 11.2 | 11.7 | 137.8 | 151.3 | 141.5 | 155.8 |
| Total liabilities | 145.1 | 149.6 | 11.8 | 12.1 | 156.9 | 161.7 | 174.2 | 179.7 |
| Net assets: | | | | | | | | |
| Invested in capital assets, net of related debt | 69.2 | 69.4 | 27.2 | 28.1 | 96.4 | 97.5 | 170.0 | 168.9 |
| Restricted | 1.9 | 1.8 | - | - | 1.9 | 1.8 | 1.9 | 1.8 |
| Unrestricted (deficit) | (78.5) | (82.0) | (10.2) | (9.5) | (88.7) | (91.5) | 13.3 | 16.4 |
| Total net assets | $ (7.4) | $ (10.8) | $ 17.0 | $ 18.6 | $ 9.6 | $ 7.8 | $185.2 | $187.1 |

*Table 1 may differ from Exhibit 1 due to rounding.*

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

The total reporting entity, which includes the School Board component unit, has positive net assets of $185.2 million at June 30, 2010. Net assets decreased by $1.9 million, or 1.0%. The invested in capital assets, net of related debt, increased by $1.1 million, or 0.7%.

In the case of the primary government, total assets exceeded total liabilities by $9.6 million at June 30, 2010. The largest portion of net assets, $96.4 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. An additional $1.9 million of restricted assets is restricted for special revenue funds. The deficit unrestricted net assets of the primary government totaled $88.7 million. This deficit is primarily the result of the County providing moral obligation commitments to USDA for construction loans for three volunteer fire and rescue companies guaranteeing the companies' debt service payments will be paid by the County with no corresponding asset as the fire and rescue buildings are the assets of the individual companies. During the fiscal year 2010, the County issued $6.2 million in revenue bonds through the Industrial Authority to finance the Vint Hill waste water treatment plant without a corresponding asset as the sewer plant is an asset of the Fauquier County Water and Sewer Authority. In addition, the County has borrowed $106.4 million, $102.3 million bonds plus $4.1 million of bond premiums, (see Table 6) for the School Board component unit's assets which, when combined with the total reporting entity results in a decrease of $1.9 million of net assets.

For the business-type activities, total net assets decreased by $1.6 million, or 8.6%, which is primarily the result of an increase in landfill closure and postclosure costs and an increase in depreciation expense for the airport enhancements funded primarily from State and Federal capital contributions in previous fiscal years. The unrestricted net assets showed a deficit of $10.2 million which reflected an increase to the deficit of $0.7 million, or 7.4%, from the prior year primarily due to the continued slowdown in construction, demolition and debris, tipping fee revenues, and an increase in closure and post closure expenses at the landfill. This deficit does not mean that there are insufficient resources available to pay the bills; but that long-term commitments are greater than currently available resources. Specifically, the Landfill and Recycling Fund did not receive user fees sufficient to finance the noncurrent portion of long-term liabilities.

**Statement of Activities**

Table 2 summarizes the Statement of Activities (Exhibit 2 in the Financial Section of the CAFR) for the primary government and component unit as of June 30, 2010 and 2009.

**Table 2** — **County of Fauquier**
**Change in Net Assets**
**($ in millions)**

| | Primary Government | | | | | | Total Reporting Entity Including Component Unit | |
|---|---|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | | | | | |
| Program revenues: | | | | | | | | |
| Charges for services | $ 3.3 | $ 4.5 | $ 5.4 | $ 5.8 | $ 8.7 | $ 10.3 | $ 11.8 | $ 13.7 |
| Operating grants and contributions | 16.1 | 13.9 | 0.3 | - | 16.4 | 13.9 | 29.4 | 25.9 |
| Capital grants and contributions | 0.7 | 0.2 | - | - | 0.7 | 0.2 | 0.7 | 0.3 |
| General revenues: | | | | | | | | |
| Real and personal property taxes | 114.6 | 117.8 | - | - | 114.6 | 117.8 | 114.6 | 117.8 |
| Other taxes | 11.8 | 15.4 | - | - | 11.8 | 15.4 | 11.8 | 15.4 |
| Investment earnings | 0.6 | 1.3 | - | - | 0.6 | 1.3 | 0.6 | 1.3 |
| Miscellaneous | 0.2 | 0.2 | - | - | 0.2 | 0.2 | 0.7 | 0.7 |
| Grants and contributions not restricted to specific programs | 16.9 | 13.9 | - | - | 16.9 | 13.9 | 46.2 | 44.4 |
| Total revenues | 164.2 | 167.2 | 5.7 | 5.8 | 169.9 | 173.0 | 215.8 | 219.5 |
| Expenses | | | | | | | | |
| General government | 10.3 | 10.9 | - | - | 10.3 | 10.9 | 10.3 | 10.9 |
| Judicial | 3.3 | 3.4 | - | - | 3.3 | 3.4 | 3.3 | 3.4 |
| Public safety | 25.1 | 24.2 | - | - | 25.1 | 24.2 | 25.1 | 24.2 |
| Public works | 8.0 | 7.5 | - | - | 8.0 | 7.5 | 8.0 | 7.5 |
| Health and welfare | 10.3 | 10.1 | - | - | 10.3 | 10.1 | 10.3 | 10.1 |
| Education | 81.1 | 90.4 | - | - | 81.1 | 90.4 | 130.7 | 133.6 |
| Parks, recreation, and cultural | 5.9 | 5.9 | - | - | 5.9 | 5.9 | 5.9 | 5.9 |
| Community development | 11.3 | 8.7 | - | - | 11.3 | 8.7 | 11.3 | 8.7 |
| Interest on long-term debt | 5.5 | 5.7 | - | - | 5.5 | 5.7 | 5.5 | 5.7 |
| Airport | - | - | 2.1 | 1.8 | 2.1 | 1.8 | 2.1 | 1.8 |
| Landfill and Recycling | - | - | 5.2 | 6.6 | 5.2 | 6.6 | 5.2 | 6.6 |
| Total expenses | 160.8 | 166.8 | 7.3 | 8.4 | 168.1 | 175.2 | 217.7 | 218.4 |
| Excess (deficiency) of revenues over (under) expenses | 3.4 | 0.4 | (1.6) | (2.6) | 1.8 | (2.2) | (1.9) | 1.1 |
| Change in net assets | 3.4 | 0.4 | (1.6) | (2.6) | 1.8 | (2.2) | (1.9) | 1.1 |
| Beginning net assets | (10.8) | (11.2) | 18.6 | 21.2 | 7.8 | 10.0 | 187.1 | 186.0 |
| Ending net assets | $(7.4) | $(10.8) | $ 17.0 | $ 18.6 | $ 9.6 | $ 7.8 | $185.2 | $187.1 |

*Table 2 may differ from Exhibit 2 due to rounding.*

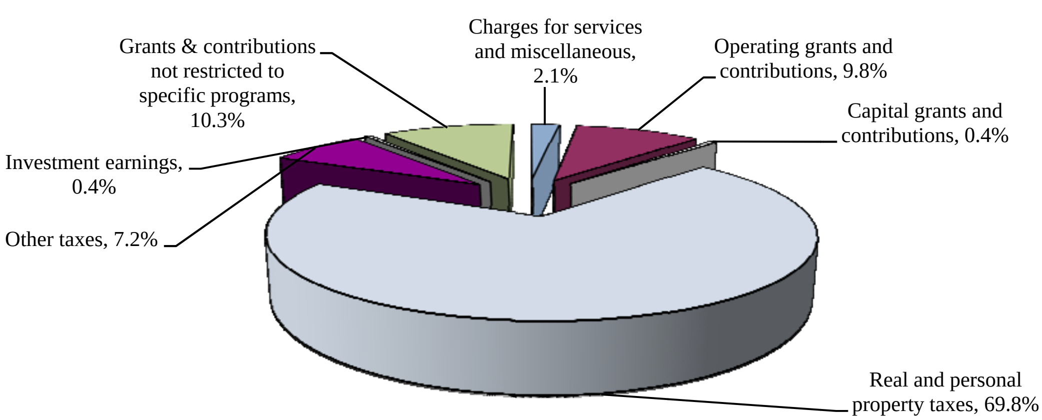
**Governmental Activities:** As reflected in Table 2, total governmental net assets increased by $3.4 million compared to an increase of $0.4 million in fiscal year 2009. The increase in net assets is attributed primarily to a reduction in donated assets constructed in the capital projects fund for the School Board compared to fiscal year 2009. The total reporting entity's net assets decreased $1.9 million primarily due to the decrease in general property tax revenues. Revenues from governmental activities (Table 2) totaled $164.2 million, a decrease of $3.0 million over fiscal year 2009. Revenues decreased primarily in general property taxes of $3.2 million, or 2.7%, and local taxes of $3.6 million, or 23.4%, accompanied by an increase in operating grants and contributions of $2.2 million, or 15.8%.

One significant contributor to the revenue decline is due to the countywide quadrennial reassessment. The significant decrease in residential valuations of 24.9% was partially compensated by an increase to the real property tax rate from $.072 to $.0919 to mitigate the impact on increasing commercial and industrial valuations. The new tax rate was effective for the second half of fiscal year 2010, therefore, the revenue only reflected one half of the impact. Reductions in personal property tax resulted from the continuing decline in vehicle values and the policy decision of the Board to reduce certain business personal property tax. Other local taxes decreased due to the reclassification of the Communications Tax from local revenue to grants and contributions.

In fiscal year 2010, $20.1 million, or 12.2%, of the total revenues was generated from program revenues. General revenues such as Commonwealth of Virginia aid, miscellaneous revenue, and investment earnings accounted for the remaining revenues.

The following chart provides a breakdown of revenue collections by source. Taxes comprise the largest source of these revenues, totaling $126.4 million, or 77.0%, of all governmental activities revenues. Of this amount, general property taxes account for $114.6 million, or 69.8%, of total revenues.

**Governmental Activities – Revenues by Source**
**For the Fiscal Year Ended June 30, 2010**




As shown in Table 2, the total expenses for governmental activities for this fiscal year were $160.8 million, down from $166.8 million in fiscal year 2009. The decrease of $6.0 million, or 3.6%, is primarily due to decreases in Education expenses of $9.3 million, or 10.3%, offset with an increase in Public Safety expenses of $0.9 million, or 3.7%, and Community Development of $2.6 million, or 29.9%. The decrease in Education expenses is due primarily to the reduction of donated capital assets to the school division. The increase in Public Safety expenses compared to the prior year is largely due to the upgrade of equipment including the public safety radio systems. The increase in Community Development expenses is due primarily to the Vint Hill waste water treatment plant expansion.

Table 2 and the following chart illustrate total expenses by function. Education continues to be the County's largest program and highest priority with the County's contribution totaling $81.1 million, or 50.4%, of total expenses. In addition, the School Board component unit incurs indirect expenditures, which are reported in the governmental activities (General Fund). The County has consolidated the services provided by the departments of general services (maintenance of buildings and grounds), human resources, finance, and the independent auditor. Approximately 75.0% of the costs of these consolidated functions are associated with educational activities. As shown in Exhibit 7 of the Financial Section of this report, these functions cost approximately $7.7 million in fiscal year 2010. The portion allocated to education is approximately $5.8 million. Typically, school systems bear these costs directly. However, with the consolidated departments in Fauquier County, the costs are shown in the General Fund. Recognizing these costs as a function of education increases the schools' share of total expenses to approximately 54.0%. Public safety expenses, which total $25.1 million, or 15.6%, represent the second largest expense category for governmental activities.

**Governmental Activities**
**Functional Expenses**
**For the Fiscal Year Ended June 30, 2010**

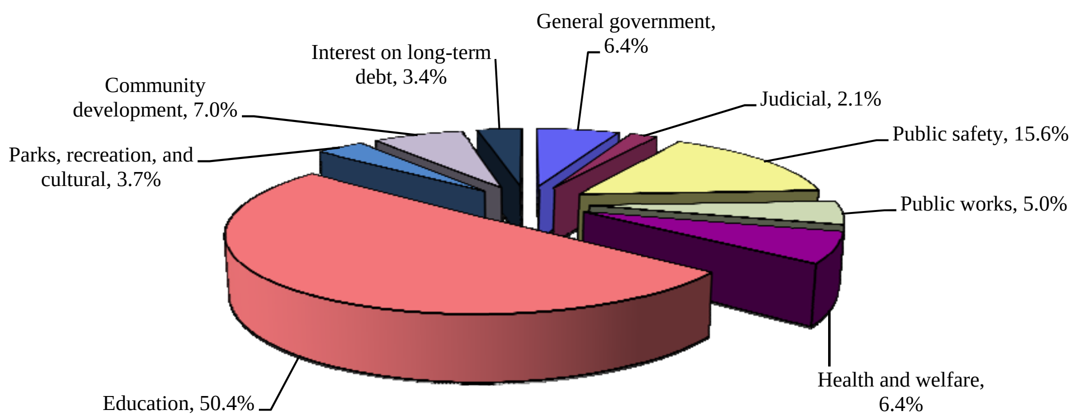


Table 3 illustrates the net cost (total expenses less fees generated by the activities and program-specific governmental aid) for the County's governmental activities.

| **Table 3** | **Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2010 and 2009 ($ in millions)** | | | |
|---|---|---|---|---|
| | Total Cost of Services | | Net Cost of Services | |
| | 2010 | 2009 | 2010 | 2009 |
| General government | $ 10.3 | $ 10.9 | $ 9.5 | $ 10.1 |
| Judicial | 3.3 | 3.4 | 1.2 | 1.0 |
| Public safety | 25.1 | 24.2 | 18.8 | 17.8 |
| Public works | 8.0 | 7.5 | 8.0 | 7.5 |
| Health and welfare | 10.3 | 10.1 | 3.7 | 3.9 |
| Education | 81.1 | 90.4 | 81.1 | 90.4 |
| Parks, recreation, and cultural | 5.9 | 5.9 | 4.4 | 4.9 |
| Community development | 11.3 | 8.7 | 8.5 | 6.9 |
| Interest on long-term debt and other | 5.5 | 5.7 | 5.5 | 5.7 |
| Total | $ 160.8 | $ 166.8 | $ 140.7 | $ 148.2 |

*Table 3 may differ from Exhibit 2 due to rounding*

As Table 3 demonstrates, governmental activities generate revenues that helps offset the cost of these services. Program revenues generated include charges for services and program grants. The County generates charges for services primarily from fees for certain court services, public safety fees, community development services, library fees, and parks and recreation activities. The County obtains grants primarily for public safety, health and welfare, and judicial administration. After recognizing the revenue from these fees, grants, and contributions of $20.1 million, the net cost of governmental activities was $140.7 million, compared to a total cost of $160.8 million. General revenue, primarily in the form of taxes and State aid, are needed to support the services that are not fee supported.

**Business-type activities:** Table 2 also summarizes the business-type activities. Total net assets decreased by 8.6%, or $1.6 million, compared to fiscal year 2009. Revenues totaled $5.7 million of which $5.4 million, or 94.7%, was generated by user fees or charges for services. Business-type activities are generally intended to be self-supporting. Fees are established to recover the cost of providing the services.

The total expenses for business-type activities were $7.3 million, of which 71.2% was associated with the landfill and recycling program. Business-type activity expenses decreased 13.1%, or $1.1 million, from fiscal year 2009, primarily due to a net decrease in closure and post-closure costs at the landfill.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2010, the County's governmental funds reported a combined ending fund balance of $46.9 million (Exhibit 3), an increase of $1.2 million in comparison with the prior year. This increase is primarily due to higher grant revenues in other government funds offset by a decrease in unspent bond proceeds related to school construction projects. Approximately 71.6%, or $33.6 million, is available for spending at the government's discretion (unreserved/undesignated fund balance). The remaining fund balance is reserved or designated for encumbrances of $2.2 million, grants and other restrictions of $1.9 million, contributions to volunteer fire and rescue companies of $0.5 million, future years' expenditures of $7.3 million, and a revenue shortfall reserve of $1.4 million.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unreserved fund balance of $15.5 million (Exhibit 3). The General Fund's liquidity can be measured by comparing unreserved fund balance to total fund revenues. Unreserved fund balance represents 10.0% of total revenues in the General Fund. The Board of Supervisors adopted a resolution setting a minimum fund balance target for the General Fund of 10.0% of the subsequent year's General Fund revenues. Unless the Board of Supervisors determines to retain fund balance in the General Fund above the minimum target, amounts in excess of the target will be transferred to the construction reserve account in the Capital Projects Fund for future capital needs, contributed to the School Board component unit, or appropriated in the County's General Fund in the subsequent year. For the current fiscal year, the fund balance in the General Fund increased by 2.9%, or $0.7 million, which reflects a decrease of $0.4 million in transfers to the CIP in fiscal year 2010 over fiscal year 2009 and a decrease of $1.8 million in transfers into the General Fund in fiscal year 2010 over fiscal year 2009. The Capital Projects Fund reported a total fund balance of $15.4 million, an 8.9% decrease from the prior year due to the use of bond proceeds for school construction. In response to declining revenues resulting from the national recession, nonessential capital projects have been deferred resulting in a lessening of activity in that fund.

Significant outlays in fiscal year 2010 included the following:

- The General Fund contributed $80.1 million in operating funds to finance the Schools operations.
- The General Fund incurred $13.1 million in debt service for Schools construction projects funded with bond proceeds from the issuance of general obligation bonds.

## BUDGETARY HIGHLIGHTS

### General Fund

Table 4 provides a comparison of original budget, final amended budget, and actual revenues and expenditures in the General Fund.

**Table 4** — **Budgetary Comparison**
**General Fund**
**For the Fiscal Year Ended June 30, 2010**
**($ in millions)**

| | Original Budget | Amended Budget | Actual |
|---|---|---|---|
| Revenues | | | |
| Taxes | $ 125.9 | $ 122.7 | $ 121.6 |
| Other | 4.8 | 4.8 | 3.2 |
| Intergovernmental | 25.1 | 29.7 | 29.2 |
| Total revenues | 155.8 | 157.2 | 154.0 |
| Expenditures | | | |
| Expenditures | 160.0 | 163.8 | 153.3 |
| Excess (deficiency) of revenues over (under) expenditures | (4.2) | (6.6) | 0.7 |
| Other financing sources (uses) | | | |
| Transfers in | .6 | .6 | .6 |
| Transfers (out) | (.6) | (.6) | (.7) |
| Issuance of refunding bonds | - | - | 3.6 |
| Payments to refunding bond escrow agent | - | - | (3.8) |
| Premiums on issuance of debt | - | - | .3 |
| Total other financing sources (uses) | - | - | - |
| Change in fund balance | $ (4.2) | $ (6.6) | $ 0.7 |

*Table 4 may differ from Exhibit 7 due to rounding.*

During the year, budget amendments approved by the Board of Supervisors could be classified in the following key categories:

- Amendments for operating and capital projects that were incomplete in the prior fiscal year and subsequently reappropriated in the new fiscal year.
- Amendments for supplemental appropriation for new projects and/or change orders for prior approved projects.
- Amendments for transfers and adjustments to support revised priorities and account code restructuring.

Final amended budget revenues exceeded the original budget by $1.4 million, primarily due to budget increases for state and federal funding. Actual revenues were lower than the amended budget by $3.2 million due in part to a decrease in real and personal property taxes, recordation tax, lower than anticipated local sales and use taxes, and lower community development fees from the downturn in the housing market.

Actual expenditures for the General Fund totaled $153.3 million or $10.5 million less than the amended budget. Of this difference, $6.4 million is a reduction in the transfer to the School Board component unit and $4.1 million savings from county departmental spending due to hiring and travel freezes, staff reductions, and departmental savings and consolidations (Exhibit 7). A portion of the savings generated by Schools in the form of unexpended appropriations is generally reappropriated in the new fiscal year. $7.3 million of fiscal year 2010's unexpended appropriations is expected to be reappropriated in fiscal year 2011 to support one-time operating needs and one-time capital projects. A total of $1.4 million has been designated to support the fiscal year 2011 budget (Exhibit 3).

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

Table 5.1 summarizes capital assets of the governmental activities as of fiscal years 2010 and 2009.

**Table 5.1** — **Change in Capital Assets Governmental Activities ($ in millions)**

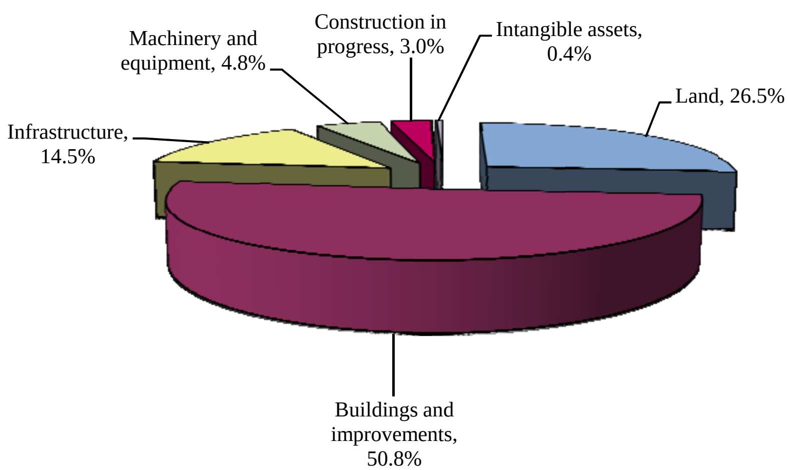
| | Balance July 1, 2009 | Net Additions and Deletions | Balance June 30, 2010 |
|---|---|---|---|
| Land | $ 19.6 | $ 0.0 | $ 19.6 |
| Construction in progress (CIP) | 1.7 | 0.5 | 2.2 |
| Subtotal capital assets, not being depreciated | 21.3 | 0.5 | 21.8 |
| Buildings and improvements | 48.5 | 0.5 | 49.0 |
| Infrastructure | 13.9 | 0.3 | 14.2 |
| Machinery and equipment | 11.6 | 0.7 | 12.3 |
| Intangible assets | - | 0.3 | 0.3 |
| Subtotal capital assets, being depreciated | 74.0 | 1.8 | 75.8 |
| Less: accumulated depreciation | 20.6 | 3.2 | 23.8 |
| Net capital assets, being depreciated | 53.4 | (1.4) | 52.0 |
| Governmental activities capital assets, net | $ 74.7 | $ (0.9) | $ 73.8 |

*Table 5.1 may differ from Note 8 due to rounding.*

As illustrated in Table 5.1, for the governmental activities the County's investment in capital assets, not being depreciated totaled $21.8 million, and $52.0 million for depreciable capital assets. The net investment in capital assets for governmental activities totaled $73.8 million, net of accumulated depreciation of $23.8 million. This represents a net decrease of $0.9 million, or 1.2%, below the prior year. The County's capital assets include items such as public safety equipment, buildings, parks and recreation facilities, libraries, and public works vehicles and equipment. This fiscal year, the County implemented GASB Statement No. 51, *Accounting and Financial Reporting on Intangible Assets*. Included in the implemented intangible asset category is $0.3 million of computer software and licenses with a three-year term.

The following chart illustrates the County's capital assets, net of depreciation, by category. Buildings and improvements account for the largest category at 50.8% of the total net capital assets.

**Net Capital Assets Used in the Operation of Governmental Activities**
**As of June 30, 2010**




The County's Capital Improvements Program Committee (Committee) receives the six-year requests from departments, agencies, and the component unit, Schools. The projects are evaluated, and the Committee prepares a recommended six-year program, which is then sent for action by the Planning Commission to the Board of Supervisors. For the debt funding policy, refer to the section titled "Relevant financial policies" in the Letter of Transmittal for more details.

This year's capital asset additions for the governmental activities include the following:

- Completion of the American Disability Act (ADA) Improvements to County facilities in the amount of $0.3 million.

- Completion of Parks and Recreation projects totaling $0.3 million, including the opening of the Lord Fairfax Community College trail connector.

- Addition to construction in progress of $0.5 million for the Fire Training Facility.

- Public Safety capital expenditures totaling $0.9 million, including $0.3 million to upgrade the County's E-911 telephone recording system and $0.6 million to purchase and equip twenty Sheriff's vehicles.

Table 5.2 summarizes capital assets of the total reporting entity as of fiscal years 2010 and 2009. This information can also be found in Exhibit 1 and Note 8 in the Financial Statement Section.

**Table 5.2** — **Change in Capital Assets**
**Total Reporting Entity Including Component Unit**
**($ in millions)**

| | Balance July 1, 2009 | Net Additions and Deletions | Balance June 30, 2010 |
|---|---|---|---|
| Primary Government | | | |
| Government Activities | $ 74.7 | $ (0.9) | $ 73.8 |
| Enterprise Funds | 29.4 | (1.9) | 27.5 |
| Subtotal, Primary Government | 104.1 | (2.8) | 101.3 |
| Component Unit | | | |
| School Board | 182.9 | (3.7) | 179.2 |
| Total Reporting Entity Capital Assets | $ 287.0 | $ (6.5) | $ 280.5 |

*Table 5.2 may differ from Exhibit 1 and Note 8 due to rounding.*

The total reporting entity capital assets decreased $6.5 million, of which there was a decrease of $0.9 million to government activities, $1.9 million to the enterprise funds, and $3.7 million to the School Board component unit. This decrease was mostly due to depreciation expense.

The capital projects / assets for the School Board component unit are:

- Renovation of Fauquier High School and telephone installation for $0.4 million.
- Buildings and improvements for $0.9 million.
- Capitalization of $2.0 million for the extension of Academic Avenue at Kettle Run High School (KRHS) and Greenville Elementary School.
- Addition of Academic Avenue street lights, KRHS emergency access road and asphalt parking lot for a total cost of $0.5 million.
- Purchase of buses, cameras, and other machinery and equipment for a total cost of $1.2 million.
- Reclassification and capitalization of $0.4 million of computer software to intangible assets.

The County's fiscal year 2010 Capital Improvements Program addresses the construction and repair of public facilities, replacement of key systems, including vehicles, and major technology issues. Due to the estimated minimal growth of revenue for the fiscal year 2010, the capital improvements program has been scaled back in a six-year planning period.

More information on the capital assets can be found in Note 8 in the Notes to Financial Statements Section of this report.

## Long-term Obligations

Table 6 provides an overview of the long-term obligations for the primary government.

**Table 6** **Summary of Changes in Long-Term Obligations ($ in millions)**

| | July 1, 2009 | Net Increase (Decrease) | June 30, 2010 |
|---|---|---|---|
| **Governmental Activities:** | | | |
| Capital leases | $ 5.3 | $ (0.7) | $ 4.6 |
| Revenue bonds less deferred amount on refunding | 2.1 | 5.8 | 7.9 |
| County's premium on bonds payable | 0.2 | 0.3 | 0.5 |
| School Board's premium on bonds payable | 4.6 | (0.5) | 4.1 |
| General obligation on bonds payable | 110.2 | (7.9) | 102.3 |
| Long-term commitments | 12.3 | (0.1) | 12.2 |
| Subtotal | 134.7 | (3.1) | 131.6 |
| Compensated absences | 3.1 | 0.3 | 3.4 |
| Incurred but not reported claims (IBNR) | 1.8 | (0.3) | 1.5 |
| Total long-term obligations | 139.6 | (3.1) | 136.5 |
| **Business-Type Activities:** | | | |
| Capital leases | 0.9 | (0.3) | 0.6 |
| Revenue bonds plus premium on bonds payable less deferred amount on refunding | 0.4 | (0.4) | - |
| Compensated absences | 0.1 | - | 0.1 |
| Landfill closure and post-closure | 10.3 | 0.5 | 10.8 |
| Total long-term obligations | 11.7 | (0.2) | 11.5 |
| Total long-term obligations | $ 151.3 | $ (3.3) | $ 148.0 |

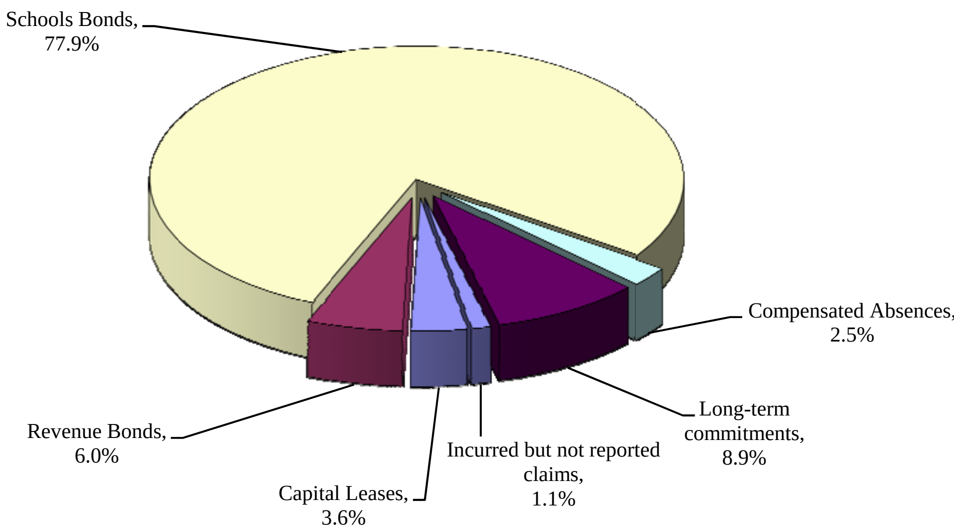
*Table 6 may differ from Note 9 due to rounding.*

As of June 30, 2010, the County's governmental activities long-term debt, excluding compensated absences and incurred but not reported claims, totaled $131.6 million. During the year, the County issued $3.6 million of a refunding capital lease through Virginia Resources Authority to advance refund its 2002A financing lease to achieve interest savings. The County also issued revenue bonds through the Fauquier County Industrial Authority in the amount of $6.2 million to finance the expansion of the Vint Hill waste water treatment plan. From Table 6, the Schools General Obligation Bonds represent the largest category of debt with 74.9% of the County's total governmental obligations.

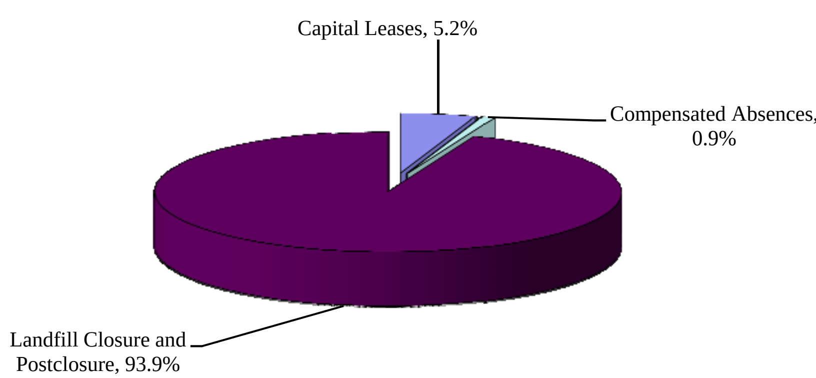
In fiscal year 2010, the County has provided the United States Department of Agriculture Rural Development program (USDA) a moral obligation letter for a loan to fund the construction and renovation of a fourth volunteer fire and rescue company. Debt service payments will be paid from the County's Fire and Rescue Levy Fund. The County's long term commitments related to these loans is $12.2 million.

The charts below illustrate long-term obligations by type and the percentage of each type relative to the total debt outstanding. Schools General Obligation Bonds represent the largest category of debt (including premium).

**Governmental Activities**
**Long-Term Obligations**
**As of June 30, 2010**

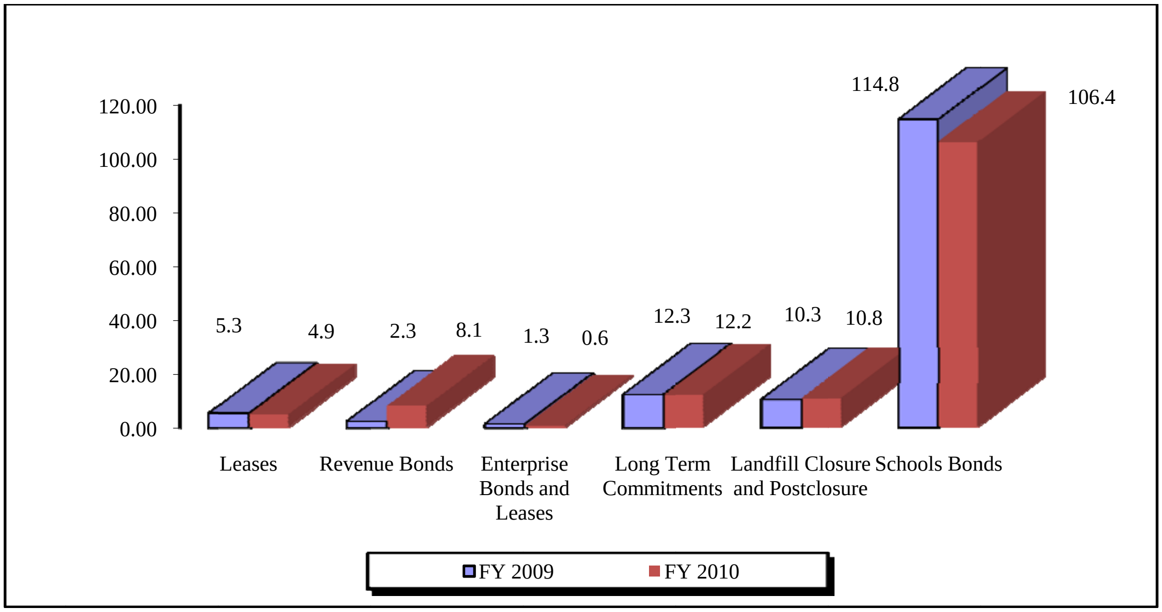



**Business-Type Activities**
**Long-Term Obligations**
**As of June 30, 2010**



The following chart compares long-term debts less compensated absences and incurred but not recorded claims, for fiscal years 2009 and 2010, by type and amount outstanding. As shown, lease obligations, enterprise bonds and leases, long term commitments, and school-related debt obligations decreased while revenue bonds and landfill closure and postclosure debt increased.

**Long-Term Indebtedness by Obligation Type**
**($ in millions)**




The County does not have a legal limit on the amount of general obligation bonded indebtedness that it can incur or have outstanding. However, by State law general obligation indebtedness must be approved by voter referendum prior to issuance except for debt incurred from state pooled bond programs such as the Virginia Public School Authority (VPSA) or the Virginia Resources Authority (VRA). The County has participated in the Virginia Public School Authority's bond sales for the past several years. The proceeds of these bonds are used exclusively to fund school capital projects.

The County has employed two debt ratios as a management tool. The first ratio has been adopted by the Board of Supervisors and limits annual general government debt service to no more than 10.0% of the aggregate total of budgeted revenues in the General Fund, Volunteer Fire and Rescue Fund and the Conservation Easement Service District Fund. In fiscal year 2010, the County's debt to revenue ratio was 9.2%. The second ratio assessed by management is total debt per capita. This ratio compares current performance to past performance. In fiscal year 2010, the general government debt per capita was $1,709. This ratio decreased from $1,774 in the prior year (Table 9, Statistical Section of this report).

In making debt issuance decisions, the County uses the following practices:

- The County does not and will not fund current or ongoing operations from debt proceeds.

- The County's capital improvements planning process includes both a pay-as-you-go element (cash funded) and a debt financed element for the addition of capital assets.

- The County repays long-term debt over a period that does not exceed the expected useful life of the capital assets being financed.

- The County complies with finance industry standards for disclosure related to debt offerings.

- The County has set a debt service limit of no more than 10.0% of the aggregate total of budgeted revenues in the General Fund, Volunteer Fire and Rescue Fund and the Conservation Easement Service District Fund according to its policy.

More information on the County's long-term obligations is presented in Note 9, Notes to Financial Statements Section of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

### Economic Factors

- The average monthly unemployment rate for the County of Fauquier in June 2010 was 6.0%, an increase of 0.7% over June 2009. This compares favorably to the State's average rate of 7.3% and the National average rate of 9.9%.

- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 67,702, an increase of 0.9% over the prior year. Population estimates for the last ten years are provided in Table 13, Statistical Section of this report.

- The enrollment in public schools decreased in fiscal year 2010 by 1.4% from 11,241 to 11,079. Schools enrollment for the last ten years is provided in Table 13, Statistical Section of this report.

- The latest available per capita personal income for Fauquier County was $50,597 as of 2008, compared to $44,075 for the Commonwealth of Virginia, as reported by the U.S. Department of Commerce Bureau of Economic Analysis (Table 13, Statistical Section of this report).

- The County Civilian Labor Force increased by 1.8% from 37,805 to 38,468 as of fiscal year 2009. The data for fiscal year 2010 is not available. County Civilian Labor Workforce numbers for the last ten years are provided in Table 13, Statistical Section of this report.

### Fiscal Year 2011 Budget and Rates

- For fiscal year 2011, the adopted budget for the General Fund is $151.7 million, a decrease of 5.6% from fiscal year 2010. Revenues are comprised primarily of general property taxes at 69.2%, other local taxes at 10.4%, permits, privilege fees and regulatory licenses at 0.8%, State assistance at 15.1%, Federal assistance at 1.5%, use of money at 0.5%, and other revenues at 2.5%.

- In fiscal year 2011, the County's contribution to the School Board component unit is $89.3 million which includes the County's contribution to the School Board's operating fund of $76.9 million and $12.4 million contributed to the debt service fund on behalf of the Schools. Support to the Schools represents 58.9% of the General Fund appropriations not including the allocation of shared services, which represents an additional 4.0% of local support. The percentage of General Fund appropriations supporting Schools is slightly lower than fiscal year 2010.

- Public safety accounts for 12.1%, the second largest component of budgeted expenditures. Public safety volunteers have a dedicated real property tax of $0.045 per $100 of assessed value. This tax supports County and volunteer fire and rescue operations (Table 6, Statistical Section of this report).

- The tax rate for real property increased from $0.765 to $0.970. Detail on the tax rates is provided in Table 6, Statistical Section of this report.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Fauquier County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Janet Romanchyk, Director of Finance, County of Fauquier, 320 Hospital Drive, Suite 32, Warrenton, Virginia 20186, telephone (540) 422-8330, or visit the County's web site at www.fauquiercounty.gov.

## **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements include all funds, the discretely presented component unit, and notes to provide an overview of the financial position and results of operations for the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Exhibit 1**
**Page 1 of 2**

**Statement of Net Assets**
**June 30, 2010**

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | **Governmental Activities** | **Business-Type Activities** | **Total** | **School Board** |
| **Assets** | | | | |
| Cash, cash equivalents, and investments | $ 46,382,658 | $ 1,057,143 | $ 47,439,801 | $ 10,149,309 |
| Cash, cash equivalents, and investments - restricted | 3,880,790 | - | 3,880,790 | - |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes, including penalties | 4,921,219 | - | 4,921,219 | - |
| Accounts | 2,429,638 | 540,535 | 2,970,173 | 143,737 |
| Internal balances | 321,026 | (321,026) | - | - |
| Prepaid assets | 988,121 | 4,389 | 992,510 | 46,974 |
| Due from other governmental units | 3,972,218 | 27,654 | 3,999,872 | 3,312,363 |
| Inventories | 607,619 | 40,174 | 647,793 | 65,142 |
| Deferred charges (including bond issuance costs) | 375,764 | - | 375,764 | - |
| Capital assets not being depreciated: | | | | |
| Land | 19,594,625 | 8,301,522 | 27,896,147 | 5,161,809 |
| Construction in progress | 2,184,457 | 381,623 | 2,566,080 | 398,596 |
| Capital assets (net of accumulated depreciation): | | | | |
| Cell improvements | - | 5,670,733 | 5,670,733 | - |
| Buildings and improvements | 37,473,861 | 5,323,710 | 42,797,571 | 163,677,971 |
| Infrastructure | 10,699,708 | 6,515,914 | 17,215,622 | 3,827,908 |
| Machinery and equipment | 3,566,212 | 1,259,206 | 4,825,418 | 6,157,823 |
| Intangible assets | 291,194 | - | 291,194 | - |
| Total assets | 137,689,110 | 28,801,577 | 166,490,687 | 192,941,632 |
| **Liabilities** | | | | |
| Accounts payable | 3,177,633 | 290,273 | 3,467,906 | 928,285 |
| Accrued and other liabilities | 1,204,400 | 55,282 | 1,259,682 | 12,136,040 |
| Accrued interest | 2,761,049 | - | 2,761,049 | - |
| Unearned revenue | 623,144 | - | 623,144 | 74,511 |
| Customer deposits | 744,206 | - | 744,206 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 9,972,567 | 307,788 | 10,280,355 | 416,948 |
| Due in more than one year | 126,565,004 | 11,182,484 | 137,747,488 | 3,752,530 |
| Total liabilities | 145,048,003 | 11,835,827 | 156,883,830 | 17,308,314 |
| **Net assets** | | | | |
| Invested in capital assets, net of related debt | 69,217,950 | 27,154,708 | 96,372,658 | 179,224,107 |
| Restricted for: | | | | |
| Parks, recreation, and cultural | 265,876 | - | 265,876 | - |
| Public safety | 153,213 | - | 153,213 | - |
| Proffers | 1,283,931 | - | 1,283,931 | - |
| Affordable housing | 250,470 | - | 250,470 | - |
| Unrestricted (deficit) | (78,530,333) | (10,188,958) | (88,719,291) | (3,590,789) |
| Total net assets | $ (7,358,893) | $ 16,965,750 | $ 9,606,857 | $ 175,633,318 |

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

| Reclassifications (See Note 1 - D.14.) | Reporting Entity Total | |
|---|---|---|
| | | **Assets** |
| $ - | $ 57,589,110 | Cash, cash equivalents, and investments |
| - | 3,880,790 | Cash, cash equivalents, and investments - restricted |
| | | Receivables, net of allowances for uncollectibles: |
| - | 4,921,219 | Taxes, including penalties |
| - | 3,113,910 | Accounts |
| - | - | Internal balances |
| - | 1,039,484 | Prepaid assets |
| - | 7,312,235 | Due from other governmental units |
| - | 712,935 | Inventories |
| - | 375,764 | Deferred charges (including bond issuance costs) |
| | | Capital assets not being depreciated: |
| - | 33,057,956 | Land |
| - | 2,964,676 | Construction in progress |
| | | Capital assets (net of accumulated depreciation): |
| - | 5,670,733 | Cell improvements |
| - | 206,475,542 | Buildings and improvements |
| - | 21,043,530 | Infrastructure |
| - | 10,983,241 | Machinery and equipment |
| - | 291,194 | Intangible assets |
| - | 359,432,319 | Total assets |
| | | **Liabilities** |
| - | 4,396,191 | Accounts payable |
| - | 13,395,722 | Accrued and other liabilities |
| - | 2,761,049 | Accrued interest |
| - | 697,655 | Unearned revenue |
| - | 744,206 | Customer deposits |
| | | Noncurrent liabilities: |
| - | 10,697,303 | Due within one year |
| - | 141,500,018 | Due in more than one year |
| - | 174,192,144 | Total liabilities |
| | | **Net assets** |
| (105,623,824) | 169,972,941 | Invested in capital assets, net of related debt |
| | | Restricted for: |
| - | 265,876 | Parks, recreation, and cultural |
| - | 153,213 | Public safety |
| - | 1,283,931 | Proffers |
| - | 250,470 | Affordable housing |
| 105,623,824 | 13,313,744 | Unrestricted (deficit) |
| $ - | $ 185,240,175 | Total net assets |

**Exhibit 2**
**Page 1 of 2**

**Statement of Activities**
**Fiscal Year Ended June 30, 2010**

| | | Program Revenues | | |
|---|---|---|---|---|
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** |
| **Primary Government** | | | | |
| Governmental activities: | | | | |
| General government | $ 10,354,069 | $ 46,548 | $ 744,478 | $ - |
| Judicial | 3,278,333 | 636,265 | 1,445,326 | - |
| Public safety | 25,090,735 | 1,198,178 | 4,777,511 | 282,219 |
| Public works | 8,033,038 | 36,000 | 32,814 | - |
| Health and welfare | 10,265,321 | 2,393 | 6,510,435 | - |
| Education | 81,066,768 | - | - | - |
| Parks, recreation, and cultural | 5,917,529 | 460,562 | 707,014 | 386,325 |
| Community development | 11,342,060 | 932,809 | 1,890,787 | - |
| Interest on long-term debt | 5,463,351 | - | - | - |
| Total governmental activities | 160,811,203 | 3,312,755 | 16,108,365 | 668,544 |
| Business-type activities: | | | | |
| Airport | 2,083,529 | 666,582 | 232,504 | 25,388 |
| Landfill and Recycling | 5,185,773 | 4,660,868 | 14,264 | - |
| Total business-type activities | 7,269,302 | 5,327,450 | 246,768 | 25,388 |
| Total primary government | 168,080,505 | 8,640,205 | 16,355,133 | 693,932 |
| **Component unit** | | | | |
| School Board | 131,500,463 | 3,155,966 | 13,036,391 | - |
| Total component unit | $ 131,500,463 | $ 3,155,966 | $ 13,036,391 | $ - |

General revenues:
- General property taxes
- Local sales and use taxes
- Consumers' utility taxes
- Business and professional taxes
- Motor vehicle taxes
- Taxes on recordation and wills
- Other local taxes
- Contribution from primary government
- Investment earnings
- Miscellaneous
- Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning
Net assets - ending

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

| Net (Expenses) Revenue and Changes in Net Assets | | | | | |
|---|---|---|---|---|---|
| Primary Government | | | Component Unit | Reporting Entity | |
| Governmental Activities | Business-Type Activities | Total | School Board | Total | Functions/Programs |
| | | | | | **Primary Government** |
| | | | | | Governmental activities: |
| $ (9,563,043) | $ - | $ (9,563,043) | $ - | $ (9,563,043) | General government |
| (1,196,742) | - | (1,196,742) | - | (1,196,742) | Judicial |
| (18,832,827) | - | (18,832,827) | - | (18,832,827) | Public safety |
| (7,964,224) | - | (7,964,224) | - | (7,964,224) | Public works |
| (3,752,493) | - | (3,752,493) | - | (3,752,493) | Health and welfare |
| (81,066,768) | - | (81,066,768) | - | (81,066,768) | Education |
| (4,363,628) | - | (4,363,628) | - | (4,363,628) | Parks, recreation, and cultural |
| (8,518,464) | - | (8,518,464) | - | (8,518,464) | Community development |
| (5,463,351) | - | (5,463,351) | - | (5,463,351) | Interest on long-term debt |
| (140,721,539) | - | (140,721,539) | - | (140,721,539) | Total governmental activities |
| | | | | | Business-type activities: |
| - | (1,159,055) | (1,159,055) | | (1,159,055) | Airport |
| - | (510,641) | (510,641) | | (510,641) | Landfill and Recycling |
| - | (1,669,696) | (1,669,696) | | (1,669,696) | Total business-type activities |
| (140,721,539) | (1,669,696) | (142,391,235) | | | Total primary government |
| | | | | | **Component unit** |
| | | | (115,308,106) | (115,308,106) | School Board |
| | | | (115,308,106) | (115,308,106) | Total component unit |
| | | | | | General revenues: |
| 114,586,709 | - | 114,586,709 | - | 114,586,709 | General property taxes |
| 5,887,347 | - | 5,887,347 | - | 5,887,347 | Local sales and use taxes |
| 1,513,680 | - | 1,513,680 | - | 1,513,680 | Consumers' utility taxes |
| 1,460,805 | - | 1,460,805 | - | 1,460,805 | Business and professional taxes |
| 1,738,233 | - | 1,738,233 | - | 1,738,233 | Motor vehicle taxes |
| 1,152,451 | - | 1,152,451 | - | 1,152,451 | Taxes on recordation and wills |
| 202,935 | - | 202,935 | - | 202,935 | Other local taxes |
| - | - | - | 81,953,666 | 81,953,666 | Contribution from primary government |
| 561,508 | 1,045 | 562,553 | 1,321 | 563,874 | Investment earnings |
| 177,939 | - | 177,939 | 445,596 | 623,535 | Miscellaneous |
| 16,893,482 | - | 16,893,482 | 29,257,550 | 46,151,032 | Grants and contributions not restricted to specific programs |
| (38,005) | 38,005 | - | - | - | Transfers |
| 144,137,084 | 39,050 | 144,176,134 | 111,658,133 | 255,834,267 | Total general revenues and transfers |
| 3,415,545 | (1,630,646) | 1,784,899 | (3,649,973) | (1,865,074) | Change in net assets |
| (10,774,438) | 18,596,396 | 7,821,958 | 179,283,291 | 187,105,249 | Net assets - beginning |
| $ (7,358,893) | $ 16,965,750 | $ 9,606,857 | $ 175,633,318 | $ 185,240,175 | Net assets - ending |

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# FUND FINANCIAL STATEMENTS

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 3**

**Balance Sheet**
**Governmental Funds**
**June 30, 2010**

| | Primary Government | | | |
|---|---|---|---|---|
| | **General Fund** | **Capital Projects Fund** | **Other Governmental Funds** | **Total Governmental Funds** |
| **Assets** | | | | |
| Cash, cash equivalents, and investments | $ 21,612,765 | $ 12,610,129 | $ 4,997,087 | $ 39,219,981 |
| Cash, cash equivalents, and investments - restricted | 122,116 | 1,922,611 | 1,836,063 | 3,880,790 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes, including penalties | 4,641,379 | - | 279,840 | 4,921,219 |
| Accounts | 1,440,612 | 161,967 | 692,449 | 2,295,028 |
| Community organizations | 20,000 | - | - | 20,000 |
| Due from other funds | 104,802 | - | - | 104,802 |
| Prepaid assets | 35,069 | 823,821 | 111,231 | 970,121 |
| Inventories | - | - | 376,091 | 376,091 |
| Due from other governmental units | 2,386,751 | 1,520,074 | 56,994 | 3,963,819 |
| Advances to other funds | 216,224 | - | - | 216,224 |
| Total assets | 30,579,718 | 17,038,602 | 8,349,755 | 55,968,075 |
| **Liabilities** | | | | |
| Accounts payable | 1,370,742 | 1,312,017 | 219,707 | 2,902,466 |
| Accrued liabilities | 632,522 | - | 4,616 | 637,138 |
| Other liabilities | 16,037 | 305,867 | - | 321,904 |
| Deferred revenue | 3,656,890 | - | 782,406 | 4,439,296 |
| Escrows | - | - | 744,206 | 744,206 |
| Total liabilities | 5,676,191 | 1,617,884 | 1,750,935 | 9,045,010 |
| **Fund balances** | | | | |
| Reserved for: | | | | |
| Encumbrances - County | 318,481 | 1,826,287 | 52,652 | 2,197,420 |
| Long term receivables | 216,224 | - | - | 216,224 |
| Prepaid assets | 35,069 | 823,821 | 111,231 | 970,121 |
| Grants and seizure funds | 117,427 | - | 250,470 | 367,897 |
| Inventories | - | - | 376,091 | 376,091 |
| Bond covenant | - | - | 35,786 | 35,786 |
| Unreserved, reported in: | | | | |
| Designated: | | | | |
| General Fund: | | | | |
| Designated for revenue shortfall | 1,414,500 | - | - | 1,414,500 |
| Designated for future years' expenditures | 7,338,400 | - | - | 7,338,400 |
| Special revenue funds: | | | | |
| Designated for contributions for volunteer fire and rescue | - | - | 487,169 | 487,169 |
| Undesignated: | | | | |
| General Fund | 15,463,426 | - | - | 15,463,426 |
| Capital Projects Fund | - | 12,770,610 | - | 12,770,610 |
| Special revenue funds | - | - | 5,285,421 | 5,285,421 |
| Total fund balances | 24,903,527 | 15,420,718 | 6,598,820 | 46,923,065 |
| Total liabilities and fund balances | $ 30,579,718 | $ 17,038,602 | $ 8,349,755 | $ 55,968,075 |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 4**

**Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets June 30, 2010**

| | | |
|---|---|---|
| **Total fund balances - governmental funds** | | $ **46,923,065** |
| Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds (excludes $77,351 related to internal service fund assets) and $232,955 for future installment payments related to intangible assets capitalized in the current year). | | 73,499,751 |
| Deferred taxes and ambulance billing revenue represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds. | | 4,179,395 |
| Deferred charges, such as bond issuance costs, are non-capital costs that benefit future periods and therefore are not recognized in the governmental funds. | | 375,764 |
| Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. | | (2,761,049) |
| Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | | 5,271,244 |
| Certain liabilities, arbitrage, are recognized as expenditures in the fund statements, but are deferred in the government-wide statements. | | (2,586) |
| The contribution to the Other Postemployment Benefits Plan is based on an actuarial estimate. The amount of the payment in excess of the Annual Required Contribution is considered a net OPEB asset in the government-wide statements. | | 18,000 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. | | |
| Capital leases | (4,592,107) | |
| Revenue bonds issued for utility projects | (2,105,000) | |
| Long term commitments (see note 10) | (12,212,534) | |
| General obligation bonds issued for schools | (102,255,000) | |
| Revenue bond | (6,153,000) | |
| Premium on bonds payable - School Board | (4,111,300) | |
| Premium on bonds payable - Primary government | (483,732) | |
| Deferred amount on refunding | 350,136 | |
| Compensated absences (excludes $94,369 for internal service funds) | (3,299,940) | (134,862,477) |
| **Net assets of governmental activities** | | $ **(7,358,893)** |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 5**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Governmental Funds**
**Fiscal Year Ended June 30, 2010**

| | General Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues** | | | | |
| General property taxes | $ 109,576,780 | $ - | $ 5,094,035 | $ 114,670,815 |
| Other local taxes | 11,955,451 | - | - | 11,955,451 |
| Permits, privilege fees, and regulatory licenses | 964,288 | - | - | 964,288 |
| Fines and forfeitures | 515,286 | - | - | 515,286 |
| Revenue from use of money and property | 546,219 | 13,208 | 463 | 559,890 |
| Charges for services | 902,216 | 36,000 | 1,098,613 | 2,036,829 |
| Gifts and donations | 8,331 | 450,000 | 729,394 | 1,187,725 |
| Recovered costs | 174,040 | 36,000 | 6,951 | 216,991 |
| Miscellaneous revenue | 176,305 | - | 1,634 | 177,939 |
| Intergovernmental: | | | | |
| Commonwealth of Virginia | 25,963,840 | 413,073 | 552,661 | 26,929,574 |
| Federal Government | 3,200,573 | 1,266,884 | 1,085,635 | 5,553,092 |
| Total revenues | 153,983,329 | 2,215,165 | 8,569,386 | 164,767,880 |
| **Expenditures** | | | | |
| Current operating: | | | | |
| General government | 10,243,734 | - | - | 10,243,734 |
| Judicial | 3,048,533 | - | - | 3,048,533 |
| Public safety | 17,914,105 | 2,251,149 | 4,215,432 | 24,380,686 |
| Public works | 7,632,941 | 318,884 | - | 7,951,825 |
| Health and welfare | 10,302,171 | - | - | 10,302,171 |
| Education | 80,079,143 | 1,165,875 | - | 81,245,018 |
| Parks, recreation, and cultural | 4,961,989 | 543,659 | 64,735 | 5,570,383 |
| Community development | 4,407,267 | 5,352,073 | 1,607,254 | 11,366,594 |
| Nondepartmental | 594,483 | - | - | 594,483 |
| Debt service: | | | | |
| Principal retirement | 8,593,316 | 155,000 | 72,382 | 8,820,698 |
| Interest charges | 5,480,413 | 257,307 | 323,578 | 6,061,298 |
| Bond issuance costs | 79,968 | 89,981 | - | 169,949 |
| Fiscal charges | 7,500 | 1,020 | - | 8,520 |
| Total expenditures | 153,345,563 | 10,134,948 | 6,283,381 | 169,763,892 |
| Excess (deficiency) of revenues over (under) expenditures | 637,766 | (7,919,783) | 2,286,005 | (4,996,012) |
| **Other financing sources (uses)** | | | | |
| Transfers in | 650,929 | 415,920 | 295,665 | 1,362,514 |
| Transfers (out) | (700,796) | (121,865) | (585,929) | (1,408,590) |
| Issuance of debt | - | 6,153,000 | - | 6,153,000 |
| Issuance of refunding bonds | 3,565,000 | - | - | 3,565,000 |
| Payments to refunded bond escrow agent | (3,820,154) | - | - | (3,820,154) |
| Premiums on issuance of debt | 335,122 | - | - | 335,122 |
| Total other financing sources (uses) | 30,101 | 6,447,055 | (290,264) | 6,186,892 |
| Net change in fund balances | 667,867 | (1,472,728) | 1,995,741 | 1,190,880 |
| Fund balances, beginning | 24,235,660 | 16,893,446 | 4,603,079 | 45,732,185 |
| Fund balances, ending | $ 24,903,527 | $ 15,420,718 | $ 6,598,820 | $ 46,923,065 |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 6**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities**
**Fiscal Year Ended June 30, 2010**

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | **$ 1,190,880** |
| Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources. This is the amount by which the capital outlays exceeded depreciation in the current year. | | |
| Capital outlays (less $6,963 for internal service funds) | 2,462,775 | |
| Depreciation expense (less $14,099 for internal service funds) | (3,548,571) | (1,085,796) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Add current year's deferred revenue | 4,179,395 | |
| Less prior year's deferred revenue | (4,467,149) | (287,754) |
| Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The net revenue of certain activities of internal services is reported with governmental activities. | | 482,261 |
| The contribution to the Other Postemployment Benefits Plan is based on an actuarial estimate. The amount of the payment in excess of the Annual Required Contribution is considered a net OPEB asset in the government-wide statements. | | 18,000 |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of 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. | | |
| Add debt principal repayment | 12,298,316 | |
| Add amortization of bond payable premiums | 567,487 | |
| Add deferred loss on refunding | 270,154 | |
| Add long term commitment principal repayment | 72,382 | |
| Less debt proceeds | (9,718,000) | |
| Less premium on new debt | (335,122) | |
| Less amortization of deferred loss on refunding | (40,655) | 3,114,562 |
| 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 following is a summary of items supporting this adjustment: | | |
| Add bond issuance costs | 169,949 | |
| Less amortization of bond issuance costs | (39,385) | |
| Less current year's arbitrage liability | (2,586) | |
| Add prior year's arbitrage liability | 3,138 | |
| Less current year's compensated absences (excludes $6,760 for internal service funds) | (3,401,069) | |
| Add prior year's compensated absences | 3,134,877 | |
| Less current year's accrued interest payable | (2,761,049) | |
| Add prior year's accrued interest payable | 2,879,517 | (16,608) |
| **Change in net assets of governmental activities** | | **$ 3,415,545** |

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual General Fund Fiscal Year Ended June 30, 2010**

| | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| General property taxes | $ 109,879,786 | $ 109,879,786 | $ 109,576,780 | $ (303,006) |
| Other local taxes | 16,038,765 | 12,816,000 | 11,955,451 | (860,549) |
| Permits, privilege fees, and regulatory licenses | 1,350,935 | 1,350,935 | 964,288 | (386,647) |
| Fines and forfeitures | 409,000 | 409,000 | 515,286 | 106,286 |
| Revenue from use of money and property | 1,491,277 | 1,491,277 | 546,219 | (945,058) |
| Charges for services | 1,232,596 | 1,232,596 | 902,216 | (330,380) |
| Gifts and donations | 3,000 | 3,610 | 8,331 | 4,721 |
| Recovered costs | 143,359 | 154,029 | 174,040 | 20,011 |
| Miscellaneous revenue | 117,461 | 147,675 | 176,305 | 28,630 |
| Intergovernmental: | | | | |
| Commonwealth of Virginia | 22,836,001 | 26,810,447 | 25,963,840 | (846,607) |
| Federal Government | 2,346,668 | 2,911,007 | 3,200,573 | 289,566 |
| Total revenues | 155,848,848 | 157,206,362 | 153,983,329 | (3,223,033) |
| **Expenditures** | | | | |
| Current operating: | | | | |
| General government: | | | | |
| Legislative: | | | | |
| Board of supervisors | 254,905 | 285,705 | 248,762 | 36,943 |
| General and financial administration: | | | | |
| County administrator | 681,505 | 697,695 | 697,545 | 150 |
| General reassessment | - | 454,193 | 357,910 | 96,283 |
| County attorney | 598,416 | 625,952 | 625,952 | - |
| Independent auditor | 123,411 | 117,208 | 115,350 | 1,858 |
| Commissioner of the revenue | 1,245,548 | 1,258,126 | 1,194,964 | 63,162 |
| Treasurer | 965,490 | 960,847 | 960,847 | - |
| Information technology | 2,331,823 | 2,516,065 | 2,476,707 | 39,358 |
| Human resources | 1,568,994 | 1,295,543 | 1,159,872 | 135,671 |
| Finance | 1,446,902 | 1,433,460 | 1,384,042 | 49,418 |
| Office of management and budget | 395,361 | 419,100 | 419,100 | - |
| Geographic information systems | 274,943 | 274,943 | 268,935 | 6,008 |
| Total general and financial administration | 9,632,393 | 10,053,132 | 9,661,224 | 391,908 |
| Board of elections: | | | | |
| Registrar | 372,441 | 391,770 | 333,748 | 58,022 |
| Total general government | $ 10,259,739 | $ 10,730,607 | $ 10,243,734 | $ 486,873 |

**Statement of Revenues, Expenditures, and**
**Changes in Fund Balances − Budget and Actual**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Expenditures (continued)** | | | | |
| Current operating: (continued) | | | | |
| Judicial: | | | | |
| Courts: | | | | |
| Circuit court | $ 130,721 | $ 148,509 | $ 148,509 | $ - |
| General district court | 14,685 | 18,945 | 18,945 | - |
| Magistrates | 87,773 | 87,773 | 67,854 | 19,919 |
| Juvenile and domestic relations district court | 14,366 | 14,366 | 7,844 | 6,522 |
| Clerk of the circuit court | 1,083,759 | 1,071,805 | 1,070,175 | 1,630 |
| Adult court services | 806,195 | 855,876 | 851,134 | 4,742 |
| Commissioner of accounts | 2,400 | 2,400 | 2,400 | - |
| Total courts | 2,139,899 | 2,199,674 | 2,166,861 | 32,813 |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | 899,828 | 906,195 | 881,672 | 24,523 |
| Total judicial | 3,039,727 | 3,105,869 | 3,048,533 | 57,336 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | 10,752,421 | 11,086,323 | 10,809,938 | 276,385 |
| Joint communications | 2,028,753 | 1,953,524 | 1,899,321 | 54,203 |
| Total law enforcement and traffic control | 12,781,174 | 13,039,847 | 12,709,259 | 330,588 |
| Emergency services administration: | | | | |
| Emergency services | 2,855,222 | 3,098,284 | 3,082,273 | 16,011 |
| Correction and detention: | | | | |
| Sheriff | 567,328 | 567,328 | 494,128 | 73,200 |
| CFW regional jail | 1,418,755 | 1,361,828 | 1,361,828 | - |
| Probation office | 4,284 | 4,284 | 1,478 | 2,806 |
| Juvenile detention and crime control | 407,683 | 407,683 | 265,139 | 142,544 |
| Total correction and detention | 2,398,050 | 2,341,123 | 2,122,573 | 218,550 |
| Total public safety | 18,034,446 | 18,479,254 | 17,914,105 | 565,149 |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Solid waste operations | 2,623,262 | 2,628,948 | 2,557,869 | 71,079 |
| General buildings and grounds maintenance: | | | | |
| General services | 5,310,718 | 5,797,820 | 5,075,072 | 722,748 |
| Total public works | 7,933,980 | 8,426,768 | 7,632,941 | 793,827 |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | $ 490,198 | $ 490,198 | $ 490,198 | $ - |

**Statement of Revenues, Expenditures, and Changes in Fund Balances − Budget and Actual**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Expenditures (continued)** | | | | |
| Current operating: (continued) | | | | |
| Health and welfare: (continued) | | | | |
| Welfare: | | | | |
| Institutional care | $ 347,009 | $ 347,009 | $ 347,009 | $ - |
| Social services | 5,361,085 | 6,018,459 | 5,831,817 | 186,642 |
| Comprehensive services act | 3,114,139 | 3,633,147 | 3,633,147 | - |
| Total welfare | 8,822,233 | 9,998,615 | 9,811,973 | 186,642 |
| Total health and welfare | 9,312,431 | 10,488,813 | 10,302,171 | 186,642 |
| Education: | | | | |
| Contribution to component unit − School Board | 85,039,162 | 86,412,910 | 80,037,373 | 6,375,537 |
| Community colleges | 41,770 | 41,770 | 41,770 | - |
| Total education | 85,080,932 | 86,454,680 | 80,079,143 | 6,375,537 |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Parks and recreation | 3,296,590 | 3,391,598 | 3,011,775 | 379,823 |
| Library: | | | | |
| Public library | 1,978,461 | 1,961,696 | 1,950,214 | 11,482 |
| Total parks, recreation, and cultural | 5,275,051 | 5,353,294 | 4,961,989 | 391,305 |
| Community development: | | | | |
| Planning and community development: | | | | |
| Water resource management | 75,481 | 194,035 | 155,482 | 38,553 |
| Community development | 3,540,162 | 3,566,868 | 3,445,618 | 121,250 |
| Planning | 165,185 | 165,185 | 149,199 | 15,986 |
| Economic development | 451,620 | 427,677 | 413,705 | 13,972 |
| Disability services board | 1,000 | 1,000 | - | 1,000 |
| Agriculture development | 37,552 | 62,552 | 16,103 | 46,449 |
| Total planning and community development | 4,271,000 | 4,417,317 | 4,180,107 | 237,210 |
| Environmental management: | | | | |
| Soil and water conservation district | 126,884 | 126,884 | 126,884 | - |
| Cooperative extension program: | | | | |
| VPI extension | 122,378 | 122,378 | 100,276 | 22,102 |
| Total community development | 4,520,262 | 4,666,579 | 4,407,267 | 259,312 |
| Nondepartmental: | | | | |
| Nondepartmental operations | $ 2,599,184 | $ 2,134,617 | $ 594,483 | $ 1,540,134 |

**Statement of Revenues, Expenditures, and Changes in Fund Balances − Budget and Actual**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Expenditures (continued)** | | | | |
| Current operating: (continued) | | | | |
| Debt service: | | | | |
| Principal retirement | $ 678,316 | $ 678,316 | $ 678,316 | $ - |
| Interest charges | 251,389 | 251,389 | 232,039 | 19,350 |
| Bond issuance costs | - | - | 79,968 | (79,968) |
| Principal retirement - education | 7,915,000 | 7,915,000 | 7,915,000 | - |
| Interest charges - education | 5,108,275 | 5,108,275 | 5,248,374 | (140,099) |
| Fiscal charges - education | 7,600 | 7,600 | 7,500 | 100 |
| Total debt service | 13,960,580 | 13,960,580 | 14,161,197 | (200,617) |
| Total expenditures | 160,016,332 | 163,801,061 | 153,345,563 | 10,455,498 |
| Excess (deficiency) of revenues over (under) expenditures | (4,167,484) | (6,594,699) | 637,766 | 7,232,465 |
| **Other financing sources (uses)** | | | | |
| Transfers in | 615,929 | 650,929 | 650,929 | - |
| Transfers (out) | (633,432) | (690,235) | (700,796) | (10,561) |
| Issuance of refunding bonds | - | - | 3,565,000 | 3,565,000 |
| Payments to refunded bond escrow agent | - | - | (3,820,154) | (3,820,154) |
| Premiums on issuance of debt | - | - | 335,122 | 335,122 |
| Total other financing sources (uses) | (17,503) | (39,306) | 30,101 | 69,407 |
| Net change in fund balances | (4,184,987) | (6,634,005) | 667,867 | 7,301,872 |
| Fund balances, beginning | 24,235,660 | 24,235,660 | 24,235,660 | - |
| Fund balances, ending | $ 20,050,673 | $ 17,601,655 | $ 24,903,527 | $ 7,301,872 |

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

**Statement of Net Assets**
**Proprietary Funds**
**June 30, 2010**

| | Business-Type Activities – Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Airport Fund | Landfill and Recycling Fund | Total | Internal Service Funds |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash, cash equivalents, and investments | $ - | $ 1,057,143 | $ 1,057,143 | $ 7,162,677 |
| Receivables, net of allowance for uncollectibles | 69,584 | 372,501 | 442,085 | 114,610 |
| Prepaid assets | 4,300 | 89 | 4,389 | - |
| Inventories | 40,174 | - | 40,174 | 231,528 |
| Due from other governmental units | 27,654 | - | 27,654 | 8,399 |
| Total current assets | 141,712 | 1,429,733 | 1,571,445 | 7,517,214 |
| Noncurrent assets: | | | | |
| Receivables, net of allowance for uncollectibles | 98,450 | - | 98,450 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Land | 6,612,678 | 1,688,844 | 8,301,522 | - |
| Construction in progress | 230,853 | 150,770 | 381,623 | - |
| Cell improvements | - | 5,670,733 | 5,670,733 | - |
| Buildings and improvements | 2,139,424 | 3,184,286 | 5,323,710 | - |
| Infrastructure | 6,092,979 | 422,935 | 6,515,914 | - |
| Machinery and equipment | 224,205 | 1,035,001 | 1,259,206 | 77,351 |
| Total capital assets | 15,300,139 | 12,152,569 | 27,452,708 | 77,351 |
| Total noncurrent assets | 15,398,589 | 12,152,569 | 27,551,158 | 77,351 |
| Total assets | $ 15,540,301 | $ 13,582,302 | $ 29,122,603 | $ 7,594,565 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 8**
**Page 2 of 2**

**Statement of Net Assets**
**Proprietary Funds**
**June 30, 2010**

| | Business-Type Activities – Enterprise Funds: Airport Fund | Business-Type Activities – Enterprise Funds: Landfill and Recycling Fund | Business-Type Activities – Enterprise Funds: Total | Governmental Activities Internal Service Funds |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 28,415 | $ 261,858 | $ 290,273 | $ 275,167 |
| Accrued and other liabilities | 6,768 | 48,514 | 55,282 | 9,817 |
| Due to other funds | 104,802 | - | 104,802 | - |
| Unearned revenue | - | - | - | 363,243 |
| Current portion of compensated absences | 1,727 | 8,061 | 9,788 | 9,437 |
| Current portion of incurred but not reported claims | - | - | - | 395,181 |
| Current portion of capital leases payable | - | 298,000 | 298,000 | - |
| Total current liabilities | 141,712 | 616,433 | 758,145 | 1,052,845 |
| Noncurrent liabilities: | | | | |
| Accrued closure and post-closure liability | - | 10,796,397 | 10,796,397 | - |
| Advances from other funds | 216,224 | - | 216,224 | - |
| Non current portion of compensated absences | 15,539 | 72,548 | 88,087 | 84,932 |
| Noncurrent portion of incurred but not reported claims | - | - | - | 1,185,544 |
| Noncurrent portion of capital leases payable | - | 298,000 | 298,000 | - |
| Total noncurrent liabilities | 231,763 | 11,166,945 | 11,398,708 | 1,270,476 |
| Total liabilities | 373,475 | 11,783,378 | 12,156,853 | 2,323,321 |
| **Net Assets** | | | | |
| Invested in capital assets, net of related debt | 15,300,139 | 11,854,569 | 27,154,708 | 77,351 |
| Unrestricted (deficit) | (133,313) | (10,055,645) | (10,188,958) | 5,193,893 |
| Total net assets | 15,166,826 | 1,798,924 | 16,965,750 | 5,271,244 |
| Total liabilities and net assets | $ 15,540,301 | $ 13,582,302 | $ 29,122,603 | $ 7,594,565 |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 9**

**Statement of Revenues, Expenses, and Changes in Net Assets**
**Proprietary Funds**
**Fiscal Year Ended June 30, 2010**

| | Business-Type Activities – Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Airport Fund | Landfill and Recycling Fund | Total | Internal Service Funds |
| **Operating revenues** | | | | |
| Charges for services | $ 291,649 | $ 4,006,134 | $ 4,297,783 | $ 21,637,909 |
| Recycling revenues | - | 654,734 | 654,734 | - |
| Fuel | 374,933 | - | 374,933 | - |
| Forfeitures | - | - | - | 475 |
| Total operating revenues | 666,582 | 4,660,868 | 5,327,450 | 21,638,384 |
| **Operating expenses** | | | | |
| Cost of goods sold | 300,443 | - | 300,443 | - |
| Personal services | 160,814 | 882,319 | 1,043,133 | 594,296 |
| Fringe benefits | 42,691 | 284,911 | 327,602 | 227,154 |
| Claims and benefits paid | - | - | - | 14,125,488 |
| Premiums | - | - | - | 3,523,026 |
| Contractual services | 119,489 | 2,206,967 | 2,326,456 | 200,356 |
| Other operating expenses | 285,289 | 431,879 | 717,168 | 1,993,393 |
| Closure and post closure costs | - | 483,704 | 483,704 | - |
| Depreciation | 1,174,050 | 862,505 | 2,036,555 | 14,099 |
| Total operating expenses | 2,082,776 | 5,152,285 | 7,235,061 | 20,677,812 |
| Operating income (loss) | (1,416,194) | (491,417) | (1,907,611) | 960,572 |
| **Nonoperating revenues (expenses)** | | | | |
| Interest income | - | 1,045 | 1,045 | 1,618 |
| Operating grants | 232,504 | 14,264 | 246,768 | - |
| Interest expense | (753) | (35,131) | (35,884) | - |
| Gain on disposal of capital asset | - | 1,643 | 1,643 | - |
| Contribution to OPEB Trust Fund | - | - | - | (488,000) |
| Total nonoperating revenues (expenses) | 231,751 | (18,179) | 213,572 | (486,382) |
| Income (loss) before capital contributions and transfers | (1,184,443) | (509,596) | (1,694,039) | 474,190 |
| **Capital contributions** | 25,388 | - | 25,388 | - |
| **Transfers in** | 59,586 | 8,419 | 68,005 | 8,071 |
| **Transfers (out)** | (30,000) | - | (30,000) | - |
| Change in net assets | (1,129,469) | (501,177) | (1,630,646) | 482,261 |
| Net assets - beginning | 16,296,295 | 2,300,101 | 18,596,396 | 4,788,983 |
| Net assets - ending | $ 15,166,826 | $ 1,798,924 | $ 16,965,750 | $ 5,271,244 |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 10**

**Statement of Cash Flows**
**Proprietary Funds**
**Fiscal Year Ended June 30, 2010**

| | Business-Type Activities – Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Airport Fund | Landfill and Recycling Fund | Total | Internal Service Funds |
| **Cash Flow from Operating Activities** | | | | |
| Receipts from customers and users | $ 642,739 | $ 4,751,692 | $ 5,394,431 | $ 21,759,923 |
| Payment to suppliers and other operating activities | (735,767) | (2,622,552) | (3,358,319) | (20,226,208) |
| Payment to employees (including fringes) | (203,005) | (1,182,677) | (1,385,682) | (824,206) |
| Forfeitures | - | - | - | 475 |
| Net cash provided by (used in) operating activities | (296,033) | 946,463 | 650,430 | 709,984 |
| **Cash Flow from Noncapital Financing Activities** | | | | |
| Transfers in | 59,586 | 8,419 | 68,005 | 8,071 |
| Transfers (out) | (30,000) | - | (30,000) | - |
| Contribution to OPEB Trust Fund | - | - | - | (488,000) |
| Federal COBRA premium subsidy | - | - | - | (8,399) |
| Operating grants | 209,574 | 14,264 | 223,838 | - |
| Net cash provided by (used in) noncapital financing activities | 239,160 | 22,683 | 261,843 | (488,328) |
| **Cash Flow from Capital and Related Financing Activities** | | | | |
| Acquisition and construction of capital assets | (20,536) | (34,574) | (55,110) | (6,963) |
| Principal paid on debt | (18,362) | (694,005) | (712,367) | - |
| Repayment of interfund obligation | 32,667 | - | 32,667 | - |
| Interest and other fiscal cost on debt | (844) | (16,400) | (17,244) | - |
| Gain on disposal of capital asset | - | 1,643 | 1,643 | - |
| Capital contributions | 63,948 | - | 63,948 | - |
| Net cash provided by (used in) capital and related financing activities | 56,873 | (743,336) | (686,463) | (6,963) |
| **Cash Flow from Investing Activities** | | | | |
| Interest | - | 1,045 | 1,045 | 1,618 |
| Net cash provided by investing activities | - | 1,045 | 1,045 | 1,618 |
| Net increase (decrease) in cash and cash equivalents | - | 226,855 | 226,855 | 216,311 |
| Cash and cash equivalents - beginning of the year | - | 830,288 | 830,288 | 6,946,366 |
| Cash and cash equivalents - end of the year | - | 1,057,143 | 1,057,143 | 7,162,677 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities** | | | | |
| Cash flows from operations: | | | | |
| Operating income (loss) | (1,416,194) | (491,417) | (1,907,611) | 960,572 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,174,050 | 862,505 | 2,036,555 | 14,099 |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in receivables | (23,843) | 90,824 | 66,981 | 100,639 |
| (Decrease) in incurred but not reported claims | - | - | - | (219,478) |
| (Increase) in inventory | (10,111) | - | (10,111) | (4,473) |
| (Increase) decrease in prepaid assets | (4,300) | 6,875 | 2,575 | - |
| Increase (decrease) in accounts payable | (16,135) | 9,419 | (6,716) | (159,994) |
| Increase in landfill closure and post-closure costs | - | 483,704 | 483,704 | - |
| Increase in unearned revenue | - | - | - | 21,375 |
| Increase (decrease) in accrued liabilities | 500 | (15,447) | (14,947) | (2,756) |
| Net cash provided by (used in) operating activities | $ (296,033) | $ 946,463 | $ 650,430 | $ 709,984 |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 11**

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

| | Pension (and other employee benefit) Trust Funds | Agency Funds |
|---|---|---|
| **Assets** | | |
| Cash, cash equivalents, and investments | $ - | $ 207,933 |
| Cash in custody of others | 2,140,034 | 76,137 |
| Receivables, net of allowance for uncollectibles: | | |
| Taxes, including penalties | - | 321 |
| Accounts receivable | - | 7,416 |
| Total assets | 2,140,034 | 291,807 |
| **Liabilities** | | |
| Accounts payable | - | 644 |
| Accrued liabilities | - | 18,005 |
| Amounts held for clients/others | - | 273,158 |
| Total liabilities | - | $ 291,807 |
| **Net Assets** | | |
| Held in trust for OPEB benefits | 979,284 | |
| Held in trust for pension benefits | 1,160,750 | |
| Total net assets | 2,140,034 | |
| Total liabilities and net assets | $ 2,140,034 | |

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

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 12**

**Statement of Changes in Fiduciary Net Assets**
**Pension (and other employee benefit) Trust Funds**
**Fiscal Year Ended June 30, 2010**

| | | Pension (and other employee benefit) Trust Funds |
|---|---|---|
| **Additions** | | |
| Contribution for beneficiary | $ | 761,262 |
| Investment income | | 101,720 |
| Total additions | | 862,982 |
| **Deductions** | | |
| Members' benefits | | - |
| Annuity contracts | | 59,960 |
| Insurance | | 88,728 |
| Administrative fees | | 6,116 |
| Total deductions | | 154,804 |
| Change in net assets | | 708,178 |
| Net assets - beginning | | 1,431,856 |
| Net assets - ending | $ | 2,140,034 |

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

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# NOTES TO FINANCIAL STATEMENTS

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Fauquier have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

### A. Reporting entity

The County of Fauquier, Virginia (the County) is organized under the traditional (modified) form of government. The governing body of the County is the Board of Supervisors (the Board), which establishes policies for the administration of the County. The Board appoints a County Administrator to serve as the administrative manager of the County. The accompanying financial statements present the government and its component unit; the Fauquier County School Board, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements and is reported in the supplemental information section.

**Component Units –** Component Units are entities for which the primary government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the government. The Fauquier County School Board (the School Board) is the only component unit of the County.

The School Board is responsible for the elementary and secondary education in the County. School Board members are elected by the voters by magisterial districts. The School Board does not have separate taxing authority and is therefore fiscally dependent upon the County. The County provides significant funding for school operating and capital needs, approves the School Board's budget, levies taxes as necessary, and approves all debt issuances. The Fauquier County School Board does not issue separate financial statements. The School Board consists of the following governmental funds:

The *School General Fund* accounts for the operations of the public school system.

The *School Textbook Fund* accounts for state and local funds provided for the purchase of textbooks.

The *Food Nutrition Fund* accounts for the revenue and expenses associated with the food services within the school system.

The *Crockett Scholarship Private-Purpose Trust Fund* is a private-purpose trust fund established by a private donation. This fund accounts for the principal and income available to provide benefits for scholarships.

The *Mountain Vista Regional Governor's School Fund* is an agency fund used to account for funds collected from seven school divisions for the purpose of operating the Mountain Vista Governor's School. The County serves as the fiscal agent for these funds.

The *Student Activity Fund* is an agency fund used to account for monies collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

## B. Government-wide and fund financial statements

**Government-wide 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 non-fiduciary activities of the primary government and its component unit. Eliminations have been made to avoid the double-counting of interfund activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely significantly 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 included in program revenues are reported as general revenues.

**Fund financial statements –** The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a set of self-balancing accounts comprised of assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate financial statements are provided for each fund category (governmental funds, proprietary funds, and fiduciary funds). The emphasis of fund financial statements is on major governmental and enterprise fund categories with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The government-wide financial, proprietary, and fiduciary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* except for agency funds which are custodial in nature (assets equal liabilities) and do not have a measurement focus. 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. Agency funds are custodial in nature and do not include measurement of results of operations.

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 2 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 2 months after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the County.

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

The County reports the following major fund types:

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 *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The *Enterprise Funds* are proprietary funds, which are used to account for the financing, construction, and operations of the Airport Fund and the Landfill and Recycling Fund.

The County reports the following nonmajor fund types:

The *Special Revenue Funds* account 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 Parks and Recreation Fund, Library Fund, Conservation Easement Service District Fund, Fire and Rescue Fund, Ambulance Revenue Fund, Proffer Fund, Affordable Housing Fund, and Vint Hill Transportation Fund.

The County reports the following additional fund types:

The *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. The Pension (and other employee benefit) Trust Funds account for assets held in trust by the County for employees and beneficiaries of its Fire and Rescue Pension Trust Length of Service Awards Fund and for the costs of health care and other non-pension benefits offered to retirees in its Other Postemployment Benefit Plans Fund. Agency funds include the Street Light Levy Fund, Working Together Fund, Special Welfare Fund, Detention Center Fund, and Service to Outside Agencies Fund.

The *Internal Service Funds* are proprietary funds used to account for the provision of vehicle services and health benefits for employees and retirees that are provided to County departments on a cost reimbursement basis. These funds are included in the governmental activities for government-wide reporting purposes. Any excess revenue over expenses for these funds is allocated to the appropriate functional activity. The operations of these funds are generally intended to be self-supporting.

Private-sector standards of accounting and financial reporting issued after November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments, restricted to meeting operational or capital requirements of a particular function. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other items not included in program revenues are reported as general revenues.

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. Proprietary funds include enterprise funds and internal service funds. The enterprise funds account for those operations that are financed and operated in a manner similar to private business enterprises. The principal operating revenues of the Airport Fund and the Landfill and Recycling Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The internal service funds account for the financing of goods and/or services provided by one department or agency of the reporting entity to another department or agency of the reporting entity. The Fleet Maintenance Fund and Health Insurance Fund are internal service funds.

**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. The County maintains a single cash and investment pool for use by all funds and its component unit, except for the Fire and Rescue Pension Trust Length of Service Awards Fund, the Other Postemployment Benefit Plans Fund, the Working Together Fund, the Special Welfare Fund, the School Board Crockett Scholarship Private-Purpose Trust Fund, and the School Board Student Activity Fund. Investments for the government, as well as for its component unit, are reported at fair value based on quoted market prices. Each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed quarterly based on average daily balances of specific funds receiving interest income. A "zero balance accounts" mechanism provides for daily sweeps of deposits made to the County's checking accounts, resulting in an instantaneous transfer to the investment account. Hence, the majority of the County's funds are invested at all times. The State Treasurer's Local Government Investment Pool (LGIP) 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. Bond proceeds are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the Virginia State Non-Arbitrage Program (SNAP). Values of shares in the SNAP reflect fair value.

**2. Interfund receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of the interfund loans). Noncurrent portions of long-term interfund loans receivable and amounts due from other governments are equally offset by a fund balance reserve account which indicates they do not constitute available expendable resources and therefore are not available for appropriation. 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".

**3. Inventory and prepaid items**

Inventory is valued using the first-in, first-out method at cost. Inventories of governmental funds, component units, certain internal service funds, and enterprise funds consist of expendable supplies held for consumption. The costs are recorded as expenditures when purchased rather than when consumed. Reported inventories for governmental funds and component units are offset equally by a fund balance reserve as inventories do not constitute available expendable resources. In fiscal year 2010, the County participated in the Neighborhood Stabilization Program (NSP). These assets are reported at their lower of cost, or net realizable values.

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. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property is assessed at its value on January 1 or when it is acquired or brought into the County. Personal property taxes are due and collectible annually on October 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.

**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. Restricted assets**

Governmental activities include the unspent proceeds of bond issuance that are restricted for use in construction. 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.

**8. Capital assets**

Capital assets, which include property, plant, equipment, intangible assets (e.g., easements and software licenses), and infrastructure assets (e.g., sidewalks, runways, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The government defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of at least $5,000 per unit (amount not rounded) and an estimated useful life in excess of two years. 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.

Capital projects are defined as acquisition and improvements of assets with an initial cost of at least $50,000. Major outlays for capital assets and improvements are capitalized as projects are completed. No interest was capitalized during the current or previous year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Infrastructure within the County (such as roads, streets, bridges, etc) is owned and maintained by the Commonwealth of Virginia (Department of Transportation) and is not recorded in the County's financial statements. Infrastructure within the County consisting of parks and recreation pathways, airport runways, and ballpark lighting has been included, and are capitalized and reported in the government-wide financial statements at historical cost.

Impaired capital assets are reported at the lower of carrying value or fair value. Currently, the County does not have any impaired capital assets. An asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life of the capital asset.

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

| Assets | Years |
|---|---|
| Buildings and improvements | 40-45 |
| Infrastructure | 15-50 |
| Machinery and equipment | 5-15 |
| Vehicles | 3-12 |
| Intangible assets | 3-5 |

Certain intangible assets with an indefinite useful life are not amortized.

**9. Component unit capital assets**

By law, the School Board does not have taxing authority. As such, it cannot incur debt through general obligation bonds to fund the acquisition of, construction of, or improvements to its capital assets. That responsibility lies with the local governing body, the County, who issues the debt on behalf of the School Board. The School Board holds title to the capital assets (buildings and equipment) and is responsible for maintenance and insurance. The book value of all school buildings is reflected as an asset in the School Board Statement of Net Assets, while the debt is reflected as a liability on the County's statement of net assets.

**10. Compensated absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type vacation and sick pay benefits is recorded as a liability in the government-wide statement of net assets. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**11. 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 in the asset section (Exhibit 1), net of the amortization 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.

**12. Encumbrances**

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbered amounts lapse at year end, however after review they generally are reappropriated as part of the following year's budget.

**13. 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.

**14. Net assets**

Net assets are comprised of three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the unspent bond proceeds and any associated unamortized costs. Restricted net assets are assets whose use is subject to constraints that are either externally imposed by creditors or imposed by law. Examples include proffers, grant funds, and contributions for a specific purpose. Net assets which are neither restricted nor related to capital assets are reported as unrestricted net assets.

The County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Assets (Exhibit 1), the debt reduces *unrestricted net assets* for the primary government, while the capital assets are reported in *net assets invested in capital assets*, *net of related debt* for the School Board.

Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of $106,366,300 net of unspent bond proceeds of $742,476 is reclassified as shown below to present the total reporting entity column of Exhibit 1. The County is holding the unspent bond proceeds for the School Board until the projects are completed.

| Net assets (summarized) | Primary Government | Component Unit | Reclassification of Debt Issued for: Public Schools Facilities | Total Reporting Entity |
|---|---|---|---|---|
| Invested in capital assets, net of related debt | $ 96,372,658 | $ 179,224,107 | $ (105,623,824) | $ 169,972,941 |
| Restricted for: | | | | |
| Parks, recreation, and cultural | 265,876 | - | - | 265,876 |
| Public safety | 153,213 | - | - | 153,213 |
| Proffers | 1,283,931 | - | - | 1,283,931 |
| Affordable housing | 250,470 | - | - | 250,470 |
| Unrestricted (deficit) | (88,719,291) | (3,590,789) | 105,623,824 | 13,313,744 |
| Total net assets | $ 9,606,857 | $ 175,633,318 | $ - | $ 185,240,175 |

## NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The Act provides for a pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

**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 other states not in default, 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, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). Bond proceeds subject to arbitrage rebate are invested in the SNAP (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

**External Investment Pools −** The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pools rests with the Virginia State Treasury. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the *Code of Virginia*.

**Other Postemployment Benefits (OPEB) –** The primary government and component unit's OPEB trust fund are participants in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The primary government's and component unit's shares in this pool are reported on the face of the OPEB trust fund statements as found in Exhibit 24 of the CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0% after inflation, consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

## NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The County and its discretely presented component units' investments are subject to interest rate, credit, concentration of credit, and custodial credit risk as described below.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from decreasing interest rates, the County's investment policy for non-restricted pooled cash and investments states that no security shall have a maturity exceeding seven years. The weighted average maturity for the portfolio shall be less than 180 days. The County's investment policy for restricted accounts states that the securities will have a maximum maturity consistent with the nature of the restricted accounts.

The following reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2010. WAM expresses investment time horizons, the time when investments become due and payable, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity.

**Fair Value and Weighted Average Maturity of Investments at June 30, 2010:**

| Investment Type | Investment Policy Limit | Credit Quality (Rating) | Credit Exposure as a % of Total Investment |
|---|---|---|---|
| Money Market/Money Market Mutual Funds: | | | |
| State Treasurer's Local Government Investment Pool (LGIP) | 100% | AAA | 67% |
| Virginia State Non-Arbitrage Program (SNAP) | 100% | AAA | 3% |
| Repurchase agreements | 50% | AAA | 23% |
| U.S. Government Agency Securities | 100% | AAA | 2% |
| Certificates of deposit | 25% | - | 5% |
| | | | 100% |

**Credit Risk** – State statutes authorize the County to invest in various instruments as described above. The County's investment policy, however, does not provide for investments in obligations of other states and political subdivisions outside of the Commonwealth of Virginia. To minimize credit risk, the County's investment policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument. It is the County's policy to invest in time deposits and savings accounts in banks and savings and loan associations organized under the laws of Virginia approved for the deposit of other funds of the Commonwealth of other political subdivisions and doing business in and situated in the state. The Commonwealth's approved list is partially based on a rating of A-1 by Standard and Poor's and Aa by Moody's Investor Services. The County will only invest in money market or mutual funds with a rating of AAA by at least two nationally recognized statistical rating organizations pursuant to County practice. In addition, the County's investment policy authorizes the purchase of "prime quality" commercial paper or "high quality" corporate notes of U.S. corporations having at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poor's, Moody's and Fitch Investor's Service rating services; banker's acceptances that are eligible for purchase by the Federal Reserve Banks and have a letter of credit rating of AA or better; and tax exempt obligations of the state and its various local governments with a rating of A or less with insurance through MBIA or an equivalent company or issues rated A+ with or without insurance backing. The County's policy exempts investments in the SNAP in which the County invests pursuant to bond documents from this rating requirement.

**Concentration of Credit Risk** – The County places a limit on the amount it may invest with any one issuer as follows: 25% certificates of deposit and municipal securities; 35% commercial paper; 40% bankers acceptances; 50% repurchase agreements; and up to 100% for state investment pools, US treasury bills and notes, and other U.S. Government agencies.

## NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The County's ratings and policy limits as of June 30, 2010, are as follows:

| Investment Type | Investment Policy Limit | Credit Quality (Rating) | Credit Exposure as a % of Total Investment |
|---|---|---|---|
| Money Market/Money Market Mutual Funds: | | | |
| State Treasurer's Local Government Investment Pool (LGIP) | 100% | AAA | 67% |
| Virginia State Non-Arbitrage Program (SNAP) | 100% | AAA | 3% |
| Repurchase agreements | 50% | AAA | 23% |
| U.S. Government Agency Securities | 100% | AAA | 2% |
| Certificates of deposit | 25% | - | 5% |
| | | | 100% |

**Custodial Credit Risk** − Custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value or collateral securities that are in the possession of an outside party. However, the County's investment policy requires that all securities purchased by the County be properly and clearly labeled as an asset of Fauquier County and held in safekeeping by a third party custodial bank or institution in compliance with Section 2.2-4514 of the *Code of Virginia*. Therefore the County has no custodial credit risk.

**Reconciliation of total cash, cash equivalents, and investments to the entity-wide financial statements at June 30, 2010, are as follows:**

| | Total Cash, Cash Equivalents, and Investments |
|---|---|
| Primary Government and discretely presented component unit − School Board: | |
| Total Investments | $ 44,192,288 |
| Add: Cash on Hand – Treasurer's Office | 1,000 |
| Cash on Hand – Departments | 16,115 |
| Cash − Detention Center | 76,137 |
| Deposits and certificates of deposit | 19,887,535 |
| Total Reporting Entity Cash, Cash Equivalents, and Investments | $ 64,173,075 |

Exhibit 1

| | Primary Government | | | Component Unit | Reporting Entity |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | School Board | Total |
| Cash, cash equivalents, and pooled investments | $ 46,382,658 | $ 1,057,143 | $ 47,439,801 | $ 10,149,309 | $ 57,589,110 |
| Cash, cash equivalents, and pooled investments - restricted | 3,880,790 | - | 3,880,790 | - | 3,880,790 |
| Total | $ 50,263,448 | $ 1,057,143 | $ 51,320,591 | $ 10,149,309 | $ 61,469,900 |

## NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

| | Exhibit 11 | | | Exhibit 35 | |
|---|---|---|---|---|---|
| | Primary Government | | | Component Unit | |
| | Fiduciary Funds (held by County) | Fiduciary Funds (cash on deposit with County | Total | Fiduciary Funds (cash on deposit with County | Total Fiduciary Funds |
| Cash, cash equivalents, and pooled investments | $ 2,216,171 | $ 207,933 | $ 2,424,104 | $ 279,071 | $ 2,703,175 |
| Total Reporting Entity | | | | | $ 64,173,075 |

Student activity funds of $1,529,786 reported on Exhibit 35 are excluded since these funds are not held or deposited with the County. The amount of $279,071 reported for Exhibit 35 represents cash on deposit with the County for the Mountain Vista Regional Governor's School.

Restricted cash and investments, consisting of amounts for restricted donations, bond covenants, arbitrage rebate, and unspent debt proceeds, required to be used for capital projects are as follows:

**Restricted Cash and Investments at June 30, 2010:**

| | |
|---|---|
| **General Fund:** | |
| Grant and seizure funds | $ 117,427 |
| SNAP Arbitrage (1996) | 4,689 |
| Total General Fund | 122,116 |
| **Capital Projects Fund:** | |
| General Obligation Bond Proceeds | 1,231,139 |
| Restricted donations | 691,472 |
| Total Capital Projects Fund | 1,922,611 |
| **Other Governmental Funds:** | |
| Parks, recreation, and cultural donations | 265,876 |
| Fire & Rescue USDA Reserve | 35,786 |
| Proffers | 1,283,931 |
| Affordable housing grants | 250,470 |
| Total Other Governmental Funds | 1,836,063 |
| Total Restricted Cash and Investments | $ 3,880,790 |

## NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary information

Annual budgets are legally adopted for all governmental funds on a basis consistent with generally accepted accounting principles (GAAP) except for the Health Insurance Internal Service Fund, Library Special Revenue Fund, Proffer Special Revenue Fund, Vint Hill Transportation Special Revenue Fund, and all agency funds.

Prior to February 28th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1st. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to April 1st, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places a legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, at the department level.

To address changes to the fiscal plan, the Board of Supervisors has adopted a policy for processing adjustments to the adopted budget. An intra-departmental transfer moves budget authority from one line item to another line item in the same department. The Office of Management and Budget approves all intra-departmental transfers. Departments must reconcile personnel, operations, and capital budgets with expenditures on a category basis. An inter-departmental transfer moves budget authority between two departments or agencies in the same fund. The Office of Management and Budget has approval authority for inter-departmental transfers totaling less than $50,000. The County Administrator has inter-departmental approval authority for transfers equal to or above $50,000. Transfers between personnel and non-personnel categories are by exception, subject to County Administrator approval. The Board of Supervisors has approval authority for all transfer requests involving new positions, multi-year commitments, and contingency reserves, based on Finance Committee recommendations. Staff is granted authority to carry forward budgets for unexpended grants, encumbrances, and capital project budgets as part of the year-end closeout. A public hearing is required for supplemental appropriations in excess of 1.00% of the total appropriation as specified in Section 15.2-2507 of the *Code of Virginia*. All requests for supplemental appropriations and transfers between CIP projects require Board of Supervisors' approval upon recommendation by the Finance Committee.

The School Board is authorized to transfer budgeted amounts within the School Division's categories. Supplemental appropriations to the School Division require the Board of Supervisors' approval upon recommendation of the School Finance Committee and the County Finance Committee.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds subject to the Board of Supervisors' expenditure authority, as well as the Capital Projects Fund. The School Funds are integrated only at the level of legal adoption for the School General Fund, School Textbook Fund, and Food Nutrition Fund. All budgetary data presented in the accompanying financial statements reflects the originally adopted budget and the amended budget compared to actual results as of June 30th.

### B. Excess of expenditures over appropriations

For the year ended June 30, 2010, the Ambulance Revenue Fund had revenues and expenditures exceeding appropriations.

### C. Deficit fund equity

As of June 30, 2010, there were no funds with deficit fund equity.

## NOTE 4 – RECEIVABLES

Receivables at June 30, 2010, consist of the following:

**Primary government**

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|
| Property taxes | $ 6,503,517 | $ - | $ 383,185 | $ 6,886,702 |
| Accounts | 1,440,612 | 161,967 | 1,320,087 | 2,922,666 |
| Community organizations | 20,000 | - | - | 20,000 |
| Due from other funds | 104,802 | - | - | 104,802 |
| Due from other governmental units | 2,386,751 | 1,520,074 | 56,994 | 3,963,819 |
| Advances to other funds | 216,224 | - | - | 216,224 |
| Gross receivables | 10,671,906 | 1,682,041 | 1,760,266 | 14,114,213 |
| Less: | | | | |
| Allowance for uncollectible accounts | (1,862,138) | - | (730,983) | (2,593,121) |
| Net receivables | $ 8,809,768 | $ 1,682,041 | $ 1,029,283 | $ 11,521,092 |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | Unavailable | Unearned | Total |
|---|---|---|---|
| Deferred tax revenue | $ 3,633,452 | $ - | $ 3,633,452 |
| EMS ambulance fees | 545,943 | - | 545,943 |
| Prepaid taxes | - | 253,199 | 253,199 |
| Parks and recreation facility rentals | - | 6,702 | 6,702 |
| Total deferred and unearned revenue | $ 4,179,395 | $ 259,901 | $ 4,439,296 |

## NOTE 4 – RECEIVABLES (CONTINUED)

**Component unit – School Board**

| | School General Fund | Food Nutrition Fund | Total |
|---|---|---|---|
| Accounts | $ 133,935 | $ 9,802 | $ 143,737 |
| Due from other governmental units | 3,227,035 | 85,328 | 3,312,363 |
| Net receivables | $ 3,360,970 | $ 95,130 | $ 3,456,100 |

The School Board's receivables are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the component unit were as follows:

| | Unearned | Total |
|---|---|---|
| School General Fund | $ 9,862 | $ 9,862 |
| Food Nutrition Fund | 64,649 | 64,649 |
| Total unearned revenue | $ 74,511 | $ 74,511 |

## NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010, consisted of the following:

| | Transfers in: | | | | | |
|---|---|---|---|---|---|---|
| **Transfers out:** | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Enterprise Funds | Internal Service Funds | Total |
| General Fund | $ - | $ 415,920 | $ 208,800 | $ 68,005 | $ 8,071 | $ 700,796 |
| Capital Projects Fund | 35,000 | - | 86,865 | - | - | 121,865 |
| Nonmajor Governmental Funds | 585,929 | - | - | - | - | 585,929 |
| Enterprise Funds | 30,000 | - | - | - | - | 30,000 |
| Total | $ 650,929 | $ 415,920 | $ 295,665 | $ 68,005 | $ 8,071 | $ 1,438,590 |

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

## NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2010:
Due to / from other funds

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Airport Fund | $ 104,802 |
| Total | | $ 104,802 |

Advances from / to other funds

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Airport Fund | $ 216,224 |
| Total | | $ 216,224 |

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are considered short term receivables of the General Fund; however, $216,224 of the Airport Fund interfund obligation is designated in the General Fund – Fund Balance as long-term. The Airport Fund is expected to reimburse the $216,224 loan in fiscal year 2012 with $104,802 to be repaid in fiscal year 2011.

## NOTE 7 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2010:

| | Primary Government | Component Unit – School Board |
|---|---|---|
| Commonwealth of Virginia: | | |
| Local sales tax | $ 1,067,182 | $ - |
| State sales tax | - | 1,943,726 |
| Shared expenses | 397,382 | - |
| Comprehensive services | 462,576 | - |
| Miscellaneous grants | 1,535,024 | 22,495 |
| Airport grants | 274 | - |
| Federal Government: | | |
| School fund grants | - | 1,346,142 |
| Other federal grants | 501,655 | - |
| Airport grants | 27,380 | - |
| COBRA Health Insurance Continuation Premium Subsidy | 8,399 | - |
| Total | $ 3,999,872 | $ 3,312,363 |

## NOTE 8 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

| | Balance July 1, 2009 | Additions/ Transfers | Deletions/ Transfers | Balance June 30, 2010 |
|---|---|---|---|---|
| **Primary government – governmental activities** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 19,594,625 | $ - | $ - | $ 19,594,625 |
| Construction in progress | 1,702,932 | 800,990 | 319,465 | 2,184,457 |
| Total capital assets, not being depreciated | 21,297,557 | 800,990 | 319,465 | 21,779,082 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 48,437,770 | 554,770 | - | 48,992,540 |
| Infrastructure | 13,945,482 | 208,349 | - | 14,153,831 |
| Machinery and equipment | 11,582,469 | 1,108,617 | 420,768 | 12,270,318 |
| Intangible assets | - | 349,432 | - | 349,432 |
| Total capital assets, being depreciated | 73,965,721 | 2,221,168 | 420,768 | 75,766,121 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 10,120,225 | 1,398,454 | - | 11,518,679 |
| Infrastructure | 2,510,113 | 944,010 | - | 3,454,123 |
| Machinery and equipment | 7,962,906 | 1,161,968 | 420,768 | 8,704,106 |
| Intangible assets | - | 58,238 | - | 58,238 |
| Total accumulated depreciation | 20,593,244 | 3,562,670 | 420,768 | 23,735,146 |
| Total capital assets, being depreciated, net | 53,372,477 | (1,341,502) | - | 52,030,975 |
| Governmental activities capital assets, net | $ 74,670,034 | $ (540,512) | $ 319,465 | $ 73,810,057 |

| | Balance July 1, 2009 | Additions/ Transfers | Deletions/ Transfers | Balance June 30, 2010 |
|---|---|---|---|---|
| **Primary government – enterprise funds** | | | | |
| Landfill and Recycling Fund: | | | | |
| Capital assets, not being depreciated: | | | | |
| Landfill site | $ 1,688,844 | $ - | $ - | $ 1,688,844 |
| Construction in progress | 116,196 | 34,574 | - | 150,770 |
| Total capital assets, not being depreciated | 1,805,040 | 34,574 | - | 1,839,614 |
| Capital assets, being depreciated: | | | | |
| Cell improvements | 8,289,523 | - | - | 8,289,523 |
| Buildings and improvements | 4,013,687 | - | - | 4,013,687 |
| Infrastructure | 854,306 | - | - | 854,306 |
| Machinery and equipment | 2,314,954 | 15,421 | 67,144 | 2,263,231 |
| Total capital assets, being depreciated | 15,472,470 | 15,421 | 67,144 | 15,420,747 |
| Less accumulated depreciation for: | | | | |
| Cell improvements | 2,248,321 | 370,469 | - | 2,618,790 |
| Buildings and improvements | 568,286 | 261,115 | - | 829,401 |
| Infrastructure | 383,441 | 47,930 | - | 431,371 |
| Machinery and equipment | 1,096,962 | 198,412 | 67,144 | 1,228,230 |
| Total accumulated depreciation | 4,297,010 | 877,926 | 67,144 | 5,107,792 |
| Total capital assets, being depreciated, net | 11,175,460 | (862,505) | - | 10,312,955 |
| Landfill and Recycling Fund capital assets, net | $ 12,980,500 | $ (827,931) | $ - | $ 12,152,569 |

## NOTE 8 – CAPITAL ASSETS (CONTINUED)

| | Balance July 1, 2009 | Additions/ Transfers | Deletions/ Transfers | Balance June 30, 2010 |
|---|---|---|---|---|
| **Primary government – enterprise funds (continued)** | | | | |
| Airport Fund: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 6,612,678 | $ - | $ - | $ 6,612,678 |
| Construction in progress | 197,147 | 33,706 | - | 230,853 |
| Total capital assets, not being depreciated | 6,809,825 | 33,706 | - | 6,843,531 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 2,977,276 | - | - | 2,977,276 |
| Infrastructure | 10,695,439 | - | - | 10,695,439 |
| Machinery and equipment | 348,953 | - | - | 348,953 |
| Total capital assets, being depreciated | 14,021,668 | - | - | 14,021,668 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 712,469 | 125,383 | - | 837,852 |
| Infrastructure | 3,573,656 | 1,028,804 | - | 4,602,460 |
| Machinery and equipment | 104,885 | 19,863 | - | 124,748 |
| Total accumulated depreciation | 4,391,010 | 1,174,050 | - | 5,565,060 |
| Total capital assets, being depreciated, net | 9,630,658 | (1,174,050) | - | 8,456,608 |
| Airport Fund capital assets, net | 16,440,483 | (1,140,344) | - | 15,300,139 |
| Total enterprise funds capital assets, net | $ 29,420,983 | $ (1,968,275) | $ - | $ 27,452,708 |

| | Balance July 1, 2009 | Additions/ Transfers | Deletions/ Transfers | Balance June 30, 2010 |
|---|---|---|---|---|
| **Component unit – School Board:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 5,161,809 | $ - | $ - | $ 5,161,809 |
| Construction in progress | 1,274,375 | 369,844 | 1,245,623 | 398,596 |
| Total capital assets, not being depreciated | 6,436,184 | 369,844 | 1,245,623 | 5,560,405 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 216,762,037 | 850,383 | 193,494 | 217,418,926 |
| Infrastructure | 2,251,705 | 2,506,966 | - | 4,758,671 |
| Machinery and equipment | 18,650,970 | 1,209,304 | 856,748 | 19,003,526 |
| Intangible assets | - | 392,416 | - | 392,416 |
| Total capital assets, being depreciated | 237,664,712 | 4,959,069 | 1,050,242 | 241,573,539 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 48,202,169 | 5,538,786 | - | 53,740,955 |
| Infrastructure | 762,552 | 168,211 | - | 930,763 |
| Machinery and equipment | 12,224,679 | 1,477,772 | 856,748 | 12,845,703 |
| Intangible assets | - | 392,416 | - | 392,416 |
| Total accumulated depreciation | 61,189,400 | 7,577,185 | 856,748 | 67,909,837 |
| Total capital assets, being depreciated, net | 176,475,312 | (2,618,116) | 193,494 | 173,663,702 |
| School Board capital assets, net | $ 182,911,496 | $ (2,248,272) | $ 1,439,117 | $ 179,224,107 |

## NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government and the component unit – School Board as follows:

| | | |
|---|---|---|
| **Primary government – governmental activities** | | |
| General government | $ | 549,921 |
| Judicial | | 221,704 |
| Public safety | | 1,678,380 |
| Public works | | 151,547 |
| Health and welfare | | 21,573 |
| Parks, recreation, and cultural | | 913,445 |
| Community development | | 26,100 |
| Total governmental activities | $ | 3,562,670 |

| | | |
|---|---|---|
| **Primary government – enterprise funds** | | |
| Landfill and Recycling Fund | $ | 877,926 |
| Airport Fund | | 1,174,050 |
| Total enterprise funds | $ | 2,051,976 |

| | | |
|---|---|---|
| **Component unit – School Board** | $ | 7,577,185 |

Note: Additions to intangible assets include a reclassification of fully depreciated software previously reported in the machinery and equipment category.

## NOTE 9 – LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

Governmental Activities:

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

| | Capital Leases | | Revenue Bonds | | General Obligation Bonds | |
|---|---|---|---|---|---|---|
| Fiscal Year | Principal | Interest | Principal | Interest | Principal | Interest |
| 2011 | $ 703,083 | $ 198,382 | $ 351,000 | $ 371,035 | $ 7,540,000 | $ 4,869,820 |
| 2012 | 748,344 | 155,962 | 360,000 | 356,700 | 7,505,000 | 4,497,055 |
| 2013 | 670,680 | 120,648 | 379,000 | 342,014 | 7,195,000 | 4,128,037 |
| 2014 | 580,000 | 95,600 | 389,000 | 326,730 | 7,190,000 | 3,768,517 |
| 2015 | 605,000 | 72,234 | 410,000 | 309,549 | 6,395,000 | 3,425,256 |
| 2016 | 630,000 | 45,613 | 431,000 | 289,944 | 6,395,000 | 3,098,733 |
| 2017 | 655,000 | 16,784 | 447,000 | 269,166 | 6,390,000 | 2,771,480 |
| 2018 | - | - | 469,000 | 247,168 | 6,040,000 | 2,452,865 |
| 2019 | - | - | 492,000 | 223,800 | 5,865,000 | 2,148,804 |
| 2020 | - | - | 515,000 | 199,639 | 5,865,000 | 1,851,489 |
| 2021 | - | - | 539,000 | 174,712 | 5,690,000 | 1,563,636 |
| 2022 | - | - | 318,000 | 154,572 | 5,465,000 | 1,286,218 |
| 2023 | - | - | 333,000 | 139,404 | 5,145,000 | 1,025,429 |
| 2024 | - | - | 349,000 | 123,513 | 5,140,000 | 784,518 |
| 2025 | - | - | 366,000 | 106,854 | 4,560,000 | 563,349 |
| 2026 | - | - | 384,000 | 89,379 | 4,375,000 | 359,912 |
| 2027 | - | - | 402,000 | 71,065 | 3,800,000 | 173,362 |
| 2028 | - | - | 421,000 | 51,889 | 1,700,000 | 43,350 |
| 2029 | - | - | 441,000 | 31,804 | - | - |
| 2030 | - | - | 462,000 | 10,765 | - | - |
| Total | $ 4,592,107 | $ 705,223 | $ 8,258,000 | $ 3,889,702 | $ 102,255,000 | $ 38,811,830 |

The following is a summary of long-term obligations of the County for the year ended June 30, 2010:

| | Balance July 1, 2009 | Additions | Retirements | Balance June 30, 2010 | Amount Due Within One Year |
|---|---|---|---|---|---|
| General long-term obligations: | | | | | |
| Capital leases | $ 5,255,423 | $ 3,565,000 | $ 4,228,316 | $ 4,592,107 | $ 703,083 |
| Revenue bonds | 2,260,000 | 6,153,000 | 155,000 | 8,258,000 | 351,000 |
| General obligation bonds | 110,170,000 | - | 7,915,000 | 102,255,000 | 7,540,000 |
| Premium on bonds payable | 4,827,397 | 335,122 | 567,487 | 4,595,032 | 581,356 |
| Deferred amount on refunding | (120,637) | (270,154) | (40,655) | (350,136) | (74,252) |
| Compensated absences | 3,134,878 | 2,758,652 | 2,499,221 | 3,394,309 | 339,431 |
| Long-term commitments | 12,284,916 | - | 72,382 | 12,212,534 | 136,768 |
| Incurred but not reported claims | 1,800,203 | - | 219,478 | 1,580,725 | 395,181 |
| Total general long-term obligations | $ 139,612,180 | $ 12,541,620 | $ 15,616,229 | $ 136,537,571 | $ 9,972,567 |

The General Fund revenues are used to liquidate compensated absences and other long-term obligations.

## NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

Details of long-term obligations are as follows:

| | Amount Outstanding | Amount Due Within One Year |
|---|---|---|
| Capital Leases: | | |
| $7,400,000 Public Safety Radio System 2002A, issued June 6, 2002, maturing annually beginning October 1, 2002 through April 1, 2017, with interest payable semiannually at rates from 3.10% to 5.35%. $3,550,000 of this bond was refunded in November, 2009 with the $3,565,000 Refunding Bond Series 2009B. | $ 500,000 | $ 500,000 |
| $3,565,000 Refunding Bond Series 2009B, issued November 19, 2009, maturing annually beginning April 1, 2010 through October 1, 2016, with interest payable semiannually at rates from 3.03% to 5.125%. | 3,565,000 | - |
| $1,700,000 Bealeton Library, issued July 15, 2002, due in semiannual installments beginning January 15, 2003 through July 15, 2012, with interest payable semiannually at 4.99%. | 527,107 | 203,083 |
| Total Capital Leases | 4,592,107 | 703,083 |
| Revenue Bonds: | | |
| $2,115,000 Refunding Bond of Series 2001A, issued June 17, 2009 maturing annually beginning October 1, 2009 through October 1, 2020 with interest payable semiannually at rates from 1.13% to 5.13%. | 2,105,000 | 160,000 |
| $6,153,000 IDA Lease Revenue Bond, issued October 2, 2009 maturing annually beginning May 1, 2010 through November 1, 2029, with interest payable semiannually at a rate of 4.66 %. | 6,153,000 | 191,000 |
| Total Revenue Bonds | 8,258,000 | 351,000 |
| General Obligation Bonds: | | |
| $24,630,000 Virginia Public School Authority Bonds, Refunding Series 1994A, issued January 3, 1994, maturing annually beginning June 15, 1994 through December 15, 2011, with interest payable semiannually at rates from 6.40% to 7.62%. | 625,000 | 325,000 |
| $9,000,000 Virginia Public School Authority Bonds 1996A, issued November 14, 1996, maturing annually beginning July 15, 1997 through July 15, 2016 with interest payable semiannually at rates from 5.10% to 6.10%. | $ 3,150,000 | $ 450,000 |

## NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

| | Amount Outstanding | Amount Due Within One Year |
|---|---|---|
| General Obligation Bonds (continued): | | |
| $3,500,000 Virginia Public School Authority Bonds, Series 1997B, issued November 20, 1997, maturing annually beginning July 15, 1998 through July 15, 2017, with interest payable semiannually at rates from 4.35% to 5.35%. | $ 1,400,000 | $ 175,000 |
| $3,500,000 Virginia Public School Authority Bonds, Series 1999A, issued November 29, 1999, maturing annually beginning July 15, 2000 through July 15, 2019, with interest payable semiannually at rates from 5.10% to 6.10%. | 1,750,000 | 175,000 |
| $4,575,000 Virginia Public School Authority Bonds, Series 2000A, issued November 16, 2000, maturing annually beginning July 15, 2001 through July 15, 2020, with interest payable semiannually at rates from 4.975% to 5.85%. | 2,505,000 | 230,000 |
| $8,495,000 General Obligation School Refunding Bonds, Series 2001, issued July 24, 2001, maturing annually from January 15, 2002 through July 15, 2013, with interest payable semiannually at rates from 3.00% to 4.60%. | 3,205,000 | 815,000 |
| $6,410,000 Virginia Public School Authority Bonds, Series 2001C, issued November 15, 2001, maturing annually from July 15, 2002 through July 15, 2021 with interest payable semiannually at rates from 3.10% to 5.35%. | 3,840,000 | 320,000 |
| $11,630,000 Virginia Public School Authority Bonds, Series 2003A, issued November 6, 2003, maturing annually from July 15, 2004 through July 15, 2023, with interest payable semiannually at rates from 3.10% to 5.35%. | 8,120,000 | 580,000 |
| $3,720,000 Virginia Public School Authority Bonds, Series 2004A, issued November 10, 2004, maturing annually from July 15, 2005 through July 15, 2024, with interest payable semiannually at rates from 4.10% to 5.60%. | 2,775,000 | 185,000 |
| $11,540,000 Virginia Public School Authority Bonds, Series 2005D, issued November 10, 2005, maturing annually from July 15, 2006 through July 15, 2025, with interest payable semiannually at rates from 4.60% to 5.10%. | 9,220,000 | 580,000 |
| $39,615,000 General Obligation Bond, Series 2006, issued October 11, 2006, maturing annually from July 1, 2007 through July 1, 2026, with interest payable semiannually at rates from 4.125% to 5.00%. | $ 35,000,000 | $ 2,000,000 |

## NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

| | | Amount Outstanding | | Amount Due Within One Year |
|---|---|---|---|---|
| General Obligation Bonds (continued): | | | | |
| $34,075,000 Virginia Public School Authority Bonds, Series 2007A, issued November 8, 2007, maturing annually from July 15, 2008 through July 15, 2027, with interest payable semiannually at rates from 4.35% to 5.10%. | $ | 30,665,000 | $ | 1,705,000 |
| Total General Obligation Bonds | | 102,255,000 | | 7,540,000 |
| Premium on bonds payable | | 4,595,032 | | 581,356 |
| Deferred amount on refunding | | (350,136) | | (74,252) |
| Compensated absences | | 3,394,309 | | 339,431 |
| Long-term commitments | | 12,212,534 | | 136,768 |
| Incurred but not reported claims | | 1,580,725 | | 395,181 |
| Total governmental activity long-term obligations | $ | 136,537,571 | $ | 9,972,567 |

PRIMARY GOVERNMENT

Business-type activities:

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

| | Capital Leases | | | |
|---|---|---|---|---|
| Fiscal Year | | Principal | | Interest |
| 2011 | $ | 298,000 | $ | 22,946 |
| 2012 | | 298,000 | | 11,473 |
| Total | $ | 596,000 | $ | 34,419 |

## NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of long-term obligations of the enterprise funds for the year ended June 30, 2010:

| | Balance July 1, 2009 | Additions | Retirements | Balance June 30, 2010 | Amount Due Within One Year |
|---|---|---|---|---|---|
| Business-type activities long-term obligations: | | | | | |
| Capital leases | $ 880,005 | $ - | $ 284,005 | $ 596,000 | $ 298,000 |
| Revenue bonds | 410,000 | - | 410,000 | - | - |
| Notes payable | 18,362 | - | 18,362 | - | - |
| Premium on bonds payable | 11,446 | - | 11,446 | - | - |
| Deferred amount on refunding | (9,965) | - | (9,965) | - | - |
| Compensated absences | 117,422 | 72,295 | 91,842 | 97,875 | 9,788 |
| Landfill closure and postclosure liability | 10,312,693 | 483,704 | - | 10,796,397 | - |
| Total business-type activity long-term obligations | $ 11,739,963 | $ 555,999 | $ 805,690 | $ 11,490,272 | $ 307,788 |

Details of long-term obligations are as follows:

| | Amount Outstanding | Amount Due Within One Year |
|---|---|---|
| Capital Leases: | | |
| $1,490,000 Equipment capital lease dated November 30, 2006, payable in annual installments beginning July 1, 2007 through July 1, 2011, with interest payable annually at 3.850%. | $ 596,000 | $ 298,000 |
| Compensated absences | 97,875 | 9,788 |
| Landfill closure and postclosure liability | 10,796,397 | - |
| Total business-type activity long-term obligations | $ 11,490,272 | $ 307,788 |

## NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

The following is a summary of long-term obligations of the School Board for the year ended June 30, 2010:

| | Balance July 1, 2009 | Additions | Retirements | Balance June 30, 2010 | Amount Due Within One Year |
|---|---|---|---|---|---|
| General long-term obligations: | | | | | |
| Compensated absences | $ 4,506,032 | $ 4,601,399 | $ 4,937,953 | $ 4,169,478 | $ 416,948 |
| Total general long-term obligations | $ 4,506,032 | $ 4,601,399 | $ 4,937,953 | $ 4,169,478 | $ 416,948 |

Details of long-term obligations are as follows:

| | Amount Outstanding | Amount Due Within One Year |
|---|---|---|
| Compensated absences, component unit | $ 4,169,478 | $ 416,948 |
| Total component unit long-term obligations | $ 4,169,478 | $ 416,948 |

## NOTE 10 – LONG-TERM COMMITMENTS

Fauquier County provides annual operating and capital contributions for 11 separately incorporated Volunteer Fire and Rescue Companies through a special Fire and Rescue levy. Three volunteer fire and rescue facilities have finalized loans through the United States Department of Agriculture Rural Development program (USDA) to fund construction and renovations and one is currently pending. The County has provided USDA moral obligation letters guaranteeing funding support for each of the four volunteer fire and rescue companies. All assets are owned by the respective volunteer fire and rescue companies. Payment for annual debt service will be made from the Fire and Rescue Special Revenue Fund as a contribution to the individual stations. The required debt service reserve of 10% annually for 10 years will be funded from the Fire and Rescue Levy and will accumulate in restricted cash accounts in the fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements. The USDA loans provide for 2 years of interest only payments based on the drawdown of funds for the Warrenton and Catlett loans

Annual requirements to amortize long-term commitments and related interest have been estimated according to information provided by USDA and are as follows:

| Fiscal Year | Principal | Interest |
|---|---|---|
| 2011 | $ 136,768 | $ 516,680 |
| 2012 | 142,551 | 510,897 |
| 2013 | 148,579 | 504,869 |
| 2014 | 154,861 | 498,587 |
| 2015 | 161,410 | 492,038 |
| 2016-2020 | 915,389 | 2,351,851 |
| 2021-2025 | 1,126,015 | 2,141,225 |
| 2026-2030 | 1,385,120 | 1,882,120 |
| 2031-2035 | 1,703,866 | 1,563,374 |
| 2036-2040 | 2,095,984 | 1,171,256 |
| 2041-2045 | 2,578,369 | 688,871 |
| 2046-2048 | 1,663,624 | 136,650 |
| Total | $ 12,212,534 | $ 12,458,420 |

The following is a summary of long-term commitments of the County for the year ended June 30, 2010:

| | Balance July 1, 2009 | Additions | Retirements | Balance June 30, 2010 | Amount Due Within One Year |
|---|---|---|---|---|---|
| General long-term commitments: | | | | | |
| USDA Notes | $ 12,284,916 | $ - | $ 72,382 | $ 12,212,534 | $ 136,768 |

## NOTE 10 – LONG-TERM COMMITMENTS (CONTINUED)

Details of long-term commitments are as follows:

| | | Amount Outstanding | | Amount Due Within One Year |
|---|---|---|---|---|
| USDA Loans: | | | | |
| $2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%. | $ | 2,867,172 | $ | 34,182 |
| $985,000 issued to Warrenton Volunteer Fire Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2011 through February 20, 2048, with interest payable annually at 4.375%. | | 985,000 | | 10,540 |
| $2,900,000 issued to Catlett Volunteer Fire and Rescue Company, Inc., on September 25, 2007, due in annual installments for principal and interest beginning September 25, 2010 through September 25, 2047, with interest payable annually at 4.250%. | | 2,900,000 | | 31,929 |
| $1,715,000 issued to Catlett Volunteer Fire and Rescue Company, Inc., on September 25, 2007, due in annual installments for principal and interest beginning September 25, 2010 through September 25, 2047, with interest payable annually at 4.250%. | | 1,715,000 | | 18,883 |
| $3,784,916 issued to Remington Volunteer Fire and Rescue Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2010 through February 20, 2048, with interest payable annually at 4.250%. | | 3,745,362 | | 41,234 |
| Total long-term commitments | $ | 12,212,534 | $ | 136,768 |

## NOTE 11 – SHORT-TERM DEBT

PRIMARY GOVERNMENT

Governmental Activities:

In July 2009, the County entered into a line of credit agreement with Middleburg Bank to provide up to $1,000,000 of short-term financing for an upgrade to the Vint Hill Sewer Treatment Plant. A total of $855,000 was drawn on the line of credit and repaid with the proceeds of a long-term financing through the Industrial Development Authority in October 2009.

| | Balance July 1, 2009 | Additions | Retirements | Balance June 30, 2010 |
|---|---|---|---|---|
| General short-term commitments: | | | | |
| Line of Credit | $ - | $ 855,000 | $ 855,000 | $ - |

## NOTE 12 – CONSTRUCTION COMMITMENTS

At June 30, 2010, the County has several major projects in its capital projects fund under construction which are summarized below. These balances are included in the capital projects fund reservation for encumbrances.

| Project Name | Contractor | Contract Amount | Expended to Date | Balance |
|---|---|---|---|---|
| Academic Avenue Extension | Anderson Company | $ 766,515 | $ 704,015 | $ 62,500 |
| Fauquier Fire Training Facility | Miller Brothers | 733,351 | 403,293 | 330,058 |
| Bealeton Depot Renovation | Total Construction | 238,878 | 234,246 | 4,632 |
| Total | | $ 1,738,744 | $ 1,341,554 | $ 397,190 |

## NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

Federal programs in which the County and School Board participate were audited in accordance with the provisions of the 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 the audit, the Federal Government may subject grant programs to additional compliance tests that may result in disallowed expenses. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

## NOTE 14 – CLAIMS AND LITIGATION

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The estimated potential claims against the County, resulting from such litigation, should not materially affect the financial statements of the County.

## NOTE 15 – 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 of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% 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 an 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.

Professional and non-professional employees of the School Board are also covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool, and non-professional employees participate as a separate group in the agent multiple-employer retirement system.

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 the website at http://www.varetire.org/Pdf/Publications/2009annurept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

### B. Funding policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their annual salary to the VRS. Fauquier County (County) and the Fauquier County School Board (School Board) have assumed this 5.00% member contribution. In addition, the County and the School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees.

The County and School Board non-professional employees' contribution rates for the annual covered payroll for fiscal year ended June 30, 2010 were:

| | County | Non-Professional School Board |
|---|---|---|
| Employer contribution rates | | |
| July 1, 2009 – June 30, 2010 | 7.75% | 6.00% |
| Employee contribution rates (paid by employer) | | |
| July 1, 2009 – June 30, 2010 | 5.00% | 5.00% |
| Total contribution rates | | |
| July 1, 2009 – June 30, 2010 | 12.75% | 11.00% |

Total contributions made by the School Board to the VRS statewide teacher cost-sharing pool for professional employees of the schools for the fiscal year ending June 30, 2010 was $8,042,281. These contributions represented a rate of 13.81% of current covered payroll for the period July, 2009 through March, 2010, and the employee only portion rate of 5% for April, 2010 through June, 2010 due to an employer contribution rate premium holiday enacted by the Governor for the fourth quarter of fiscal year 2010. For the two prior fiscal years ending June 30, 2009 and 2008, the total contributions were $9,585,544 and $10,057,955, respectively, and these contributions represented 13.81% and 15.30%, respectively, of current covered payroll.

**C. Annual pension cost (APC)**

For fiscal year 2010, the County's annual pension cost of $3,369,065 was equal to the County's required and actual contributions which included the 5.00% member contribution assumed by the County on behalf of the employees and the 7.75% employer's share. In fiscal year 2010, the School Board's annual pension cost for non-professional employees was $795,271 which was equal to the School Board's required and actual contributions, which included the 5.00% member contribution assumed by the School Board on behalf of the employees and the 6.00% employer's share. The required contributions were determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method.

**D. Trend information**

County:

| Fiscal Year Ending | | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| June 30, 2008 | $ | 3,269,647 | 100% | - |
| June 30, 2009 | | 3,467,198 | 100% | - |
| June 30, 2010 | | 3,369,065 | 100% | - |

Component unit – School Board:

| Fiscal Year Ending | | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| June 30, 2008 | $ | 474,253 | 100% | - |
| June 30, 2009 | | 786,648 | 100% | - |
| June 30, 2010 | | 795,271 | 100% | - |

**E. Funded status and funding progress**

The funding status of the Virginia Retirement System pension plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

County:

| Valuation Date | | Actuarial Value of Assets (AVA) | | Actuarial Accrued Liability (AAL) | | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL | | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|---|---|---|---|
| June 30, 2009 | $ | 60,812,019 | $ | 68,173,097 | $ | 7,361,078 | 89.20% | $ | 26,792,214 | 27.47% |

Component unit – School Board:

| Valuation Date | | Actuarial Value of Assets (AVA) | | Actuarial Accrued Liability (AAL) | | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL | | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|---|---|---|---|
| June 30, 2009 | $ | 15,791,261 | $ | 15,453,376 | $ | (337,885) | 102.19% | $ | 7,220,497 | -4.68% |

## NOTE 15 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

### F. Actuarial methods and assumptions

Actuarial methods

The entry age actuarial cost method was used for the actuarial valuation, including the required contributions. The actuarial value of the County's and 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.

Actuarial assumptions

The actuarial assumptions at June 30, 2009 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 and school board employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost of living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The 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, 2009 was 20 years.

### G. Postemployment benefits

The School Board provides limited postretirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Retirees are granted the option to participate by paying 100% of their monthly health insurance premium to Fauquier County or to the carrier of their choice less $4.00 per month per year of service with no maximum credit. As of the end of fiscal year 2010 there were 267 retirees participating in the health insurance credit program. The plan is financed by payments from the School Board to VRS. The School Board currently participates in the VRS statewide teacher cost-sharing credit pool. The total contributions made by the School Board to the VRS credit program for professional employees of the schools for the three fiscal years ending June 30, 2010, 2009, and 2008 were $540,941, $749,947, and $762,743, respectively.

## NOTE 16 – FIRE AND RESCUE PENSION TRUST LENGTH OF SERVICE AWARDS PROGRAM

### A. Plan description and provisions

On January 1, 1995, the Fauquier County Board of Supervisors adopted the Fire and Rescue Pension Trust Length of Service Awards Program for the Fauquier County Fire and Rescue Association and its member companies to recognize the service provided by the volunteers. The plan was active until January 1, 2002, at which time the Fauquier County Board of Supervisors, at the recommendation of the Fire and Rescue Association, froze all member benefits in the plan. The plan is a single employer defined benefit pension plan which was open to any volunteer firefighter over the age of eighteen. Participants vested in five years and earned a fixed dollar benefit based on years of service. The amortization period is closed. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

As of January 1, 2010, the program membership consisted of the following:

| | |
|---|---|
| Eligible Members | 115 |
| Retirees and beneficiaries | 31 |

## NOTE 16 – FIRE AND RESCUE PENSION TRUST LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

### B. Funding policy

This plan is available to vested volunteer members with no covered payroll. Benefits are amortized on a level dollar basis. They are recognized when due and payable in accordance with the terms of the plan. Benefits accrue at the rate of $10 per month for each two years of active service prior to January 1, 1985, and $10 per year of service completed between January 1, 1985 and January 1, 1995, with a maximum of $250 per month. Since the County fully funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using a projected unit credit funding method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.00% compounded annually which reflects the actuary's best estimate of long term investment results. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the fiscal year ended June 30, 2010, totaled $273,262. The program's funding policy provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2010, the plan had net assets available for benefits totaling $1,160,750. Unfunded past service costs total $367,568 and will be fully amortized in 2 years. The plan additions fund the cost of administering the plan.

| Fiscal Year Ending | | Annual Pension Cost (APC) | Percentage of APC Contributed |
|---|---|---|---|
| June 30, 2008 | $ | 265,245 | 100% |
| June 30, 2009 | | 248,749 | 100% |
| June 30, 2010 | | 273,262 | 100% |

The funded status of the Fire and Rescue Pension Trust Length of Service Awards Program as of December 31, 2009, the most recent actuarial valuation date, is as follows:

| Actuarial Valuation Date | | Actuarial Value of Assets (AVA) | | Actuarial Accrued Liability (AAL) | | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL |
|---|---|---|---|---|---|---|---|
| December 31, 2009 | $ | 1,076,896 | $ | 1,444,464 | $ | 367,568 | 74.55% |

The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

## NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

### A. Plan description and provisions

The Fauquier County Government and Public Schools Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The published insurance rates are based primarily on the healthcare usage of active employees. Retirees pay 100% of the published rates. Since retirees use healthcare at a rate much higher than active employees, using these blended rates creates a hidden subsidy for the retiree group. Employees who terminate prior to employment eligibility are not eligible to participate in the plan. Dependents, including surviving spouses, are permitted access to plan coverage. Disabilities must meet service retirement eligibilities to gain access to the plan.

General and public safety employees are eligible to retire at age 50 with 15 years of service. School employees must be eligible to retire under the Virginia Retirement System (VRS). Plan participants are eligible for coverage based upon normal retirement at age 65 with 5 years of service or at age 50 with 30 years of service, or early retirement at age 50 with 10 years of service or at age 55 with 5 years of service, in accordance with the eligibility provisions of VRS. The plan is administered by the County and has no separate financial report.

The School Board provides limited post-retirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Eligible employees receive a retiree health insurance credit for all teachers of $4.00 per month per year of service with no cap. The plan is financed by payments from the School Board to VRS. Additional information on this plan may be found in Note 15, section G.
The County participates in the Virginia OPEB Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

## B. Funding policy

Benefit levels, employee contributions, and employer contributions are governed by the County and may be amended by the County. The County establishes employer contribution rates for plan participants and determines annual funding for the plan as part of the budgetary process each year. For participating retirees and their dependents, including surviving spouses, the retiree contributes 100% of the published rates. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed to access the plan.

As of June 30, 2010, membership consisted of:

| | |
|---|---|
| Retirees and beneficiaries | 48 |
| Active employees | 1939 |

## C. Annual OPEB cost and Net pension Obligation (Assets)

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare costs as of July 1, 2009. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (UAAL) at $6,544,000 and an Annual Required Contribution (ARC) of $838,000. The County and School Board have paid $368,000 towards this obligation during fiscal year 2010, the estimated pay as you go cost for OPEB benefits, and in addition contributed $488,000 to the Trust Fund, an $18,000 in excess of the ARC. The calculation was based on a 7.5% discount rate and the amortization of the UAAL over 29 years.

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.

For fiscal year 2010, the County's and School Board's actual cash payment was $18,000 over the expected cash payment of $838,000 and that of the OPEB cost. The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 are as follows;

| Fiscal Year Ending | Annual OPEB Cost | Percentage of ARC Contributed | Net OPEB Obligation/(Assets) |
|---|---|---|---|
| June 30, 2009 | $ 802,000 | 100% | $ - |
| June 30, 2010 | 838,000 | 102% | (18,000) |

## D. Trend information

As of July 1, 2009 the annual healthcare cost trend rate is 8.5%, trending down over the next five years to a rate of 5.7% for future years.

**E. Funded status and funding progress**

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 shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the Actuarial Accrued Liability (AAL).

The funded status of the Other Postemployment Benefits Program as of July 1, 2009, the most recent actuarial valuation date, is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| July 1, 2009 | $ 488,000 | $ 6,544,000 | $ 6,544,000 | 7.46% | $ 102,868,756 | 6.36% |

The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

**F. Actuarial methods and assumptions**

Actuarial methods

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 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 in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected Unit Credit Actuarial Cost Method was used. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Actuarial assumptions

The actuarial assumptions of the plan as of July 1, 2009 include a discount rate of 7.5%, payroll growth of 3.5%, and an annual healthcare cost trend rate of 8.5 %. The remaining amortization period at June 30, 2010 for the UAAL is 29 years. The UALL is being amortized as a level percentage of projected payroll on an open basis.

## NOTE 18 – DEBT DEFEASANCE

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2010, $2,165,000 of bonds outstanding are considered defeased.

On November 19, 2009 the County issued $3,565,000 of Refunding Bonds through the Virginia Resource Authority (VRA) to advance refund $3,550,000 of outstanding Lease Revenue Bonds, Series 2002A. The net proceeds of $3,820,154, net issuance costs of $75,295, were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments on the 2002 series bonds. As a result, the Lease revenue Bonds which mature between October 1, 2011 and October 16, 2016, are considered to be defeased and the liability for these bonds has been removed from the statement of net assets. The County advance refunded the 2002 series bonds to reduce its total debt service payments over the next seven years by $184,854 and to obtain an economic gain (net present value savings) of $140,072. The reacquisition price exceeded the carrying value of the old debt by $270,154. This amount is being netted against the new debt, and is amortized over the life of the loan.

## NOTE 19 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Fauquier, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $10,796,397 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 50.87% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of $25,895. The County will recognize the remaining estimated cost of closure and postclosure care of $5,079,863 on the new landfill as the remaining estimated capacity is used. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. The County expects to construct an additional cell to the new landfill in 2013 which will add disposal capacity and defer closure for a minimum of 30 years. While the old landfill has reached 100% capacity, the County's intention is to partially reclaim capacity through mining a significant portion of the landfill recyclable Construction and Demolition materials. The County expects to add 10-20 years of disposal capacity and defer closure of the old landfill area by approximately 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues.

The County demonstrated financial assurance requirements for closure and postclosure care costs through the submission of a local government Financial Test to the Virginia Department of Environment Quality, in accordance with Section 9VAC20-70 of the *Virginia Administrative Code*.

## NOTE 20 – FUND BALANCES

Reserved fund balances are a portion of the governmental funds that are not available for appropriation. Encumbrances are not included in current-year expenditures or liabilities, but represent commitments for future expenditures. Long-term receivables represent the amount due from the Airport Fund that will not be received in the next fiscal year.

Reserved Fund Balances as of June 30, 2010:

**Primary government**

| | General Fund | Capital Projects Fund | Other Governmental Funds | Total Primary Government |
|---|---|---|---|---|
| **Reserved for:** | | | | |
| Encumbrances - County | $ 318,481 | $ 1,826,287 | $ 52,652 | $ 2,197,420 |
| Long-term receivables | 216,224 | - | - | 216,224 |
| Prepaid assets | 35,069 | 823,821 | 111,231 | 970,121 |
| Grants and seizure funds | 117,427 | - | 250,470 | 367,897 |
| Inventories | - | - | 376,091 | 376,091 |
| Bond covenant | - | - | 35,786 | 35,786 |
| Total | $ 687,201 | $ 2,650,108 | $ 826,230 | $ 4,163,539 |

**Component unit – School Board**

| | School General Fund | Food Nutrition Fund | Total Component unit – School Board |
|---|---|---|---|
| **Reserved for:** | | | |
| Encumbrances | $ 240,209 | $ - | $ 240,209 |
| Grants | 5,000 | - | 5,000 |
| Inventories | - | 65,142 | 65,142 |
| Total | $ 245,209 | $ 65,142 | $ 310,351 |

Designated fund balances are for future years' expenditures including the reappropriation of portions of the fiscal year 2010 budget and the appropriation of undesignated fund balance for utilization in a future period.

Designated Fund Balances as of June 30, 2010:

**Primary government**

| | General Fund | Other Governmental Funds | Total Primary Government |
|---|---|---|---|
| **Designated for:** | | | |
| Revenue shortfall | $ 1,414,500 | $ - | $ 1,414,500 |
| Future years' expenditures | 7,338,400 | 487,169 | 7,825,569 |
| Total | $ 8,752,900 | $ 487,169 | $ 9,240,069 |

Designated unreserved fund balances represent management's intended future use of resources and are available for appropriation.

## NOTE 21 – RISK MANAGEMENT

### A. County government

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The identification and analysis of exposures to risk, implementation of risk control techniques, and utilization of appropriate risk financing alternatives accomplish management of these risks.

The County Government is a member of the Virginia Association of Counties Risk Pool (VACoRP) insurance programs for its property, automobile, liability, public officials, and workers' compensation coverage. This pool is a non-profit, tax-exempt association. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VACoRP contributions and assessments based upon classifications 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 carries commercial insurance for all other risks of loss, including airport liability. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

### B. Component unit – School Board

The School Board is a member of the Virginia Association of Counties Risk Pool (VACoRP) for its property, automobile, and workers' compensation coverage.

The public officials' liability coverage is provided through the Commonwealth of Virginia – VA Risk2 program. The School Board carries commercial insurance for the athletic accident policy and each high school is a member of the Virginia High School League for liability catastrophe insurance.

In the event the pool, VACoRP, incurs a loss deficit and depletion of all available excess insurance, the pool 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.

### C. Fire and Rescue Association component

The Fire and Rescue Association (Association) contract administration is handled through the Department of Fire, Rescue, and Emergency Management. The Association carries commercial insurance for the property, automobile, and liability coverage. Companion covers the workers' compensation policy and Provident carries the accident and sickness policy.

### D. Health and Dental benefit program component

Health and Dental Insurance: The group medical and dental insurance programs for the County and the School Board are combined into one overall funding program. Anthem Blue Cross Blue Shield administers the group health insurance program and Delta Dental of Virginia administers the group dental insurance for employees, their dependents, and retirees.

The Anthem plans are self insured by the County and the School Board. A fund has been established into which payroll medical insurance deductions, as well as the employer's contribution, are deposited. Anthem processes claims from the hospitals, doctors, and other health care providers. The employer is then billed for these paid claims and must reimburse Anthem for these costs. The program is a minimum premium design subject to an aggregate attachment point and a specific stop loss of $150,000.

The Delta Plans are fully insured by Delta Dental of Virginia. This means that the employer has to set up a fund into which payroll dental insurance deductions, as well as the employer's share of the premiums are deposited.

## NOTE 21 – RISK MANAGEMENT (CONTINUED)

Delta processes claims, from dentists and other dental providers, and pays these claims. The employer is only responsible for the premiums set by Delta Dental of Virginia.

Liabilities for unpaid claims and claim adjustment expenses are estimated based on the estimated ultimate cost of settling the claims, including the effects of trend factors including inflation and other societal and economic factors.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

| | 2009 | 2010 |
|---|---|---|
| Unpaid claims, beginning of fiscal year | $ 1,514,919 | $ 1,800,203 |
| Incurred claims, (including IBNR) | 14,775,098 | 14,125,488 |
| Claim payments | 14,489,814 | 14,344,966 |
| Unpaid claims, end of fiscal year | $ 1,800,203 | $ 1,580,725 |

## NOTE 22 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

**Northwestern Regional Adult Detention Center**

The Clarke-Fauquier-Frederick-Winchester Jail Board was created in 1987 to construct and operate the Clarke-Fauquier-Frederick-Winchester Regional Adult Detention Center, renamed the Northwestern Regional Adult Detention Center (Center) in fiscal year 2006. The Center charges, on an inmate per diem basis, other localities and the Federal Government for their prisoners placed in the jail. The fourteen member board consists of four members each from the County of Frederick and the City of Winchester, and three each from the Counties of Clarke and Fauquier. In fiscal year 2006, the Northwestern Regional Jail Authority was created for the purpose of issuing revenue bonds for the construction of a new facility. The County and other participants have no equity interest in the jail. The County made operating contributions for 17.91% of the regional jail's operating expenses, including debt service, totaling $1,361,828 in fiscal year 2010.

Additional information may be obtained by writing to the Northwestern Regional Adult Detention Center at 141 Fort Collier Road, Winchester, Virginia 22603 or visiting the website at www.nradc.com.

**Fauquier County Industrial Development Authority**

The Fauquier County Industrial Development Authority (Authority) is empowered to issue bonds to finance facilities qualifying under the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the *Code of Virginia*. The Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Board. The Authority is empowered to, among other things, issue tax-exempt revenue bonds in accordance with the Act, acquire, own, lease, and dispose of properties, promote industry, and develop trade in the County.

The Board approves the issuance of industrial development bonds solely to qualify such bonds for tax-exemption. These bonds do not constitute indebtedness of the County and are secured solely as revenues received from the borrowers. The County has no financial responsibility for the day-to-day financial transactions of the Authority.

Additional information may be obtained by writing to the Fauquier County Industrial Development Authority at Fauquier County Board of Supervisors, 10 Hotel Street, Warrenton, Virginia 20186 or visiting the website at www.fauquiercounty.gov/Government/Committees/inddevauth/.

**Fauquier County Water and Sanitation Authority**

The Fauquier County Water and Sanitation Authority (Authority) is authorized under the Virginia Water and Waste Authorities Act, Section 15.2-5100 of the *Code of Virginia*. The Authority is governed by a five member board appointed by the Fauquier County Board of Supervisors to serve a four year term, however the Board does not have the ability to direct the members of the Authority with respect to carrying out the Authority's fiscal and management functions. The Authority is authorized to acquire, construct, operate, and maintain an integrated water and sewer system in the County and set the rates and charges for these services. User charges and bond issues principally finance the Authority's operations and capital funds. The Authority is not fiscally dependent on the County and is solely responsible for all of its outstanding debt.

Additional information, including financial reports, may be obtained by writing to the Fauquier County Water and Sanitation Authority at 7172 Kennedy Road – Vint Hill Farms, Warrenton, Virginia 20187 or visiting the website at www.fcwsa.org.

**Northern Virginia Health Center Commission**

The Northern Virginia Health Center Commission (NVHCC) is a legal entity established in 1987 by five Northern Virginia jurisdictions (Fauquier County, Fairfax County, Prince William County, Loudoun County, and the City of Alexandria) to develop and operate a nursing facility. Each of the five jurisdictions contributes annually to Birmingham Green Nursing Center and Birmingham Green Assisted Living Unit based on budgeted utilization for a percentage of nursing home beds for low income residents of each locality. In fiscal year 2010, Fauquier County contributed a total of $62,634.

Additional information may be obtained by writing to the Northern Virginia Health Center Commission at 8605 Centreville Road, Manassas, Virginia 20110-8426 or visiting the website at www.birminghamgreen.org.

**Birmingham Green Adult Care Residence**

The Birmingham Green Adult Care Residence (Residence) was established in 1997 by five Virginia jurisdictions (Fauquier County, Fairfax County, Loudoun County, Prince William County, and the City of Alexandria) to provide housing and long-term care for the benefit of low income persons. The Residence operates a sixty-four bed assisted living facility. In fiscal year 2010, Fauquier County contributed a total of $228,694.

Additional information may be obtained by writing to the Northern Virginia Health Center Commission at 8605 Centreville Road, Manassas, Virginia 20110-8426 or visiting the website at www.birminghamgreen.org.

**Mountain Vista Regional Governor's School**

The Mountain Vista Regional Governor's School was established in 2007 by seven school divisions (Clarke County, Culpeper County, Fauquier County, Frederick County, Rappahannock County, Warren County, and the City of Winchester) to jointly own and operate a regional governor's school. The governing board has appointed Fauquier County to serve as fiscal agent of the governor's school. Each of the seven school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2010, the Fauquier County School Board contributed a total of $178,009 with $504,358 contributed from the other participating counties.

Additional information may be obtained by writing to the Mountain Vista Regional Governor's School at Lord Fairfax Community College, 6480 College Street, Warrenton, Virginia 20187 or Lord Fairfax Community College, 173 Skirmisher Lane, Middletown, Virginia 22645 or visiting the website at mvgshome.org.

## NOTE 22 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

**Rappahannock-Rapidan Regional Commission**

The Rappahannock-Rapidan Regional Commission was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints two of the twenty-one board members, however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Additional information may be obtained by writing to the Rappahannock-Rapidan Regional Commission at 420 Southridge Parkway, Suite 106, Culpeper, Virginia 22701 or visiting the website at www.rrregion.org.

**Rappahannock-Rapidan Community Services Board and Area Agency on Aging**

The Rappahannock-Rapidan Community Services Board and Area Agency on Aging was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints three of the fifteen board members, however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Additional information, including financial reports, may be obtained by writing to the Rappahannock-Rapidan Community Services Board and Area Agency on Aging at P.O. Box 1568, Culpeper, Virginia 22701 or visiting the website at www.rrcsb.org.

## NOTE 23 – SURETY BONDS

| Commonwealth of Virginia Faithful Performance of Duty Bond Plan (Obligee) by and through Travelers Casualty and Surety Company of America of Hartford, Connecticut – Surety | | Amount |
|---|---|---|
| Gail H. Barb, Clerk of the Circuit Court | $ | 480,000 |
| Elizabeth A. Ledgerton, Treasurer | | 750,000 |
| Ross W. D'Urso, Commissioner of the Revenue | | 3,000 |
| Charlie Ray Fox, Jr., Sheriff | | 30,000 |
| Above constitutional officers' employees – blanket bond | | 500,000 |
| Virginia Association of Counties Group Self Insurance Risk Pool – Public Employees Dishonesty Coverage | | |
| All County employees and volunteers | $ | 500,000 |
| Virginia Association of Counties Group Self Insurance Risk Pool | | |
| All School employees including Clerk of the School Board | $ | 250,000 |

## NOTE 24 – COMMITMENTS UNDER NONCAPITALIZED LEASES

The County leases the following property:

| Property | | Annual Payments |
|---|---|---|
| Lee and John Marshall Street, Corner Parking Lot | $ | 6,000 |
| Registrar's Office, 32 Waterloo Street | | 39,338 |
| Economic Development Office, 35 Culpeper Street | | 23,382 |
| Department of Social Services, 70 Main Street | | 68,711 |
| Reassessment Office, 98 Alexandria Pike | | 46,353 |

All leases are subject to annual appropriation of rental payments.

## NOTE 25 – SUBSEQUENT EVENTS

In December 2009, the Fauquier County Board of Supervisors passed a resolution authorizing a moral obligation letter guaranteeing funding support up to $5,703,000 for the construction of a New Baltimore Fire and Rescue Station. A loan through the United States Department of Agriculture (USDA) is expected to close before the end of calendar year 2010. Debt service payments will be made from a dedicated special Fire and Rescue Levy.

## NOTE 26 – IMPLEMENTED AND PENDING GASB STATEMENTS

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Guidance is provided relating to the accounting and financial reporting for intangible assets to reduce inconsistencies in reporting and improve comparability among the state and local governments. This statement is effective for periods beginning after June 15, 2009. The County implemented this standard in fiscal year 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Financial reporting is improved by requiring derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, to be reported at fair value. This statement is effective for periods beginning after June 15, 2009. The County does not own any derivatives and therefore is not affected by this statement.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It clarifies the existing governmental fund type definitions and improves the comparability of governmental fund financial statements. This statement is effective for periods beginning after June 15, 2010. The County will implement this standard in fiscal year 2011.

In March 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments in the Governmental Accounting Standards Board's (GASB) authoritative literature. The requirements of this statement are effective upon issuance and do not result in a change of current practice.

In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement incorporates into the GASB authoritative literature existing guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing

Standards. The requirements of this statement are effective upon issuance and do not result in a change of current practice.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement amends Statement No.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual employer OPEB plan fewer than 100 total plan members to use an alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan it participates. This statement also addresses issues related to the use of the alternative measurement method, frequency, and timing of measurements. It is effective for financial statements for periods beginning after June 15, 2011. The County will be implementing this standard in fiscal year 2011.

In January 2010, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. This statement is effective for reporting periods beginning after June 15, 2009. The requirements of this statement are effective upon issuance and do not impact the County's current practice.

In June, 2010 GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this statement is to update and improve existing standards regarding reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement is effective for periods after June 15, 2010. The County will be implementing this standard in fiscal year 2011.
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## REQUIRED SUPPLEMENTARY INFORMATION

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**Exhibit 13**

**Schedule of Funding Progress**
**Virginia Retirement System, Fire and Rescue Pension Trust Length of Service Awards Program,**
**and Other Postemployment Benefits Program**
**Fiscal Year Ended June 30, 2010**

**Virginia Retirement System**

**County:**

| Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| June 30, 2007 | $ 50,407,124 | $ 55,645,137 | $ 5,238,013 | 90.59% | $ 25,864,391 | 20.25% |
| June 30, 2008 | 57,496,637 | 63,966,121 | 6,469,484 | 89.89% | 26,828,399 | 24.11% |
| June 30, 2009 | 60,812,019 | 68,173,097 | 7,361,078 | 89.20% | 26,792,214 | 27.47% |

**Component unit − School Board:**

| Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| June 30, 2007 | $ 13,445,694 | $ 12,874,773 | $ (570,921) | 104.43% | $ 6,333,746 | -9.01% |
| June 30, 2008 | 14,985,994 | 14,225,287 | (760,707) | 105.35% | 6,507,043 | -11.69% |
| June 30, 2009 | 15,791,261 | 15,453,376 | (337,885) | 102.19% | 7,220,497 | -4.68% |

Analysis of the dollar amounts of the actuarial value of assets (AVA), actuarial accrued liability (AAL), and unfunded actuarial accrued liability (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (see funded ratio) provides one indication of the program's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker.

**Fire and Rescue Pension Trust Length of Service Awards Program**

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL |
|---|---|---|---|---|
| December 31, 2007 | $ 774,144 | $ 1,437,122 | $ 662,978 | 53.90% |
| December 31, 2008 | 909,474 | 1,420,651 | 511,177 | 64.02% |
| December 31, 2009 | 1,076,896 | 1,444,464 | 367,568 | 74.55% |

**Other Postemployment Benefits Program**

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio Assets as % of AAL | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| July 1, 2008 | $ - | $ 6,452,000 | $ 6,452,000 | 0.00% | $ 103,755,221 | 6.22% |
| July 1, 2009 | 488,000 | 6,544,000 | 6,544,000 | 7.46% | 102,868,756 | 6.36% |

Historical trend information about these programs is presented above as required supplementary information. This information is intended to help users assess each program's funding status on an on-going basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

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# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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## NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than bond proceeds for major capital projects that are legally restricted to expenditures for specified purposes.

The *Parks and Recreation Fund* is used to account for private donations to support parks and recreation facilities and programs.

The *Library Fund* is used to account for private donations to support library facilities and programs.

The *Conservation Easement Service District Fund* is used to account for a special levy on assessed real estate to support the County's Purchase of Development Rights Program.

The *Fire and Rescue Fund* is used to account for the fire and rescue levy assessed on real estate to support the volunteer fire and rescue companies.

The *Ambulance Revenue Fund* is used to account for transactions related to ambulance services.

The *Proffer Fund* is used to account for contributions from developers to support the impact on infrastructure from new housing growth.

The *Affordable Housing Fund* is used to account for state funding to support the production, preservation, and rehabilitation of housing for families with low to moderate incomes.

The *Vint Hill Transportation Fund* is used to account for contributions from developers to support the expansion of roads in the Vint Hill area.

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 14**
**Page 1 of 2**

**Combining Balance Sheet**
**Nonmajor Governmental Funds**
**June 30, 2010**

| | | Parks and Recreation Fund | | Library Fund | | Conservation Easement Service District Fund | | Fire and Rescue Fund | | Ambulance Revenue Fund |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| Cash, cash equivalents, and investments | $ | 17,709 | $ | - | $ | 977,347 | $ | 2,444,217 | $ | 621,449 |
| Cash, cash equivalents, and investments - restricted | | 186,424 | | 79,452 | | - | | 35,786 | | - |
| Receivables, net of allowance for uncollectibles: | | | | | | | | | | |
| Taxes, including penalties | | - | | - | | 52,577 | | 227,263 | | - |
| Accounts | | - | | - | | 1,077 | | 7,450 | | 682,922 |
| Prepaid assets | | - | | - | | - | | 94,643 | | - |
| Inventories | | - | | - | | - | | - | | - |
| Due from other governmental units | | - | | - | | - | | - | | - |
| Total assets | | 204,133 | | 79,452 | | 1,031,001 | | 2,809,359 | | 1,304,371 |
| **Liabilities** | | | | | | | | | | |
| Accounts payable | | 17,709 | | - | | 106 | | 100,045 | | 91,998 |
| Accrued liabilities | | - | | - | | 1,362 | | 3,254 | | - |
| Deferred revenue | | - | | - | | 47,030 | | 189,433 | | 545,943 |
| Escrows | | - | | - | | - | | - | | - |
| Total liabilities | | 17,709 | | - | | 48,498 | | 292,732 | | 637,941 |
| **Fund balances** | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances | | - | | - | | - | | - | | - |
| Prepaid assets | | - | | - | | - | | 94,643 | | - |
| Grants | | - | | - | | - | | - | | - |
| Inventories | | - | | - | | - | | - | | - |
| Bond covenant | | - | | - | | - | | 35,786 | | - |
| Unreserved: | | | | | | | | | | |
| Designated: | | | | | | | | | | |
| Designated for contributions for volunteer fire and rescue | | - | | - | | - | | 487,169 | | - |
| Undesignated | | 186,424 | | 79,452 | | 982,503 | | 1,899,029 | | 666,430 |
| Total fund balances | | 186,424 | | 79,452 | | 982,503 | | 2,516,627 | | 666,430 |
| Total liabilities and fund balances | $ | 204,133 | $ | 79,452 | $ | 1,031,001 | $ | 2,809,359 | $ | 1,304,371 |

| Proffer Fund | Affordable Housing Fund | Vint Hill Transportation Fund | Total Nonmajor Governmental Funds | |
|---|---|---|---|---|
| | | | | **Assets** |
| $ 745,057 | $ 191,308 | $ - | $ 4,997,087 | Cash, cash equivalents, and investments |
| 1,055,366 | 250,470 | 228,565 | 1,836,063 | Cash, cash equivalents, and investments - restricted |
| | | | | Receivables, net of allowance for uncollectibles: |
| - | - | - | 279,840 | Taxes, including penalties |
| - | 1,000 | - | 692,449 | Accounts |
| - | 16,588 | - | 111,231 | Prepaid assets |
| - | 376,091 | - | 376,091 | Inventories |
| - | 56,994 | - | 56,994 | Due from other governmental units |
| 1,800,423 | 892,451 | 228,565 | 8,349,755 | Total assets |
| | | | | **Liabilities** |
| 851 | 8,998 | - | 219,707 | Accounts payable |
| - | - | - | 4,616 | Accrued liabilities |
| - | - | - | 782,406 | Deferred revenue |
| 744,206 | - | - | 744,206 | Escrows |
| 745,057 | 8,998 | - | 1,750,935 | Total liabilities |
| | | | | **Fund balances** |
| | | | | Reserved for: |
| - | 52,652 | - | 52,652 | Encumbrances |
| - | 16,588 | - | 111,231 | Prepaid assets |
| - | 250,470 | - | 250,470 | Grants |
| - | 376,091 | - | 376,091 | Inventories |
| - | - | - | 35,786 | Bond covenant |
| | | | | Unreserved: |
| | | | | Designated: |
| - | - | - | 487,169 | Designated for contributions for volunteer fire and rescue |
| 1,055,366 | 187,652 | 228,565 | 5,285,421 | Undesignated |
| 1,055,366 | 883,453 | 228,565 | 6,598,820 | Total fund balances |
| $ 1,800,423 | $ 892,451 | $ 228,565 | $ 8,349,755 | Total liabilities and fund balances |

**Exhibit 15**
**Page 1 of 2**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds**
**Fiscal Year Ended June 30, 2010**

| | Parks and Recreation Fund | Library Fund | Conservation Easement Service District Fund | Fire and Rescue Fund | Ambulance Revenue Fund |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| General property taxes | $ - | $ - | $ 624,474 | $ 4,469,561 | $ - |
| Revenue from use of money and property | 50 | 15 | - | 144 | - |
| Charges for services | - | - | - | - | 1,098,613 |
| Gifts and donations | 20,250 | 17,846 | 25,000 | - | - |
| Recovered costs | - | - | - | 6,951 | - |
| Miscellaneous revenue | - | - | - | 1,634 | - |
| Intergovernmental: | | | | | |
| Commonwealth of Virginia | - | - | 341,596 | 211,065 | - |
| Federal Government | - | - | - | - | - |
| Total revenues | 20,300 | 17,861 | 991,070 | 4,689,355 | 1,098,613 |
| **Expenditures** | | | | | |
| Current operating: | | | | | |
| Public safety | - | - | - | 3,878,906 | 336,526 |
| Parks, recreation, and cultural | 59,975 | 4,760 | - | - | - |
| Community development | - | - | 967,774 | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | 72,382 | - |
| Interest charges | - | - | - | 323,578 | - |
| Total expenditures | 59,975 | 4,760 | 967,774 | 4,274,866 | 336,526 |
| Excess (deficiency) of revenues over (under) expenditures | (39,675) | 13,101 | 23,296 | 414,489 | 762,087 |
| **Other financing sources (uses)** | | | | | |
| Transfers in | - | - | 1,368 | - | - |
| Transfers (out) | - | - | - | (151,023) | (434,906) |
| Total other financing sources (uses) | - | - | 1,368 | (151,023) | (434,906) |
| Net change in fund balances | (39,675) | 13,101 | 24,664 | 263,466 | 327,181 |
| Fund balances, beginning | 226,099 | 66,351 | 957,839 | 2,253,161 | 339,249 |
| Fund balances, ending | $ 186,424 | $ 79,452 | $ 982,503 | $ 2,516,627 | $ 666,430 |

| Proffer Fund | Affordable Housing Fund | Vint Hill Transportation Fund | Total Nonmajor Governmental Funds | |
|---|---|---|---|---|
| | | | | **Revenues** |
| $ - | $ - | $ - | $ 5,094,035 | General property taxes |
| 203 | - | 51 | 463 | Revenue from use of money and property |
| - | - | - | 1,098,613 | Charges for services |
| 662,800 | - | 3,498 | 729,394 | Gifts and donations |
| - | - | - | 6,951 | Recovered costs |
| - | - | - | 1,634 | Miscellaneous revenue |
| | | | | Intergovernmental: |
| - | - | - | 552,661 | Commonwealth of Virginia |
| - | 1,085,635 | - | 1,085,635 | Federal Government |
| 663,003 | 1,085,635 | 3,549 | 8,569,386 | Total revenues |
| | | | | **Expenditures** |
| | | | | Current operating: |
| - | - | - | 4,215,432 | Public safety |
| - | - | - | 64,735 | Parks, recreation, and cultural |
| - | 639,480 | - | 1,607,254 | Community development |
| | | | | Debt service: |
| - | - | - | 72,382 | Principal retirement |
| - | - | - | 323,578 | Interest charges |
| - | 639,480 | - | 6,283,381 | Total expenditures |
| 663,003 | 446,155 | 3,549 | 2,286,005 | Excess (deficiency) of revenues over (under) expenditures |
| | | | | **Other financing sources (uses)** |
| 86,865 | 207,432 | - | 295,665 | Transfers in |
| - | - | - | (585,929) | Transfers (out) |
| 86,865 | 207,432 | - | (290,264) | Total other financing sources (uses) |
| 749,868 | 653,587 | 3,549 | 1,995,741 | Net change in fund balances |
| 305,498 | 229,866 | 225,016 | 4,603,079 | Fund balances, beginning |
| $ 1,055,366 | $ 883,453 | $ 228,565 | $ 6,598,820 | Fund balances, ending |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 16**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**
**Conservation Easement Service District Fund**
**Fiscal Year Ended June 30, 2010**

| **Primary Government** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| Special Revenue Funds: | | | | |
| **Revenues** | | | | |
| General property taxes | $ 591,000 | $ 591,000 | $ 624,474 | $ 33,474 |
| Gifts and donations | - | 55,000 | 25,000 | (30,000) |
| Intergovernmental: | | | | |
| Commonwealth of Virginia | 50,000 | 680,484 | 341,596 | (338,888) |
| Total revenues | 641,000 | 1,326,484 | 991,070 | (335,414) |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Community development | 641,000 | 2,285,691 | 967,774 | 1,317,917 |
| Total expenditures | 641,000 | 2,285,691 | 967,774 | 1,317,917 |
| Excess (deficiency) of revenues over (under) expenditures | - | (959,207) | 23,296 | 982,503 |
| **Other financing sources** | | | | |
| Transfers in | - | 1,368 | 1,368 | - |
| Total other financing sources | - | 1,368 | 1,368 | - |
| Net change in fund balances | - | (957,839) | 24,664 | 982,503 |
| Fund balances, beginning | 957,839 | 957,839 | 957,839 | - |
| Fund balances, ending | $ 957,839 | $ - | $ 982,503 | $ 982,503 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 17**

**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances – Budget and Actual**
**Fire and Rescue Fund**
**Fiscal Year Ended June 30, 2010**

| **Primary Government** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| Special Revenue Funds: | | | | |
| **Revenues** | | | | |
| General property taxes | $ 4,419,017 | $ 4,419,017 | $ 4,469,561 | $ 50,544 |
| Revenue from use of money and property | 29,478 | 29,478 | 144 | (29,334) |
| Recovered costs | - | 6,258 | 6,951 | 693 |
| Miscellaneous revenue | - | 2,056 | 1,634 | (422) |
| Intergovernmental: | | | | |
| Commonwealth of Virginia | 193,476 | 211,065 | 211,065 | - |
| Total revenues | 4,641,971 | 4,667,874 | 4,689,355 | 21,481 |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Public safety | 3,222,936 | 4,619,129 | 3,878,906 | 740,223 |
| Debt service: | | | | |
| Principal retirement | - | 72,382 | 72,382 | - |
| Interest charges | - | 323,578 | 323,578 | - |
| Total expenditures | 3,222,936 | 5,015,089 | 4,274,866 | 740,223 |
| Excess (deficiency) of revenues over (under) expenditures | 1,419,035 | (347,215) | 414,489 | 761,704 |
| **Other financing (uses)** | | | | |
| Transfers (out) | (1,419,035) | (844,025) | (151,023) | 693,002 |
| Total other financing (uses) | (1,419,035) | (844,025) | (151,023) | 693,002 |
| Net change in fund balances | - | (1,191,240) | 263,466 | 1,454,706 |
| Fund balances, beginning | 2,253,161 | 2,253,161 | 2,253,161 | - |
| Fund balances, ending | $ 2,253,161 | $ 1,061,921 | $ 2,516,627 | $ 1,454,706 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 18**

**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances – Budget and Actual**
**Ambulance Revenue Fund**
**Fiscal Year Ended June 30, 2010**

| **Primary Government** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| Special Revenue Funds: | | | | |
| **Revenues** | | | | |
| Charges for services | $ 680,306 | $ 716,706 | $ 1,098,613 | $ 381,907 |
| Total revenues | 680,306 | 716,706 | 1,098,613 | 381,907 |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Public safety | 245,400 | 281,800 | 336,526 | (54,726) |
| Total expenditures | 245,400 | 281,800 | 336,526 | (54,726) |
| Excess of revenues over expenditures | 434,906 | 434,906 | 762,087 | 327,181 |
| **Other financing (uses)** | | | | |
| Transfers (out) | (434,906) | (434,906) | (434,906) | - |
| Total other financing (uses) | (434,906) | (434,906) | (434,906) | - |
| Net change in fund balances | - | - | 327,181 | 327,181 |
| Fund balances, beginning | 339,249 | 339,249 | 339,249 | - |
| Fund balances, ending | $ 339,249 | $ 339,249 | $ 666,430 | $ 327,181 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 19**

**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances – Budget and Actual**
**Proffer Fund**
**Fiscal Year Ended June 30, 2010**

| **Primary Government** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| Special Revenue Funds: | | | | |
| **Revenues** | | | | |
| Revenue from use of money and property | $ - | $ - | $ 203 | $ 203 |
| Gifts and donations | - | - | 662,800 | 662,800 |
| Total revenues | - | - | 663,003 | 663,003 |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Community development | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess of revenues over expenditures | - | - | 663,003 | 663,003 |
| **Other financing sources** | | | | |
| Transfers in | - | 86,865 | 86,865 | - |
| Total other financing sources | - | 86,865 | 86,865 | - |
| Net change in fund balances | - | 86,865 | 749,868 | 663,003 |
| Fund balances, beginning | 305,498 | 305,498 | 305,498 | - |
| Fund balances, ending | $ 305,498 | $ 392,363 | $ 1,055,366 | $ 663,003 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 20**

**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances – Budget and Actual**
**Affordable Housing Fund**
**Fiscal Year Ended June 30, 2010**

| **Primary Government** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| Special Revenue Funds: | | | | |
| **Revenues** | | | | |
| Intergovernmental: | | | | |
| Federal Government | $ - | $ 1,500,000 | $ 1,085,635 | $ (414,365) |
| Total revenues | - | 1,500,000 | 1,085,635 | (414,365) |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Community development | 207,432 | 1,714,795 | 639,480 | 1,075,315 |
| Total expenditures | 207,432 | 1,714,795 | 639,480 | 1,075,315 |
| Excess (deficiency) of revenues over (under) expenditures | (207,432) | (214,795) | 446,155 | 660,950 |
| **Other financing sources** | | | | |
| Transfers in | 207,432 | 207,432 | 207,432 | - |
| Total other financing sources | 207,432 | 207,432 | 207,432 | - |
| Net change in fund balances | - | (7,363) | 653,587 | 660,950 |
| Fund balances, beginning | 229,866 | 229,866 | 229,866 | - |
| Fund balances, ending | $ 229,866 | $ 222,503 | $ 883,453 | $ 660,950 |

# PROPRIETARY FUNDS

The Internal Service Funds are used to account for the financing of goods and/or services provided by a department to another department on a cost reimbursement basis.

> The *Fleet Maintenance Fund* is used to account for the operations of the County and School garage. It receives revenues through charges to local public agencies and County and School departments for vehicle repairs and fuel.

> The *Health Insurance Fund* is used to account for the provision of a comprehensive health benefits program for County and School employees.

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 21**

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

| | Internal Service Funds | | |
|---|---|---|---|
| | Fleet Maintenance Fund | Health Insurance Fund | Total |
| **Assets** | | | |
| Current assets: | | | |
| Cash, cash equivalents, and investments | $ 166,689 | $ 6,995,988 | $ 7,162,677 |
| Receivables, net of allowance for uncollectibles | 22,492 | 92,118 | 114,610 |
| Inventories | 231,528 | - | 231,528 |
| Due from other governmental units | - | 8,399 | 8,399 |
| Total current assets | 420,709 | 7,096,505 | 7,517,214 |
| Noncurrent assets: | | | |
| Capital assets (net of accumulated depreciation): | | | |
| Machinery and equipment | 77,351 | - | 77,351 |
| Total capital assets | 77,351 | - | 77,351 |
| Total noncurrent assets | 77,351 | - | 77,351 |
| Total assets | 498,060 | 7,096,505 | 7,594,565 |
| **Liabilities** | | | |
| Current liabilities: | | | |
| Accounts payable | 92,544 | 182,623 | 275,167 |
| Accrued liabilities | 9,817 | - | 9,817 |
| Unearned revenue | - | 363,243 | 363,243 |
| Current portion of compensated absences | 9,437 | - | 9,437 |
| Current portion of incurred but not reported claims | - | 395,181 | 395,181 |
| Total current liabilities | 111,798 | 941,047 | 1,052,845 |
| Noncurrent liabilities: | | | |
| Noncurrent portion of compensated absences | 84,932 | - | 84,932 |
| Noncurrent portion of incurred but not reported claims | - | 1,185,544 | 1,185,544 |
| Total noncurrent liabilities | 84,932 | 1,185,544 | 1,270,476 |
| Total liabilities | 196,730 | 2,126,591 | 2,323,321 |
| **Net Assets** | | | |
| Invested in capital assets, net of related debt | 77,351 | - | 77,351 |
| Unrestricted | 223,979 | 4,969,914 | 5,193,893 |
| Total net assets | 301,330 | 4,969,914 | 5,271,244 |
| Total liabilities and net assets | $ 498,060 | $ 7,096,505 | $ 7,594,565 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 22**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets**
**Internal Service Funds**
**Fiscal Year Ended June 30, 2010**

| | Internal Service Funds | | |
|---|---|---|---|
| | Fleet Maintenance Fund | Health Insurance Fund | Total |
| **Operating revenues** | | | |
| Charges for services | $ 3,004,886 | $ 18,633,023 | $ 21,637,909 |
| Forfeitures | - | 475 | 475 |
| Total operating revenues | 3,004,886 | 18,633,498 | 21,638,384 |
| **Operating expenses** | | | |
| Personal services | 594,296 | - | 594,296 |
| Fringe benefits | 227,154 | - | 227,154 |
| Claims and benefits paid | - | 14,125,488 | 14,125,488 |
| Premiums | - | 3,523,026 | 3,523,026 |
| Contractual services | 121,229 | 79,127 | 200,356 |
| Other operating expenses | 1,964,993 | 28,400 | 1,993,393 |
| Depreciation | 14,099 | - | 14,099 |
| Total operating expenses | 2,921,771 | 17,756,041 | 20,677,812 |
| Operating income (loss) | 83,115 | 877,457 | 960,572 |
| **Nonoperating revenues (expenses)** | | | |
| Interest income | - | 1,618 | 1,618 |
| Contribution to OPEB Trust Fund | - | (488,000) | (488,000) |
| Total nonoperating revenues (expenses) | - | (486,382) | (486,382) |
| Income (loss) before transfers | 83,115 | 391,075 | 474,190 |
| **Transfers in** | 8,071 | - | 8,071 |
| Change in net assets | 91,186 | 391,075 | 482,261 |
| Net assets - beginning | 210,144 | 4,578,839 | 4,788,983 |
| Net assets - ending | $ 301,330 | $ 4,969,914 | $ 5,271,244 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 23**

**Combining Statement of Cash Flows**
**Internal Service Funds**
**Fiscal Year Ended June 30, 2010**

| | Internal Service Funds | | |
|---|---|---|---|
| | Fleet Maintenance Fund | Health Insurance Fund | Total |
| **Cash Flow from Operating Activities** | | | |
| Receipts from customers and users | $ 3,017,038 | $ 18,742,885 | $ 21,759,923 |
| Payment to suppliers and other operating activities | (2,035,472) | (18,190,736) | (20,226,208) |
| Payment to employees (including fringes) | (824,206) | - | (824,206) |
| Forfeitures | - | 475 | 475 |
| Net cash provided by operating activities | 157,360 | 552,624 | 709,984 |
| **Cash Flow from Noncapital Financing Activities** | | | |
| Transfers in | 8,071 | - | 8,071 |
| Contribution to OPEB Trust Fund | - | (488,000) | (488,000) |
| Federal COBRA premium subsidy | - | (8,399) | (8,399) |
| Net cash provided by (used in) noncapital financing activities | 8,071 | (496,399) | (488,328) |
| **Cash Flow from Capital and Related Financing Activities** | | | |
| Acquisition and construction of capital assets | (6,963) | - | (6,963) |
| Net cash (used in) capital and related financing activities | (6,963) | - | (6,963) |
| **Cash Flow from Investing Activities** | | | |
| Interest | - | 1,618 | 1,618 |
| Net cash provided by investing activities | - | 1,618 | 1,618 |
| Net increase in cash and cash equivalents | 158,468 | 57,843 | 216,311 |
| Cash and cash equivalents - beginning of the year | 8,221 | 6,938,145 | 6,946,366 |
| Cash and cash equivalents - end of the year | 166,689 | 6,995,988 | 7,162,677 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities** | | | |
| Cash flows from operations: | | | |
| Operating income | 83,115 | 877,457 | 960,572 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 14,099 | - | 14,099 |
| Changes in operating assets and liabilities: | | | |
| Decrease in receivables | 12,152 | 88,487 | 100,639 |
| (Decrease) in incurred but not reported claims | - | (219,478) | (219,478) |
| (Increase) in inventory | (4,473) | - | (4,473) |
| Increase (decrease) in accounts payable | 55,223 | (215,217) | (159,994) |
| Increase in unearned revenue | - | 21,375 | 21,375 |
| (Decrease) in accrued liabilities | (2,756) | - | (2,756) |
| Net cash provided by operating activities | $ 157,360 | $ 552,624 | $ 709,984 |

## FIDUCIARY FUNDS

The 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. Pension (and other employee benefit) trust funds account for assets held by the County under terms of a formal trust agreement. Agency Funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

The *Fire and Rescue Pension Trust Length of Service Awards Fund* is used to account for assets held in trust by the County for employees and beneficiaries of the County Fire & Rescue Association and its member companies.

The *Other Postemployment Benefit Plans Fund* is used to account for the costs of health care and other non-pension benefits offered to retirees.

The *Street Light Levy Fund* is used to account for an annual special levy assessed on real property within the Marshall Electric Power and Light Service District to support the cost of construction, operation, and maintenance of street lights in the unincorporated town of Marshall.

The *Working Together Fund* is used to account for proceeds from County and School employee fund raising activities to support service and social activities.

The *Special Welfare Fund* is used to account for regular assistance payments to recipients in the Aid to Dependent Children Program. Revenue sources include payments from the Commonwealth, individuals, organizations, and churches.

The *Detention Center Fund* is used to account for personal funds belonging to inmates upon their arrest, funds on account for inmates to purchase items, and funds collected from inmates who participate in the work release program.

The *Service to Outside Agencies Fund* is used to account for reimbursements from John Marshall Sewer and the Vint Hill Economic Development Authority to support salaries and benefits for their employees.

**Exhibit 24**

**Combining Statement of Fiduciary Net Assets**
**Pension (and other employee benefit) Trust Funds**
**June 30, 2010**

| | Pension (and other employee benefit) Trust Funds | | |
|---|---|---|---|
| | **Fire and Rescue Pension Trust Length of Service Awards Fund** | **Other Postemployment Benefit Plans Fund** | **Total** |
| **Assets** | | | |
| Cash in custody of others | $ 1,160,750 | $ 979,284 | $ 2,140,034 |
| **Liabilities** | - | - | - |
| **Net Assets** | | | |
| Held in trust for OPEB benefits | - | 979,284 | 979,284 |
| Held in trust for pension benefits | 1,160,750 | - | 1,160,750 |
| Total net assets | $ 1,160,750 | $ 979,284 | $ 2,140,034 |
| Total liabilities and net assets | $ 1,160,750 | $ 979,284 | $ 2,140,034 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 25**

**Combining Statement of Changes in Fiduciary Net Assets**
**Pension (and other employee benefit) Trust Funds**
**Fiscal Year Ended June 30, 2010**

| | Pension (and other employee benefit) Trust Funds | | |
|---|---|---|---|
| | Fire and Rescue Pension Trust Length of Service Awards Fund | Other Postemployment Benefit Plans Fund | Total |
| **Additions** | | | |
| Contribution for beneficiary | $ 273,262 | $ 488,000 | $ 761,262 |
| Investment income (loss) | 48,958 | 52,762 | 101,720 |
| Total additions | 322,220 | 540,762 | 862,982 |
| **Deductions** | | | |
| Benefits | - | - | - |
| Annuity contracts | 59,960 | - | 59,960 |
| Insurance | 88,728 | - | 88,728 |
| Administrative fees | 5,021 | 1,095 | 6,116 |
| Total deductions | 153,709 | 1,095 | 154,804 |
| Change in net assets | 168,511 | 539,667 | 708,178 |
| Net assets - beginning | 992,239 | 439,617 | 1,431,856 |
| Net assets - ending | $ 1,160,750 | $ 979,284 | $ 2,140,034 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 26**

**Combining Statement of Fiduciary Assets and Liabilities**
**Agency Funds**
**June 30, 2010**

| | Agency Funds | | | | | |
|---|---|---|---|---|---|---|
| | Street Light Levy Fund | Working Together Fund | Special Welfare Fund | Detention Center Fund | Service to Outside Agencies Fund | Total |
| **Assets** | | | | | | |
| Cash, cash equivalents, and investments | $ 32,637 | $ 21,709 | $ 52,904 | $ - | $ 100,683 | $ 207,933 |
| Cash in custody of others | - | - | - | 76,137 | - | 76,137 |
| Receivables, net of allowance for uncollectibles: | | | | | | |
| Taxes, including penalties | 321 | - | - | - | - | 321 |
| Accounts | 2 | - | 3,890 | - | 3,524 | 7,416 |
| Total assets | 32,960 | 21,709 | 56,794 | 76,137 | 104,207 | 291,807 |
| **Liabilities** | | | | | | |
| Accounts payable | 644 | - | - | - | - | 644 |
| Accrued liabilities | - | - | - | - | 18,005 | 18,005 |
| Amounts held for clients/others | 32,316 | 21,709 | 56,794 | 76,137 | 86,202 | 273,158 |
| Total liabilities | $ 32,960 | $ 21,709 | $ 56,794 | $ 76,137 | $ 104,207 | $ 291,807 |

**Exhibit 27**
**Page 1 of 2**

**Combining Statement of Changes in Assets and Liabilities**
**Agency Funds**
**Fiscal Year Ended June 30, 2010**

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| **Street Light Levy Fund** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 26,718 | $ 10,084 | $ 4,165 | $ 32,637 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes, including penalties | 321 | - | - | 321 |
| Accounts | 15 | 2 | 15 | 2 |
| Total assets | 27,054 | 10,086 | 4,180 | 32,960 |
| Liabilities: | | | | |
| Accounts payable | - | 644 | - | 644 |
| Amounts held for clients/others | 27,054 | 9,442 | 4,180 | 32,316 |
| Total liabilities | $ 27,054 | $ 10,086 | $ 4,180 | $ 32,960 |
| **Working Together Fund** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 15,603 | $ 36,108 | $ 30,002 | $ 21,709 |
| Liabilities: | | | | |
| Amounts held for clients/others | $ 15,603 | $ 36,108 | $ 30,002 | $ 21,709 |
| **Special Welfare Fund** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 37,644 | $ 84,282 | $ 69,022 | $ 52,904 |
| Accounts receivable | - | 3,890 | - | 3,890 |
| Total assets | 37,644 | 88,172 | 69,022 | 56,794 |
| Liabilities: | | | | |
| Amounts held for clients/others | $ 37,644 | $ 88,172 | $ 69,022 | $ 56,794 |
| **Detention Center Fund** | | | | |
| Assets: | | | | |
| Cash in custody of others: | | | | |
| Cash - canteen account | $ 55,981 | $ 76,085 | $ 66,168 | $ 65,898 |
| Cash - inmate accounts | 8,140 | 112,847 | 113,409 | 7,578 |
| Cash - work release | 1,828 | 81,693 | 80,860 | 2,661 |
| Total assets | 65,949 | 270,625 | 260,437 | 76,137 |
| Liabilities: | | | | |
| Amounts held for clients/others | $ 65,949 | $ 270,625 | $ 260,437 | $ 76,137 |

**Combining Statement of Changes in Assets and Liabilities**
**Agency Funds**
**Fiscal Year Ended June 30, 2010**

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| **Service to Outside Agencies Fund** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 192,133 | $ 1,141,176 | $ 1,232,626 | $ 100,683 |
| Accounts receivable | - | 3,524 | - | 3,524 |
| Total assets | 192,133 | 1,144,700 | 1,232,626 | 104,207 |
| Liabilities: | | | | |
| Accrued liabilities | 14,686 | 18,005 | 14,686 | 18,005 |
| Amounts held for clients/others | 177,447 | 1,126,695 | 1,217,940 | 86,202 |
| Total liabilities | $ 192,133 | $ 1,144,700 | $ 1,232,626 | $ 104,207 |
| **Total - All Agency Funds** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 272,098 | $ 1,271,650 | $ 1,335,815 | $ 207,933 |
| Cash in custody of others | 65,949 | 270,625 | 260,437 | 76,137 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes, including penalties | 321 | - | - | 321 |
| Accounts | 15 | 7,416 | 15 | 7,416 |
| Total assets | 338,383 | 1,549,691 | 1,596,267 | 291,807 |
| Liabilities: | | | | |
| Accounts payable | - | 644 | - | 644 |
| Accrued liabilities | 14,686 | 18,005 | 14,686 | 18,005 |
| Amounts held for clients/others | 323,697 | 1,531,042 | 1,581,581 | 273,158 |
| Total liabilities | $ 338,383 | $ 1,549,691 | $ 1,596,267 | $ 291,807 |

## COMPONENT UNIT − SCHOOL BOARD

The School Board is responsible for the elementary and secondary education in the County. The County provides significant funding for school operating and capital needs through the School Board Governmental Funds.

The *School General Fund* is used to account for expenditures to operate, maintain, and support the School Board programs. Its primary sources of revenues are state and federal aid and contributions from the County's General Fund.

The *School Textbook Fund* is used to account for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *Food Nutrition Fund* is used to account for the provision of student and adult breakfasts, snacks, and lunches. Primary sources of revenues are state and federal aid and receipts from food sales.

Trust and Agency Funds account for principal and income which benefit individuals, and monies collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

The *Crockett Scholarship Private-Purpose Trust Fund* is used to account for principal and income available to provide for scholarships.

The *Mountain Vista Regional Governor's School Fund* is an agency fund used to account for funds collected from seven school divisions for the purpose of operating the Mountain Vista Governor's School. The County serves as the fiscal agent for these funds.

The *Student Activity Fund* is an agency fund used to account for funds collected at the schools in connection with student athletics, clubs, fundraising activities, and private donations.

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 28**

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

| | Governmental Funds | | |
|---|---|---|---|
| | **School General Fund** | **Food Nutrition Fund** | **Total Governmental Funds** |
| **Assets (1)** | | | |
| Cash, cash equivalents, and investments (2) | $ 9,330,667 | $ 818,642 | $ 10,149,309 |
| Accounts receivable | 133,935 | 9,802 | 143,737 |
| Prepaid assets | 46,974 | - | 46,974 |
| Inventories | - | 65,142 | 65,142 |
| Due from other governmental units | 3,227,035 | 85,328 | 3,312,363 |
| Total assets | 12,738,611 | 978,914 | 13,717,525 |
| **Liabilities** | | | |
| Accounts payable | 593,582 | 334,703 | 928,285 |
| Accrued liabilities | 11,888,608 | 247,432 | 12,136,040 |
| Deferred revenue | 9,862 | 64,649 | 74,511 |
| Total liabilities | 12,492,052 | 646,784 | 13,138,836 |
| **Fund balances** | | | |
| Reserved for: | | | |
| Encumbrances | 240,209 | - | 240,209 |
| Grants | 5,000 | - | 5,000 |
| Inventories | - | 65,142 | 65,142 |
| Unreserved: | | | |
| Undesignated | 1,350 | 266,988 | 268,338 |
| Total fund balances | 246,559 | 332,130 | 578,689 |
| Total liabilities and fund balances | $ 12,738,611 | $ 978,914 | $ 13,717,525 |

(1) All assets and liabilities of the School Textbook Fund have been transferred to the School General Fund and therefore are not presented.
(2) Cash, cash equivalents, and investments on deposit with County of Fauquier, Virginia.

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 29**

**Reconciliation of the Balance Sheet of the Governmental Funds**
**to the Statement of Net Assets**
**Discretely Presented Component Unit – School Board**
**June 30, 2010**

| | |
|---|---|
| **Total fund balances - discretely presented component unit - School Board** | **$ 578,689** |
| Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds. | 179,224,107 |
| Long-term liabilities consist of compensated absences which are not due and payable in the current year and therefore not reported as liabilities in the governmental funds. | |
| Compensated absences | (4,169,478) |
| **Net assets of governmental activities** | **$ 175,633,318** |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 30**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Discretely Presented Component Unit – School Board**
**Fiscal Year Ended June 30, 2010**

| | Governmental Funds | | | |
|---|---|---|---|---|
| | **School General Fund** | **School Textbook Fund** | **Food Nutrition Fund** | **Total Governmental Funds** |
| **Revenues** | | | | |
| Revenue from use of money and property | $ - | $ - | $ 1,321 | $ 1,321 |
| Charges for services | 309,526 | - | 2,846,440 | 3,155,966 |
| Gifts and donations | 5,600 | - | - | 5,600 |
| Recovered costs | 59,216 | - | 156,858 | 216,074 |
| Miscellaneous revenue | 445,596 | - | - | 445,596 |
| Intergovernmental: | | | | |
| Contribution from primary government | 79,112,373 | - | - | 79,112,373 |
| Commonwealth of Virginia | 33,159,080 | - | 66,051 | 33,225,131 |
| Federal Government | 7,543,993 | - | 1,519,217 | 9,063,210 |
| Total revenues | 120,635,384 | - | 4,589,887 | 125,225,271 |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Education | 120,854,067 | - | 4,670,342 | 125,524,409 |
| Total expenditures | 120,854,067 | - | 4,670,342 | 125,524,409 |
| Excess (deficiency) of revenues over (under) expenditures | (218,683) | - | (80,455) | (299,138) |
| **Other financing sources (uses)** | | | | |
| Transfers in | 208,285 | - | - | 208,285 |
| Transfers (out) | - | (208,285) | - | (208,285) |
| Total other financing sources (uses) | 208,285 | (208,285) | - | - |
| Net change in fund balances | (10,398) | (208,285) | (80,455) | (299,138) |
| Fund balances, beginning | 256,957 | 208,285 | 412,585 | 877,827 |
| Fund balances, ending | $ 246,559 | $ - | $ 332,130 | $ 578,689 |

The contribution from the primary government includes $925,000 to the Capital Projects Fund.

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 31**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities**
**Discretely Presented Component Unit – School Board**
**Fiscal Year Ended June 30, 2010**

| | | |
|---|---|---|
| **Net change in fund balances - discretely presented component unit - School Board** | | **$ (299,138)** |
| Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because: | | |
| The primary government donates school board capital assets constructed in the primary government's capital improvement fund. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | | 2,841,293 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources. | | |
| Capital outlays | 1,241,997 | |
| Depreciation | (7,577,185) | (6,335,188) |
| Loss on disposal of asset | | (193,494) |
| 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. This amount reflects the change in accrued leave in the current year. | | 336,554 |
| **Change in net assets of governmental activities** | | **$ (3,649,973)** |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 32**
**Page 1 of 2**

**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances – Budget and Actual**
**Discretely Presented Component Unit – School Board**
**Fiscal Year Ended June 30, 2010**

| | School General Fund | | | | School Textbook | | |
|---|---|---|---|---|---|---|---|
| | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) | Original Budget | Amended Budget | Actual |
| **Revenues** | | | | | | | |
| Revenue from use of money and property | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Charges for services | 265,000 | 265,000 | 309,526 | 44,526 | - | - | - |
| Gifts and donations | 5,000 | 5,000 | 5,600 | 600 | - | - | - |
| Recovered costs | 30,000 | 30,000 | 59,216 | 29,216 | - | - | - |
| Miscellaneous revenue | 298,500 | 370,500 | 445,596 | 75,096 | - | - | - |
| Intergovernmental: | | | | | | | |
| Contribution from primary government | 85,039,162 | 85,487,910 | 79,112,373 | (6,375,537) | - | - | - |
| Commonwealth of Virginia | 37,245,248 | 35,251,073 | 33,159,080 | (2,091,993) | 432,692 | - | - |
| Federal Government | 3,659,117 | 7,972,797 | 7,543,993 | (428,804) | - | - | - |
| Total revenues | 126,542,027 | 129,382,280 | 120,635,384 | (8,746,896) | 432,692 | - | - |
| **Expenditures** | | | | | | | |
| Current operating: | | | | | | | |
| Education: | | | | | | | |
| Instruction | 100,688,545 | 103,633,663 | 96,831,904 | 6,801,759 | 432,692 | - | - |
| Administration, attendance, and health | 4,752,665 | 4,743,634 | 4,445,639 | 297,995 | - | - | - |
| Public transportation services | 8,996,223 | 8,996,223 | 8,897,459 | 98,764 | - | - | - |
| Operation and maintenance services | 11,787,286 | 12,463,557 | 10,679,065 | 1,784,492 | - | - | - |
| School food services | - | - | - | - | - | - | - |
| Total education | 126,224,719 | 129,837,077 | 120,854,067 | 8,983,010 | 432,692 | - | - |
| Total expenditures | 126,224,719 | 129,837,077 | 120,854,067 | 8,983,010 | 432,692 | - | - |
| Excess (deficiency) of revenues over (under) expenditures | 317,308 | (454,797) | (218,683) | 236,114 | - | - | - |
| **Other financing sources (uses)** | | | | | | | |
| Transfers in | - | 208,285 | 208,285 | - | - | - | - |
| Transfers (out) | (317,308) | - | - | - | - | (208,285) | (208,285) |
| Total other financing sources (uses) | (317,308) | 208,285 | 208,285 | - | - | (208,285) | (208,285) |
| Net change in fund balances | - | (246,512) | (10,398) | 236,114 | - | (208,285) | (208,285) |
| Fund balances, beginning | 256,957 | 256,957 | 256,957 | - | 208,285 | 208,285 | 208,285 |
| Fund balances, ending | $ 256,957 | $ 10,445 | $ 246,559 | $ 236,114 | $ 208,285 | $ - | $ - |

| Fund Variance From Amended Positive (Negative) | Food Nutrition Fund Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) | |
|---|---|---|---|---|---|
| | | | | | **Revenues** |
| $ - | $ 1,200 | $ 1,200 | $ 1,321 | $ 121 | Revenue from use of money and property |
| - | 3,128,775 | 3,128,775 | 2,846,440 | (282,335) | Charges for services |
| - | - | - | - | - | Gifts and donations |
| - | 193,000 | 193,000 | 156,858 | (36,142) | Recovered costs |
| - | - | - | - | - | Miscellaneous revenue |
| | | | | | Intergovernmental: |
| - | - | - | - | - | Contribution from primary government |
| - | 63,936 | 63,936 | 66,051 | 2,115 | Commonwealth of Virginia |
| - | 1,072,183 | 1,072,183 | 1,519,217 | 447,034 | Federal Government |
| - | 4,459,094 | 4,459,094 | 4,589,887 | 130,793 | Total revenues |
| | | | | | **Expenditures** |
| | | | | | Current operating: |
| | | | | | Education: |
| - | - | - | - | - | Instruction |
| - | - | - | - | - | Administration, attendance, and health |
| - | - | - | - | - | Public transportation services |
| - | - | - | - | - | Operation and maintenance services |
| - | 4,521,867 | 4,771,076 | 4,670,342 | 100,734 | School food services |
| - | 4,521,867 | 4,771,076 | 4,670,342 | 100,734 | Total education |
| - | 4,521,867 | 4,771,076 | 4,670,342 | 100,734 | Total expenditures |
| - | (62,773) | (311,982) | (80,455) | 231,527 | Excess (deficiency) of revenues over (under) expenditures |
| | | | | | **Other financing sources (uses)** |
| - | - | - | - | - | Transfers in |
| - | - | - | - | - | Transfers (out) |
| - | - | - | - | - | Total other financing sources (uses) |
| - | (62,773) | (311,982) | (80,455) | 231,527 | Net change in fund balances |
| - | 412,585 | 412,585 | 412,585 | - | Fund balances, beginning |
| $ - | $ 349,812 | $ 100,603 | $ 332,130 | $ 231,527 | Fund balances, ending |

**Exhibit 33**

**Statement of Fiduciary Net Assets**
**Discretely Presented Component Unit – School Board**
**June 30, 2010**

| | Trust Fund: Crockett Scholarship Private-Purpose Trust Fund | Agency Funds |
|---|---|---|
| **Assets** | | |
| Cash, cash equivalents, and investments | $ 480,316 | $ 1,808,857 |
| Due from other governmental units | - | 16,734 |
| Land | 94,200 | - |
| Total assets | 574,516 | 1,825,591 |
| **Liabilities** | | |
| Accounts payable | - | 391 |
| Accrued liabilities | - | 79,805 |
| Amounts held for clients/others | - | 1,745,395 |
| Total liabilities | - | $ 1,825,591 |
| **Net Assets** | | |
| Held in trust for scholarships | 574,516 | |
| Total net assets | 574,516 | |
| Total liabilities and net assets | $ 574,516 | |

**Exhibit 34**

**Statement of Changes in Fiduciary Net Assets**
**Discretely Presented Component Unit – School Board**
**Fiscal Year Ended June 30, 2010**

| | | Crockett Scholarship Private-Purpose Trust Fund |
|---|---|---|
| **Additions** | | |
| Investment income (loss) | $ | 32,512 |
| Total additions | | 32,512 |
| **Deductions** | | |
| Scholarships awarded | | 21,000 |
| Administrative fees | | 2,242 |
| Total deductions | | 23,242 |
| Change in net assets | | 9,270 |
| Net assets - beginning | | 565,246 |
| Net assets - ending | $ | 574,516 |

*COUNTY OF FAUQUIER, VIRGINIA*

**Exhibit 35**

**Combining Statement of Fiduciary Assets and Liabilities**
**Discretely Presented Component Unit – School Board**
**Agency Funds**
**June 30, 2010**

| | Agency Funds | | |
|---|---|---|---|
| | **Mountain Vista Regional Governor's School Fund** | **Student Activity Fund** | **Total** |
| **Assets** | | | |
| Cash, cash equivalents, and investments | $ 279,071 | $ 1,529,786 | $ 1,808,857 |
| Due from other governmental units | 16,734 | - | 16,734 |
| Total assets | 295,805 | 1,529,786 | 1,825,591 |
| **Liabilities** | | | |
| Accounts payable | 391 | - | 391 |
| Accrued liabilities | 79,805 | - | 79,805 |
| Amounts held for clients/others | 215,609 | 1,529,786 | 1,745,395 |
| Total liabilities | $ 295,805 | $ 1,529,786 | $ 1,825,591 |

**Exhibit 36**

**Combining Statement of Changes in Assets and Liabilities**
**Discretely Presented Component Unit – School Board**
**Agency Funds**
**Fiscal Year Ended June 30, 2010**

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| **Mountain Vista Regional Governor's School Fund** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 209,232 | $ 901,988 | $ 832,149 | $ 279,071 |
| Due from other governmental units | - | 16,734 | - | 16,734 |
| Total assets | 209,232 | 918,722 | 832,149 | 295,805 |
| Liabilities: | | | | |
| Accounts payable | 3,513 | 391 | 3,513 | 391 |
| Accrued liabilities | 51,462 | 79,805 | 51,462 | 79,805 |
| Amounts held for clients/others | 154,257 | 838,526 | 777,174 | 215,609 |
| Total liabilities | $ 209,232 | $ 918,722 | $ 832,149 | $ 295,805 |
| **Student Activity Fund** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 1,637,031 | $ 3,611,433 | $ 3,718,678 | $ 1,529,786 |
| Total assets | 1,637,031 | 3,611,433 | 3,718,678 | 1,529,786 |
| Liabilities: | | | | |
| Amounts held for clients/others | 1,637,031 | 3,611,433 | 3,718,678 | 1,529,786 |
| Total liabilities | $ 1,637,031 | $ 3,611,433 | $ 3,718,678 | $ 1,529,786 |
| **Total - All Agency Funds** | | | | |
| Assets: | | | | |
| Cash, cash equivalents, and investments | $ 1,846,263 | $ 4,513,421 | $ 4,550,827 | $ 1,808,857 |
| Due from other governmental units | - | 16,734 | - | 16,734 |
| Total assets | 1,846,263 | 4,530,155 | 4,550,827 | 1,825,591 |
| Liabilities: | | | | |
| Accounts payable | 3,513 | 391 | 3,513 | 391 |
| Accrued liabilities | 51,462 | 79,805 | 51,462 | 79,805 |
| Amounts held for clients/others | 1,791,288 | 4,449,959 | 4,495,852 | 1,745,395 |
| Total liabilities | $ 1,846,263 | $ 4,530,155 | $ 4,550,827 | $ 1,825,591 |

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# OTHER SUPPLEMENTARY INFORMATION

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| **Fund, Major, and Minor Revenue Sources** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| **Primary Government** | | | | |
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | $ 86,572,386 | $ 86,572,386 | $ 86,240,744 | $ (331,642) |
| Real and personal public service corporation property taxes | 4,591,400 | 4,591,400 | 5,250,537 | 659,137 |
| Personal property taxes | 17,566,000 | 17,566,000 | 16,781,727 | (784,273) |
| Penalties | 800,000 | 800,000 | 864,194 | 64,194 |
| Interest | 350,000 | 350,000 | 439,578 | 89,578 |
| Total general property taxes | 109,879,786 | 109,879,786 | 109,576,780 | (303,006) |
| Other local taxes: | | | | |
| Local sales and use taxes | 6,100,000 | 6,100,000 | 5,887,347 | (212,653) |
| Consumers' utility taxes | 4,777,765 | 1,555,000 | 1,513,680 | (41,320) |
| Business license taxes | 1,500,000 | 1,500,000 | 1,460,805 | (39,195) |
| Motor vehicle taxes | 1,730,000 | 1,730,000 | 1,738,233 | 8,233 |
| Bank stock taxes | 180,000 | 180,000 | 117,576 | (62,424) |
| Taxes on recordation and wills | 1,630,000 | 1,630,000 | 1,152,451 | (477,549) |
| Lodging tax | 121,000 | 121,000 | 85,359 | (35,641) |
| Total other local taxes | 16,038,765 | 12,816,000 | 11,955,451 | (860,549) |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | 15,000 | 15,000 | 25,568 | 10,568 |
| Building and related permits | 1,211,735 | 1,211,735 | 780,318 | (431,417) |
| Weapons permits | 2,000 | 2,000 | 7,397 | 5,397 |
| Zoning permits and fees | 108,200 | 108,200 | 139,321 | 31,121 |
| Land use application fees | 14,000 | 14,000 | 11,684 | (2,316) |
| Total permits, privilege fees, and regulatory licenses | 1,350,935 | 1,350,935 | 964,288 | (386,647) |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | 409,000 | 409,000 | 515,286 | 106,286 |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | 1,200,000 | 1,200,000 | 245,438 | (954,562) |
| Revenue from use of property | 291,277 | 291,277 | 300,781 | 9,504 |
| Total revenue from use of money and property | 1,491,277 | 1,491,277 | 546,219 | (945,058) |
| Charges for services: | | | | |
| Charges for commonwealth's and county's attorney | 2,300 | 2,300 | 4,223 | 1,923 |
| Charges for court services | 71,942 | 71,942 | 116,756 | 44,814 |
| Charges for public safety | 227,700 | 227,700 | 303,213 | 75,513 |
| Charges for parks and recreation | 484,239 | 484,239 | 394,158 | (90,081) |
| Charges for public works | 366,000 | 366,000 | - | (366,000) |
| Charges for social services | - | - | 2,393 | 2,393 |
| Charges for library | 60,000 | 60,000 | 66,404 | 6,404 |
| Charges for planning and community development | 20,415 | 20,415 | 15,069 | (5,346) |
| Total charges for services | $ 1,232,596 | $ 1,232,596 | $ 902,216 | $ (330,380) |

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| **Fund, Major, and Minor Revenue Sources** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| **Primary Government (continued)** | | | | |
| General Fund: (continued) | | | | |
| Revenue from local sources: (continued) | | | | |
| Gifts and donations: | | | | |
| Donations | $ 3,000 | $ 3,610 | $ 8,331 | $ 4,721 |
| Recovered costs: | | | | |
| Warrenton Community Center | - | - | 19,468 | 19,468 |
| 800 MHz Radio - Culpeper County | 13,120 | 13,120 | 14,454 | 1,334 |
| 800 MHz Radio - Rappahannock County | - | - | 15,350 | 15,350 |
| Medical reimbursement - prisoners | 4,500 | 4,500 | 7,390 | 2,890 |
| Home incarceration fees | 12,000 | 12,000 | 11,781 | (219) |
| Board of prisoner - other localities | 500 | 500 | 480 | (20) |
| Other government charges | 11,000 | 11,000 | 10,500 | (500) |
| Work release | 80,000 | 80,000 | 57,948 | (22,052) |
| CSA shared cost | 21,539 | 21,539 | 12,040 | (9,499) |
| Insurance recoveries | - | 10,670 | 19,437 | 8,767 |
| Advertising | 700 | 700 | 240 | (460) |
| Miscellaneous recovered costs | - | - | 4,952 | 4,952 |
| Total recovered costs | 143,359 | 154,029 | 174,040 | 20,011 |
| Miscellaneous revenue: | | | | |
| Sale of salvage and surplus property | 30,000 | 30,204 | 24,166 | (6,038) |
| Other miscellaneous revenue | 87,461 | 117,471 | 152,139 | 34,668 |
| Total miscellaneous revenue | 117,461 | 147,675 | 176,305 | 28,630 |
| Total revenue from local sources | 130,666,179 | 127,484,908 | 124,818,916 | (2,665,992) |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Rolling stock tax | 70,000 | 70,000 | 84,954 | 14,954 |
| Mobile home titling taxes | 57,119 | 57,119 | 24,309 | (32,810) |
| Auto rental tax | 14,672 | 14,672 | 5,618 | (9,054) |
| Recordation tax reimbursement | 450,000 | 450,000 | 392,022 | (57,978) |
| Commonwealth PPTRA | 13,659,496 | 13,659,496 | 13,657,787 | (1,709) |
| Communications tax | - | 3,222,765 | 3,031,024 | (191,741) |
| Local Aid to the Commonwealth revenue reduction | (302,232) | (302,232) | (302,232) | - |
| Total noncategorical aid | 13,949,055 | 17,171,820 | 16,893,482 | (278,338) |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | 486,835 | 486,835 | 421,514 | (65,321) |
| Sheriff | 3,574,551 | 3,574,551 | 3,136,671 | (437,880) |
| Commissioner of the revenue | 209,514 | 209,514 | 184,238 | (25,276) |
| Treasurer | 192,484 | 192,484 | 167,321 | (25,163) |
| Registrar/electoral board | 63,752 | 63,752 | 54,230 | (9,522) |
| Clerk of the circuit court | 481,190 | 481,190 | 433,714 | (47,476) |
| Jail | 300,000 | 300,000 | 291,631 | (8,369) |
| Total shared expenses | $ 5,308,326 | $ 5,308,326 | $ 4,689,319 | $ (619,007) |

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| **Fund, Major, and Minor Revenue Sources** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| **Primary Government (continued)** | | | | |
| General Fund: (continued) | | | | |
| Revenue from the Commonwealth: (continued) | | | | |
| Categorical aid: (continued) | | | | |
| Welfare: | | | | |
| Welfare administration and assistance | $ 1,198,457 | $ 1,422,720 | $ 1,312,530 | $ (110,190) |
| Comprehensive services act | 1,542,618 | 1,985,782 | 2,160,719 | 174,937 |
| Child support payments | 14,267 | 14,267 | 22,535 | 8,268 |
| Total welfare | 2,755,342 | 3,422,769 | 3,495,784 | 73,015 |
| Other categorical aid: | | | | |
| Administrative | - | - | (13,698) | (13,698) |
| Judicial and legal | 205,602 | 279,396 | 298,467 | 19,071 |
| Bike smart Virginia bicycle helmet rodeo | - | - | 992 | 992 |
| Comprehensive community corrections act | 253,240 | 253,240 | 254,328 | 1,088 |
| Personal protective equipment grant | - | 6,960 | 6,960 | - |
| Prisoner transportation | 15,000 | 15,000 | 11,876 | (3,124) |
| Juvenile community control act and accountability grant | 50,191 | 50,191 | 47,681 | (2,510) |
| E-911 wireless program | 93,677 | 93,677 | 83,094 | (10,583) |
| Armory | 9,500 | 9,500 | 8,894 | (606) |
| Spay and neuter fund distribution | - | - | 4,009 | 4,009 |
| Library aid | 188,318 | 188,318 | 179,152 | (9,166) |
| Disability services board | 7,750 | 7,750 | - | (7,750) |
| Regional water supply planning | - | 3,500 | 3,500 | - |
| Total other categorical aid | 823,278 | 907,532 | 885,255 | (22,277) |
| Total categorical aid | 8,886,946 | 9,638,627 | 9,070,358 | (568,269) |
| Total revenue from the Commonwealth | 22,836,001 | 26,810,447 | 25,963,840 | (846,607) |
| Revenue from the Federal Government: | | | | |
| Payments in lieu of taxes | - | - | 2,460 | 2,460 |
| Categorical aid: | | | | |
| ARRA - sheriff comp board | - | - | 204,175 | 204,175 |
| ARRA - Edward Byrne (JAG) | - | 57,076 | 57,076 | - |
| DEA group 33 | - | - | 9,583 | 9,583 |
| Transportation safety | - | 40,074 | 40,074 | - |
| Emergency management assistance | - | 89,650 | 89,650 | - |
| Criminal alien assistance program | - | 7,571 | 7,571 | - |
| Secret service task force | - | 1,712 | 1,712 | - |
| Law enforcement terrorist prevention | - | 64,710 | 64,247 | (463) |
| LLE block grant | - | - | 1,011 | 1,011 |
| Welfare administrative and assistance | 2,346,668 | 2,600,214 | 2,458,647 | (141,567) |
| ARRA IV-E - foster care | - | - | 34,501 | 34,501 |
| ARRA IV-E - adoption assistance | - | - | 7,996 | 7,996 |
| ARRA - SNAP | - | - | 24,245 | 24,245 |
| ARRA - child care and development | - | - | 187,253 | 187,253 |
| USDA specialty crop block grant | - | 25,000 | 5,872 | (19,128) |
| American battlefield protection | - | 25,000 | 4,500 | (20,500) |
| Total categorical aid | 2,346,668 | 2,911,007 | 3,198,113 | 287,106 |
| Total revenue from the Federal Government | 2,346,668 | 2,911,007 | 3,200,573 | 289,566 |
| Total General Fund | $ 155,848,848 | $ 157,206,362 | $ 153,983,329 | $ (3,223,033) |

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| **Fund, Major, and Minor Revenue Sources** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| **Primary Government (continued)** | | | | |
| Special Revenue Funds: | | | | |
| Parks and Recreation Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | $ - | $ - | $ 50 | $ 50 |
| Gifts and donations: | | | | |
| Donations | - | - | 20,250 | 20,250 |
| Total revenue from local sources | - | - | 20,300 | 20,300 |
| Total Parks and Recreation Fund | - | - | 20,300 | 20,300 |
| Library Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | - | - | 15 | 15 |
| Gifts and donations: | | | | |
| Donations | - | - | 17,846 | 17,846 |
| Total revenue from local sources | - | - | 17,861 | 17,861 |
| Total Library Fund | - | - | 17,861 | 17,861 |
| Conservation Easement Service District Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | 591,000 | 591,000 | 583,069 | (7,931) |
| Real and personal public service corporation property taxes | - | - | 34,901 | 34,901 |
| Penalties | - | - | 3,821 | 3,821 |
| Interest | - | - | 2,683 | 2,683 |
| Total general property taxes | 591,000 | 591,000 | 624,474 | 33,474 |
| Gifts and donations: | | | | |
| Wilson PEC restricted donation | - | 55,000 | 25,000 | (30,000) |
| Total revenue from local sources | 591,000 | 646,000 | 649,474 | 3,474 |
| Revenue from the Commonwealth: | | | | |
| Other categorical aid: | | | | |
| Virginia land conservation grant | 50,000 | 198,400 | - | (198,400) |
| Virginia department of agriculture and consumer services | - | 482,084 | 341,596 | (140,488) |
| Total revenue from the Commonwealth | 50,000 | 680,484 | 341,596 | (338,888) |
| Total Conservation Easement Service District Fund | $ 641,000 | $ 1,326,484 | $ 991,070 | $ (335,414) |

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| **Fund, Major, and Minor Revenue Sources** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| **Primary Government (continued)** | | | | |
| Special Revenue Funds: (continued) | | | | |
| Fire and Rescue Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | $ 4,241,227 | $ 4,241,227 | $ 4,180,522 | $ (60,705) |
| Real and personal public service corporation property taxes | 150,000 | 150,000 | 253,151 | 103,151 |
| Penalty | 20,068 | 20,068 | 23,487 | 3,419 |
| Interest | 7,722 | 7,722 | 12,401 | 4,679 |
| Total general property taxes | 4,419,017 | 4,419,017 | 4,469,561 | 50,544 |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | 29,478 | 29,478 | 144 | (29,334) |
| Recovered costs: | | | | |
| Miscellaneous recovered costs | - | 6,258 | 6,951 | 693 |
| Miscellaneous revenue: | | | | |
| Other miscellaneous revenue | - | 2,056 | 1,634 | (422) |
| Total revenue from local sources | 4,448,495 | 4,456,809 | 4,478,290 | 21,481 |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Two for life funds | 64,000 | 67,599 | 67,599 | - |
| Fire programs | 129,476 | 143,466 | 143,466 | - |
| Total categorical aid | 193,476 | 211,065 | 211,065 | - |
| Total revenue from the Commonwealth | 193,476 | 211,065 | 211,065 | - |
| Total Fire and Rescue Fund | 4,641,971 | 4,667,874 | 4,689,355 | 21,481 |
| Ambulance Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Charges for emergency medical services care | 680,306 | 716,706 | 1,098,613 | 381,907 |
| Total charges for services | 680,306 | 716,706 | 1,098,613 | 381,907 |
| Total Ambulance Revenue Fund | 680,306 | 716,706 | 1,098,613 | 381,907 |
| Proffer Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | - | - | 203 | 203 |
| Gifts and donations: | | | | |
| Proffers | - | - | 662,800 | 662,800 |
| Total revenue from local sources | - | - | 663,003 | 663,003 |
| Total Proffer Fund | $ - | $ - | $ 663,003 | $ 663,003 |

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| **Fund, Major, and Minor Revenue Sources** | **Original Budget** | **Amended Budget** | **Actual** | **Variance From Amended Positive (Negative)** |
|---|---|---|---|---|
| **Primary Government (continued)** | | | | |
| Special Revenue Funds: (continued) | | | | |
| Affordable Housing Fund: | | | | |
| Revenue from the Federal Government: | | | | |
| Categorical aid: | | | | |
| NSP implementation grant | $ - | $ 1,500,000 | $ 1,085,635 | $ (414,365) |
| Total categorical aid | - | 1,500,000 | 1,085,635 | (414,365) |
| Total revenue from the Federal Government | - | 1,500,000 | 1,085,635 | (414,365) |
| Total Affordable Housing Fund | - | 1,500,000 | 1,085,635 | (414,365) |
| Vint Hill Transportation Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | - | - | 51 | 51 |
| Gifts and donations | | | | |
| Proffers | - | - | 3,498 | 3,498 |
| Total revenue from local sources | - | - | 3,549 | 3,549 |
| Total Vint Hill Transportation Fund | - | - | 3,549 | 3,549 |
| Total Special Revenue Funds | 5,963,277 | 8,211,064 | 8,569,386 | 358,322 |
| Capital Projects Funds: | | | | |
| Capital Projects Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | - | 5,500 | 13,208 | 7,708 |
| Charges for services | | | | |
| Sewer tap fees | - | 36,000 | 36,000 | - |
| Gifts and donations: | | | | |
| Mellon contribution | - | 500,000 | - | (500,000) |
| Piedmont environmental donation | - | 450,000 | 450,000 | - |
| Total gifts and donations | - | 950,000 | 450,000 | (500,000) |
| Recovered costs: | | | | |
| Modular revenue | - | - | 36,000 | 36,000 |
| Total revenue from local sources | $ - | $ 991,500 | $ 535,208 | $ (456,292) |

**Governmental Funds and Discretely Presented Component Unit – School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| Fund, Major, and Minor Revenue Sources | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Primary Government (continued)** | | | | |
| Capital Projects Funds: (continued) | | | | |
| Capital Projects Fund: (continued) | | | | |
| Revenue from the Commonwealth: | | | | |
| Other categorical aid: | | | | |
| Training burn building | $ - | $ 430,000 | $ 282,219 | $ (147,781) |
| PSAP grant | - | 150,000 | - | (150,000) |
| VDOT revenue sharing | - | 130,854 | 130,854 | - |
| Total revenue from the Commonwealth | - | 710,854 | 413,073 | (297,781) |
| Revenue from the Federal Government: | | | | |
| Categorical aid: | | | | |
| VDEM grant/800 MHz P25 upgrades | - | 882,130 | 847,745 | (34,385) |
| TEA-21 grant - Greenway | - | 146,435 | 122,683 | (23,752) |
| TEA-21 grant - Library | - | 416,034 | 246,799 | (169,235) |
| Warrenton Branch Greenway - Palmer Extension | - | 293,900 | - | (293,900) |
| TEA-21 grant - Woods of Warrenton | - | - | 16,843 | 16,843 |
| TEA-21 grant - Marshall Main Street project | - | 1,172,750 | 32,814 | (1,139,936) |
| TEA-21 grant - Salem Meeting House | - | 85,531 | - | (85,531) |
| Total revenue from the Federal Government | - | 2,996,780 | 1,266,884 | (1,729,896) |
| Total Capital Projects Fund | - | 4,699,134 | 2,215,165 | (2,483,969) |
| Grand Total Revenue – Primary Government | 161,812,125 | 170,116,560 | 164,767,880 | (5,348,680) |
| **Component Unit – School Board** | | | | |
| School General Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Charges for education | 265,000 | 265,000 | 309,526 | 44,526 |
| Gifts and donations: | | | | |
| Flex program | 5,000 | 5,000 | 5,600 | 600 |
| Recovered costs: | | | | |
| Recovered costs | 30,000 | 30,000 | 59,216 | 29,216 |
| Miscellaneous revenue: | | | | |
| Rebates and refunds | 203,000 | 203,000 | 371,571 | 168,571 |
| Mental health association grant | 31,500 | 31,500 | 29,565 | (1,935) |
| Typical peers | - | 72,000 | 39,955 | (32,045) |
| Other miscellaneous revenue | 64,000 | 64,000 | 4,505 | (59,495) |
| Total miscellaneous revenue | 298,500 | 370,500 | 445,596 | 75,096 |
| Total revenue from local sources | 598,500 | 670,500 | 819,938 | 149,438 |
| Intergovernmental: | | | | |
| Contribution from primary government | $ 85,039,162 | $ 85,487,910 | $ 79,112,373 | $ (6,375,537) |

**Governmental Funds and Discretely Presented Component Unit − School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| Fund, Major, and Minor Revenue Sources | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Component Unit – School Board (continued)** | | | | |
| School General Fund: (continued) | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales taxes | $ 11,587,941 | $ 11,587,940 | $ 11,058,521 | $ (529,419) |
| Basic school aid | 16,771,880 | 16,771,880 | 15,489,339 | (1,282,541) |
| Remedial summer school | 34,331 | 34,331 | 24,523 | (9,808) |
| Regular foster care | 111,098 | 111,098 | 54,018 | (57,080) |
| Gifted and talented | 167,936 | 167,936 | 168,104 | 168 |
| Remedial education | 156,984 | 156,984 | 157,141 | 157 |
| Special education | 2,007,935 | 2,007,935 | 2,009,938 | 2,003 |
| Vocational education - SOQ | 485,555 | 485,555 | 486,040 | 485 |
| Social security instructional | 949,205 | 949,205 | 950,153 | 948 |
| Teacher retirement instructional | 1,219,364 | 1,219,364 | 917,263 | (302,101) |
| Group life insurance instructional | 32,857 | 32,857 | 25,581 | (7,276) |
| Early reading intervention | 57,902 | 57,902 | 61,004 | 3,102 |
| Lottery | - | - | 421,904 | 421,904 |
| School standard of learning | 570,000 | 570,000 | 570,000 | - |
| Special education - homebound | 29,045 | 29,045 | 23,237 | (5,808) |
| Regional programs | 67,636 | 67,636 | 37,716 | (29,920) |
| Occupational education | 100,060 | 100,060 | 68,020 | (32,040) |
| ISAEP | 15,717 | 15,717 | 15,717 | - |
| Special education - foster children | - | - | 52,062 | 52,062 |
| Algebra readiness initiative | 21,120 | 21,120 | 21,120 | - |
| At risk youth | 48,999 | 48,999 | 48,115 | (884) |
| Alternative education | 114,966 | 114,966 | 111,774 | (3,192) |
| Primary class size | 114,948 | 114,948 | 106,752 | (8,196) |
| Summer regional governor school | - | - | 12,264 | 12,264 |
| English as a second language | 134,689 | 134,689 | 110,711 | (23,978) |
| Other state funds | 104,159 | 119,159 | 158,063 | 38,904 |
| ARRA - stimulus | 2,009,174 | - | - | - |
| School construction | 331,747 | 331,747 | - | (331,747) |
| Total categorical aid | 37,245,248 | 35,251,073 | 33,159,080 | (2,091,993) |
| Total revenue from the Commonwealth | 37,245,248 | 35,251,073 | 33,159,080 | (2,091,993) |
| Revenue from the Federal Government: | | | | |
| Categorical aid: | | | | |
| Adult basic education | 58,557 | 58,557 | 47,955 | (10,602) |
| Title I | 854,232 | 915,232 | 646,707 | (268,525) |
| Title VI-B – special education | 2,167,948 | 2,167,948 | 2,089,623 | (78,325) |
| Vocational education | 99,377 | 99,377 | 83,235 | (16,142) |
| Title II | 291,347 | 291,347 | 295,593 | 4,246 |
| Drug free schools | 23,305 | 23,305 | 18,660 | (4,645) |
| English language acquisition | 51,187 | 51,187 | 48,092 | (3,095) |
| Pre-school incentive (VI-B) | 57,164 | 57,164 | 56,463 | (701) |
| Homeless grant | - | 10,000 | 10,000 | - |
| ROTC | 56,000 | 56,000 | 57,775 | 1,775 |
| ARRA - Title VI-B | - | 2,076,576 | 1,784,809 | (291,767) |
| ARRA - Pre-school | - | 89,858 | 72,872 | (16,986) |
| Star Talk III grant | - | 67,072 | 44,423 | (22,649) |
| ARRA - State fiscal stabilization - basic | - | 2,009,174 | 2,287,786 | 278,612 |
| Total categorical aid | 3,659,117 | 7,972,797 | 7,543,993 | (428,804) |
| Total revenue from the Federal Government | 3,659,117 | 7,972,797 | 7,543,993 | (428,804) |
| Total School General Fund | $ 126,542,027 | $ 129,382,280 | $ 120,635,384 | $ (8,746,896) |

**Governmental Funds and Discretely Presented Component Unit – School Board**
**Schedule of Revenues – Budget and Actual**
**Fiscal Year Ended June 30, 2010**

| Fund, Major, and Minor Revenue Sources | Original Budget | Amended Budget | Actual | Variance From Amended Positive (Negative) |
|---|---|---|---|---|
| **Component Unit – School Board (continued)** | | | | |
| School Textbook Fund: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Textbook program | $ 432,692 | $ - | $ - | $ - |
| Total revenue from the Commonwealth | 432,692 | - | - | - |
| Total School Textbook Fund | 432,692 | - | - | - |
| Food Nutrition Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | 1,200 | 1,200 | 1,321 | 121 |
| Charges for services: | | | | |
| Cafeteria sales | 3,128,775 | 3,128,775 | 2,846,440 | (282,335) |
| Recovered costs: | | | | |
| Miscellaneous recovered costs | 193,000 | 193,000 | 156,858 | (36,142) |
| Total revenue from local sources | 3,322,975 | 3,322,975 | 3,004,619 | (318,356) |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| School food program | 63,936 | 63,936 | 66,051 | 2,115 |
| Total revenue from the Commonwealth | 63,936 | 63,936 | 66,051 | 2,115 |
| Revenue from the Federal Government: | | | | |
| Categorical aid: | | | | |
| School food program | 1,072,183 | 1,072,183 | 1,519,217 | 447,034 |
| Total revenue from the Federal Government | 1,072,183 | 1,072,183 | 1,519,217 | 447,034 |
| Total Food Nutrition Fund | 4,459,094 | 4,459,094 | 4,589,887 | 130,793 |
| Grand Total Revenues – Component Unit – School Board | 131,433,813 | 133,841,374 | 125,225,271 | (8,616,103) |
| Grand Total Revenues – Reporting Entity | $ 293,245,938 | $ 303,957,934 | $ 289,993,151 | $ (13,964,783) |

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# STATISTICAL SECTION

This section of the County's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the County's overall financial health. This information has not been audited by the independent auditor.

## Financial Trends

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

| | |
|---|---|
| Table 1 | Net Assets by Component |
| Table 2 | Changes in Net Assets |
| Table 3 | Fund Balances – Governmental Funds |
| Table 4 | Changes in Fund Balances – Governmental Funds |

## Revenue Capacity

These schedules contain information to help the reader assess the County's significant local revenue sources, the property tax, as well as other revenue sources.

| | |
|---|---|
| Table 5-A | Assessed Value and Estimated Actual Value of Taxable Property |
| Table 5-B | Tax Relief for the Elderly |
| Table 6 | Property Tax Rates for Both Direct and Overlapping Governments |
| Table 7-A | Principal Real Property Taxpayers |
| Table 7-B | Principal Personal Property Taxpayers |
| Table 8 | Property Tax Levies and Collections |

## Debt Capacity

These schedules 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.

| | |
|---|---|
| Table 9 | Ratios of Outstanding Debt by Type |
| Table 10 | Ratios of General Bonded Debt Outstanding |
| Table 11 | Pledged-Revenue Coverage |
| Table 12 | County Policy Debt Margin |

## Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.



## Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.



*Sources: Unless otherwise noted, the information in this section is derived from the County's comprehensive annual financial reports for the relevant year. The County implemented the new reporting model, GASB 34, in the fiscal year ending June 30, 2003.*

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 1**

**Net Assets by Component** 
**Last Eight Fiscal Years (1)**
*(accrual basis of accounting)*

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2003** | **2004** | **2005** | **2006** |
| **Governmental Activities:** | | | | |
| Invested in capital assets, net of related debt | $ 18,009,998 | $ 26,618,952 | $ 40,644,055 | $ 53,879,240 |
| Restricted | 44,233,311 | 37,942,314 | 18,850,455 | 12,274,124 |
| Unrestricted (deficit) | (18,111,238) | (23,890,674) | (7,813,527) | (17,383,106) |
| Subtotal governmental activities net assets | 44,132,071 | 40,670,592 | 51,680,983 | 48,770,258 |
| **Business-type Activities:** | | | | |
| Invested in capital assets, net of related debt | 13,520,705 | 14,850,983 | 20,621,416 | 26,282,531 |
| Restricted | - | - | - | 1,496,173 |
| Unrestricted (deficit) | (1,066,254) | (2,187,668) | (2,956,053) | (6,379,152) |
| Subtotal business-type activities net assets | 12,454,451 | 12,663,315 | 17,665,363 | 21,399,552 |
| **Primary Government:** | | | | |
| Invested in capital assets, net of related debt | 31,530,703 | 41,469,935 | 61,265,471 | 80,161,771 |
| Restricted | 44,233,311 | 37,942,314 | 18,850,455 | 13,770,297 |
| Unrestricted (deficit) | (19,177,492) | (26,078,342) | (10,769,580) | (23,762,258) |
| **Total Primary Government net assets** | 56,586,522 | 53,333,907 | 69,346,346 | 70,169,810 |
| **Component Unit – School Board: (2)** | | | | |
| Invested in capital assets, net of related debt | 80,970,144 | 93,226,685 | 95,747,444 | 107,072,117 |
| Unrestricted (deficit) | (3,177,264) | (3,059,243) | (3,322,698) | (2,377,077) |
| **Total Component Unit – School Board net assets** | 77,792,880 | 90,167,442 | 92,424,746 | 104,695,040 |
| **Total Reporting Entity: (3)** | | | | |
| Invested in capital assets, net of related debt | 76,325,010 | 87,881,798 | 109,038,526 | 140,141,659 |
| Restricted | 44,233,311 | 37,942,314 | 18,850,455 | 13,770,297 |
| Unrestricted | 13,821,081 | 17,677,237 | 33,882,111 | 20,952,894 |
| **Total Reporting Entity net assets** | $ 134,379,402 | $ 143,501,349 | $ 161,771,092 | $ 174,864,850 |

(1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB 34, the new reporting standard, in FY 2003. Therefore, ten years of data is not available but will be accumulated over time.
(2) Component Unit - School Board net asset components are included in this table due to the School Board being a significant portion of the County. In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority.
(3) The sum of the rows does not equal the total reporting entity rows because the debt related to the Component Unit - School Board is reflected in the Primary Government's net asset row reducing unrestricted net assets. The assets are reflected in the Component Unit - School Board row as invested in capital assets, net of related debt. The total reporting entity row matches the asset with the debt and reports the net amount on the invested in capital assets, net of related debt line.

| Fiscal Year 2007 | 2008 | 2009 | 2010 | |
|---|---|---|---|---|
| | | | | **Governmental Activities:** |
| $ 65,945,291 | $ 68,340,059 | $ 69,414,611 | $ 69,217,950 | Invested in capital assets, net of related debt |
| 11,751,955 | 1,736,551 | 1,841,662 | 1,953,490 | Restricted |
| (33,924,630) | (81,293,325) | (82,030,711) | (78,530,333) | Unrestricted (deficit) |
| 43,772,616 | (11,216,715) | (10,774,438) | (7,358,893) | Subtotal governmental activities net assets |
| | | | | **Business-type Activities:** |
| 29,787,320 | 29,397,086 | 28,111,135 | 27,154,708 | Invested in capital assets, net of related debt |
| - | - | - | - | Restricted |
| (7,706,668) | (8,242,666) | (9,514,739) | (10,188,958) | Unrestricted (deficit) |
| 22,080,652 | 21,154,420 | 18,596,396 | 16,965,750 | Subtotal business-type activities net assets |
| | | | | **Primary Government:** |
| 95,732,611 | 97,737,145 | 97,525,746 | 96,372,658 | Invested in capital assets, net of related debt |
| 11,751,955 | 1,736,551 | 1,841,662 | 1,953,490 | Restricted |
| (41,631,298) | (89,535,991) | (91,545,450) | (88,719,291) | Unrestricted (deficit) |
| 65,853,268 | 9,937,705 | 7,821,958 | 9,606,857 | **Total Primary Government net assets** |
| | | | | **Component Unit – School Board: (2)** |
| 129,625,217 | 179,639,884 | 182,911,496 | 179,224,107 | Invested in capital assets, net of related debt |
| (3,617,216) | (3,537,827) | (3,628,205) | (3,590,789) | Unrestricted (deficit) |
| 126,008,001 | 176,102,057 | 179,283,291 | 175,633,318 | **Total Component Unit – School Board net assets** |
| | | | | **Total Reporting Entity: (3)** |
| 159,597,988 | 167,486,251 | 168,903,411 | 169,972,941 | Invested in capital assets, net of related debt |
| 11,751,955 | 1,736,551 | 1,841,662 | 1,953,490 | Restricted |
| 20,511,326 | 16,816,960 | 16,360,176 | 13,313,744 | Unrestricted |
| $ 191,861,269 | $ 186,039,762 | $ 187,105,249 | $ 185,240,175 | **Total Reporting Entity net assets** |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 2**

**Changes in Net Assets** 
**Last Eight Fiscal Years (1)**
*(accrual basis of accounting)*

| | Fiscal Year 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|
| **Primary Government:** | | | | |
| **Expenses** | | | | |
| Governmental activities: | | | | |
| General government | $ 7,149,589 | $ 8,056,076 | $ 8,271,548 | $ 9,788,797 |
| Judicial | 2,286,910 | 2,624,872 | 2,558,587 | 2,754,050 |
| Public safety | 13,361,055 | 12,269,680 | 16,003,921 | 18,427,447 |
| Public works | 6,073,191 | 8,573,767 | 5,328,879 | 6,029,767 |
| Health and welfare | 5,837,219 | 6,457,957 | 7,047,257 | 8,003,092 |
| Education | 53,385,062 | 59,085,836 | 65,320,395 | 80,157,231 |
| Parks, recreation, and cultural | 3,036,023 | 5,688,379 | 4,040,458 | 4,647,337 |
| Community development | 3,713,826 | 4,647,136 | 5,679,959 | 5,078,598 |
| Nondepartmental | 516,608 | 552,652 | 732,410 | - |
| Interest on long-term debt | 2,729,065 | 2,841,978 | 3,115,326 | 3,146,137 |
| Total governmental activities expenses | 98,088,548 | 110,798,333 | 118,098,740 | 138,032,456 |
| Business-type activities: | | | | |
| Airport | 157,888 | 207,616 | 260,805 | 850,740 |
| Landfill and recycling | 4,226,521 | 6,098,414 | 7,952,230 | 5,531,178 |
| Fleet maintenance (2) | 1,753,717 | - | - | - |
| Health insurance (2) | 8,871,607 | - | - | - |
| Total business-type activities expenses | 15,009,733 | 6,306,030 | 8,213,035 | 6,381,918 |
| Total primary government expenses | 113,098,281 | 117,104,363 | 126,311,775 | 144,414,374 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 15,009 | 12,130 | 14,022 | 42,500 |
| Judicial | 924,377 | 1,020,017 | 931,368 | 1,082,951 |
| Public safety | 1,437,682 | 168,883 | 196,302 | 187,106 |
| Parks, recreation, and cultural | 454,772 | 580,611 | 547,467 | 513,526 |
| Community development | 176,087 | 1,609,625 | 890,346 | 51,959 |
| Other activities | 79,072 | 308,515 | 35,135 | 32,085 |
| Operating grants and contributions | 9,067,002 | 9,655,656 | 9,910,495 | 11,653,274 |
| Capital grants and contributions | - | - | - | - |
| Total governmental activities program revenues | 12,154,001 | 13,355,437 | 12,525,135 | 13,563,401 |
| Business type activities: | | | | |
| Charges for services: | | | | |
| Airport | 146,646 | 189,279 | 264,807 | 217,987 |
| Landfill and recycling | 5,966,800 | 6,477,831 | 7,972,909 | 6,554,404 |
| Fleet maintenance (2) | 1,693,002 | - | - | - |
| Health insurance (2) | 8,889,993 | - | - | - |
| Operating grants and contributions | 27,630 | 32,996 | 22,741 | 48,633 |
| Capital grants and contributions | 485,967 | 3,189,469 | 4,811,819 | 3,114,018 |
| Total business-type activities program revenues | 17,210,038 | 9,889,575 | 13,072,276 | 9,935,042 |
| Total primary government program revenues | 29,364,039 | 23,245,012 | 25,597,411 | 23,498,443 |
| **Net (expense) revenue (3)** | | | | |
| Governmental activities: | (85,934,547) | (97,442,896) | (105,573,605) | (124,469,055) |
| Business-type activities | 2,200,305 | 3,583,545 | 4,859,241 | 3,553,124 |
| Total primary government net (expense) revenue | $ (83,734,242) | $ (93,859,351) | $ (100,714,364) | $ (120,915,931) |

(1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB 34, the new reporting standard, in FY 2003. Therefore, ten years of data is not available but will be accumulated over time.
(2) The Fleet Maintenance Fund and the Health Insurance Fund are reflected in the internal service funds beginning in FY 2004.
(3) Net (expense)/revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.
(4) Component unit - School Board change in net assets is included in this table due to the School Board being a significant portion of the County.
(5) From the FY 2003 and FY 2004 CAFRs for Commonwealth of Virginia noncategorical aid which was included in Program Revenues in FY 2003 and Contribution from primary government and Commonwealth of Virginia noncategorical aid which were included in Program Revenues in FY 2004 have been restated as general revenues.

| | Fiscal Year 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Primary Government:** | | | | |
| **Expenses** | | | | |
| Governmental activities: | | | | |
| General government | $ 10,004,794 | $ 10,896,521 | $ 10,878,525 | $ 10,354,069 |
| Judicial | 3,019,115 | 3,348,758 | 3,383,922 | 3,278,333 |
| Public safety | 21,184,526 | 33,382,090 | 24,167,850 | 25,090,735 |
| Public works | 6,474,088 | 7,765,864 | 7,467,516 | 8,033,038 |
| Health and welfare | 8,661,693 | 9,899,394 | 10,052,834 | 10,265,321 |
| Education | 95,181,305 | 129,908,192 | 90,449,761 | 81,066,768 |
| Parks, recreation, and cultural | 6,002,774 | 5,551,667 | 5,949,804 | 5,917,529 |
| Community development | 6,672,005 | 8,178,686 | 8,734,890 | 11,342,060 |
| Nondepartmental | 550,225 | - | - | - |
| Interest on long-term debt | 4,441,160 | 5,397,929 | 5,687,654 | 5,463,351 |
| Total governmental activities expenses | 162,191,685 | 214,329,101 | 166,772,756 | 160,811,203 |
| Business-type activities: | | | | |
| Airport | 1,450,428 | 1,849,679 | 1,848,791 | 2,083,529 |
| Landfill and recycling | 6,486,477 | 7,102,357 | 6,574,806 | 5,185,773 |
| Fleet maintenance (2) | - | - | - | - |
| Health insurance (2) | - | - | - | - |
| Total business-type activities expenses | 7,936,905 | 8,952,036 | 8,423,597 | 7,269,302 |
| Total primary government expenses | 170,128,590 | 223,281,137 | 175,196,353 | 168,080,505 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 266,159 | 43,048 | 42,618 | 46,548 |
| Judicial | 924,355 | 733,265 | 946,883 | 636,265 |
| Public safety | 206,511 | 704,232 | 1,774,418 | 1,198,178 |
| Parks, recreation, and cultural | 559,001 | 548,467 | 502,195 | 460,562 |
| Community development | 2,116,948 | 1,675,560 | 1,185,958 | 932,809 |
| Other activities | 39,596 | 24,722 | 5,583 | 38,393 |
| Operating grants and contributions | 15,782,480 | 12,678,895 | 13,892,991 | 16,108,365 |
| Capital grants and contributions | - | 810,000 | 222,000 | 668,544 |
| Total governmental activities program revenues | 19,895,050 | 17,218,189 | 18,572,646 | 20,089,664 |
| Business type activities: | | | | |
| Charges for services: | | | | |
| Airport | 283,402 | 673,390 | 674,871 | 666,582 |
| Landfill and recycling | 6,112,788 | 6,612,997 | 5,111,345 | 4,660,868 |
| Fleet maintenance (2) | - | - | - | - |
| Health insurance (2) | - | - | - | - |
| Operating grants and contributions | 45,669 | 17,739 | 50,460 | 246,768 |
| Capital grants and contributions | 1,592,253 | 34,462 | 61,585 | 25,388 |
| Total business-type activities program revenues | 8,034,112 | 7,338,588 | 5,898,261 | 5,599,606 |
| Total primary government program revenues | 27,929,162 | 24,556,777 | 24,470,907 | 25,689,270 |
| **Net (expense) revenue (3)** | | | | |
| Governmental activities: | (142,296,635) | (197,110,912) | (148,200,110) | (140,721,539) |
| Business-type activities | 97,207 | (1,613,448) | (2,525,336) | (1,669,696) |
| Total primary government net (expense) revenue | $ (142,199,428) | $ (198,724,360) | $ (150,725,446) | $ (142,391,235) |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 2**

**Changes in Net Assets**
**Last Eight Fiscal Years (1)**
*(accrual basis of accounting)*



| | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|---|---|---|---|---|
| **Primary Government: (continued)** | | | | |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| General property taxes | $ 68,035,337 | $ 71,787,496 | $ 77,173,781 | $ 86,079,820 |
| Local sales and use taxes | 5,176,688 | 5,881,564 | 6,605,989 | 7,372,629 |
| Consumers' utility taxes | 2,579,778 | 2,953,432 | 2,891,289 | 3,247,767 |
| Business and professional taxes | 1,051,059 | 1,113,242 | 3,499,758 | 3,360,897 |
| Motor vehicle taxes | 1,340,223 | 1,387,281 | 1,421,448 | 1,440,165 |
| Taxes on recordation and wills | 1,290,501 | 1,599,694 | 2,771,674 | 2,974,115 |
| E-911 tax | 925,717 | 797,919 | 871,924 | 1,268,347 |
| Other local taxes | 288,896 | 236,073 | 408,185 | 562,967 |
| Investment earnings | 1,727,060 | 1,182,326 | 1,647,513 | 2,826,208 |
| Miscellaneous | 589,654 | 503,539 | 216,810 | 723,786 |
| Grants and contributions not restricted to specific programs | 12,027,839 | 13,201,048 | 13,307,038 | 14,705,161 |
| Transfers | (38,642) | (47,535) | (60,559) | (47,941) |
| Special Item - Water and Sewer Authority note receivable | - | - | - | (3,317,857) |
| Total governmental activities general revenues and other changes in net assets | 94,994,110 | 100,596,079 | 110,754,850 | 121,196,064 |
| Business-type activities: | | | | |
| Investment earnings | 97,246 | 21,482 | 79,933 | 133,124 |
| Miscellaneous | - | - | 2,315 | - |
| Transfers | 38,642 | 47,535 | 60,559 | 47,941 |
| Total business-type activities general revenues and other changes in net assets | 135,888 | 69,017 | 142,807 | 181,065 |
| Total primary government general revenues and other changes in net assets | 95,129,998 | 100,665,096 | 110,897,657 | 121,377,129 |
| **Change in Net Assets** | | | | |
| Governmental activities | 9,059,563 | 3,153,183 | 5,181,245 | (3,272,991) |
| Business-type activities | 2,336,193 | 3,652,562 | 5,002,048 | 3,734,189 |
| Total Primary Government change in net assets | 11,395,756 | 6,805,745 | 10,183,293 | 461,198 |
| **Component Unit – School Board: (4)** | | | | |
| **Expenses** | | | | |
| Education | 86,982,803 | 92,811,594 | 102,222,451 | 111,366,590 |
| **Program Revenues** | | | | |
| Charges for services | 2,459,762 | 2,795,889 | 3,211,275 | 3,470,481 |
| Operating grants and contributions (5) | 3,148,167 | 3,778,296 | 4,487,022 | 4,740,080 |
| Capital grants and contributions | - | - | - | - |
| Total component unit - School Board program revenues | 5,607,929 | 6,574,185 | 7,698,297 | 8,210,561 |
| **Net (expense) revenue (3)** | (81,374,874) | (86,237,409) | (94,524,154) | (103,156,029) |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Contribution from primary government (5) | 56,150,392 | 58,888,752 | 65,247,684 | 81,597,198 |
| Investment earnings | 573 | 362 | 700 | 956 |
| Miscellaneous | 419,675 | 480,812 | 43,183 | 72,953 |
| Grants and contributions not restricted to specific programs (5) | 27,092,226 | 29,183,685 | 31,650,343 | 33,988,935 |
| Total component unit - School Board general revenues and other changes in net assets | 83,662,866 | 88,553,611 | 96,941,910 | 115,660,042 |
| Total Component Unit – School Board change in net assets | $ 2,287,992 | $ 2,316,202 | $ 2,417,756 | $ 12,504,013 |

(1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB 34, the new reporting standard, in FY 2003. Therefore, ten years of data is not available but will be accumulated over time.
(2) The Fleet Maintenance Fund and the Health Insurance Fund are reflected in the internal service funds beginning in FY 2004.
(3) Net (expense)/revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.
(4) Component unit - School Board change in net assets is included in this table due to the School Board being a significant portion of the County.
(5) From the FY 2003 and FY 2004 CAFRs for Commonwealth of Virginia noncategorical aid which was included in Program Revenues in FY 2003 and Contribution from primary government and Commonwealth of Virginia noncategorical aid which were included in Program Revenues in FY 2004 have been restated as general revenues.

| | Fiscal Year 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Primary Government: (continued)** | | | | |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| General property taxes | $ 101,852,501 | $ 109,470,150 | $ 117,835,182 | $ 114,586,709 |
| Local sales and use taxes | 7,565,111 | 7,032,385 | 6,240,448 | 5,887,347 |
| Consumers' utility taxes | 3,804,003 | 4,985,109 | 4,561,422 | 1,513,680 |
| Business and professional taxes | 1,286,470 | 1,847,520 | 1,463,055 | 1,460,805 |
| Motor vehicle taxes | 69,473 | 1,727,843 | 1,737,173 | 1,738,233 |
| Taxes on recordation and wills | 2,082,839 | 1,585,129 | 1,242,537 | 1,152,451 |
| E-911 tax | 623,798 | - | - | - |
| Other local taxes | 517,709 | 224,995 | 181,577 | 202,935 |
| Investment earnings | 4,933,147 | 3,893,181 | 1,318,260 | 561,508 |
| Miscellaneous | 222,369 | 457,724 | 169,889 | 177,939 |
| Grants and contributions not restricted to specific programs | 14,259,811 | 14,260,569 | 13,852,748 | 16,893,482 |
| Transfers | 81,762 | (463,024) | 40,096 | (38,005) |
| Special Item - Water and Sewer Authority note receivable | - | - | - | - |
| Total governmental activities general revenues and other changes in net assets | 137,298,993 | 145,021,581 | 148,642,387 | 144,137,084 |
| Business-type activities: | | | | |
| Investment earnings | 137,687 | 39,069 | 7,408 | 1,045 |
| Miscellaneous | 527,968 | 185,123 | - | - |
| Transfers | (81,762) | 463,024 | (40,096) | 38,005 |
| Total business-type activities general revenues and other changes in net assets | 583,893 | 687,216 | (32,688) | 39,050 |
| Total primary government general revenues and other changes in net assets | 137,882,886 | 145,708,797 | 148,609,699 | 144,176,134 |
| **Change in Net Assets** | | | | |
| Governmental activities | (4,997,642) | (52,089,331) | 442,277 | 3,415,545 |
| Business-type activities | 681,100 | (926,232) | (2,558,024) | (1,630,646) |
| Total Primary Government change in net assets | (4,316,542) | (53,015,563) | (2,115,747) | 1,784,899 |
| **Component Unit – School Board: (4)** | | | | |
| **Expenses** | | | | |
| Education | 121,838,270 | 126,043,880 | 133,307,450 | 131,500,463 |
| **Program Revenues** | | | | |
| Charges for services | 3,392,923 | 3,465,276 | 3,331,139 | 3,155,966 |
| Operating grants and contributions (5) | 4,863,970 | 4,134,985 | 11,989,341 | 13,036,391 |
| Capital grants and contributions | 1,000,000 | - | 122,965 | - |
| Total component unit - School Board program revenues | 9,256,893 | 7,600,261 | 15,443,445 | 16,192,357 |
| **Net (expense) revenue (3)** | (112,581,377) | (118,443,619) | (117,864,005) | (115,308,106) |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Contribution from primary government (5) | 95,952,739 | 129,514,166 | 90,120,368 | 81,953,666 |
| Investment earnings | 12,932 | 1,416 | 1,193 | 1,321 |
| Miscellaneous | 635,215 | 364,411 | 471,525 | 445,596 |
| Grants and contributions not restricted to specific programs (5) | 37,293,452 | 38,657,682 | 30,452,153 | 29,257,550 |
| Total component unit - School Board general revenues and other changes in net assets | 133,894,338 | 168,537,675 | 121,045,239 | 111,658,133 |
| Total Component Unit – School Board change in net assets | $ 21,312,961 | $ 50,094,056 | $ 3,181,234 | $ (3,649,973) |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 3**

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



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2001** | **2002** | **2003** | **2004** | **2005** |
| General Fund: | | | | | |
| Reserved | $ - | $ 464,258 | $ - | $ - | $ 537,304 |
| Unreserved: | | | | | |
| Designated | - | - | - | - | 6,008,307 |
| Undesignated | 17,448,642 | 21,822,064 | 22,692,500 | 22,554,376 | 12,655,527 |
| Total General Fund | 17,448,642 | 22,286,322 | 22,692,500 | 22,554,376 | 19,201,138 |
| Other Governmental Funds: | | | | | |
| Reserved: | | | | | |
| Capital Projects Fund | - | - | - | - | 2,563,674 |
| Special revenue funds | - | 125,354 | 180,109 | 169,205 | - |
| Unreserved: | | | | | |
| Designated: | | | | | |
| Capital Projects Fund (1) | 24,159,467 | 46,160,157 | 44,053,202 | 37,773,109 | 30,868,038 |
| Special revenue funds | - | - | - | - | - |
| Undesignated: | | | | | |
| Capital Projects Fund | - | - | - | - | - |
| Special revenue funds | 718,543 | 903,010 | 1,370,588 | 1,594,915 | 2,319,572 |
| Total Other Governmental Funds | 24,878,010 | 47,188,521 | 45,603,899 | 39,537,229 | 35,751,284 |
| Total Governmental Funds | $ 42,326,652 | $ 69,474,843 | $ 68,296,399 | $ 62,091,605 | $ 54,952,422 |

(1) From FY 2001 to FY 2005, the full amount of capital projects fund balance was designated. As of FY 2006, the designated fund balance reflects only external legally restricted funds in the Capital Projects Fund.

| Fiscal Year 2006 | 2007 | 2008 | 2009 | 2010 | |
|---|---|---|---|---|---|
| | | | | | General Fund: |
| $ 278,185 | $ 372,554 | $ 1,694,621 | $ 822,033 | $ 687,201 | Reserved |
| | | | | | Unreserved: |
| 5,977,018 | 4,457,788 | 2,896,508 | 7,394,166 | 8,752,900 | Designated |
| 14,733,278 | 14,735,631 | 16,223,542 | 16,019,461 | 15,463,426 | Undesignated |
| 20,988,481 | 19,565,973 | 20,814,671 | 24,235,660 | 24,903,527 | Total General Fund |
| | | | | | Other Governmental Funds: |
| | | | | | Reserved: |
| 16,166,584 | 41,058,636 | 8,851,749 | 3,317,858 | 2,650,108 | Capital Projects Fund |
| 36,598 | - | 21,767 | 90,078 | 826,230 | Special revenue funds |
| | | | | | Unreserved: |
| | | | | | Designated: |
| - | - | - | - | - | Capital Projects Fund (1) |
| - | - | 724,956 | 881,774 | 487,169 | Special revenue funds |
| | | | | | Undesignated: |
| 9,952,866 | 4,388,501 | 21,659,732 | 13,575,588 | 12,770,610 | Capital Projects Fund |
| 5,689,128 | 7,363,454 | 3,332,605 | 3,631,227 | 5,285,421 | Special revenue funds |
| 31,845,176 | 52,810,591 | 34,590,809 | 21,496,525 | 22,019,538 | Total Other Governmental Funds |
| $ 52,833,657 | $ 72,376,564 | $ 55,405,480 | $ 45,732,185 | $ 46,923,065 | Total Governmental Funds |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 4**

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

| | Fiscal Year 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| General property and other local taxes | $ 69,992,044 | $ 74,762,676 | $ 81,254,445 | $ 86,178,471 | $ 93,092,244 |
| Permits, privilege fees, and regulatory licenses | 1,130,335 | 1,169,124 | 1,508,077 | 1,598,890 | 2,212,566 |
| Fines and forfeitures | 362,610 | 432,297 | 504,517 | 504,771 | 486,847 |
| Revenue from use of money and property | 2,911,023 | 1,599,080 | 1,727,060 | 1,182,326 | 1,647,513 |
| Charges for services | 925,564 | 790,848 | 1,074,405 | 1,596,119 | 1,240,303 |
| Gifts and donations | - | - | - | 503,539 | 887,490 |
| Recovered costs | 157,924 | 461,620 | 145,617 | 180,538 | 154,483 |
| Miscellaneous | 66,485 | 10,130,575 | 471,701 | - | 80,100 |
| Intergovernmental: | | | | | |
| Contribution from School Board (1) | 5,485,229 | 9,450,982 | 3,789,103 | 1,188,192 | 526,788 |
| Commonwealth of Virginia | 14,153,911 | 18,695,882 | 18,673,462 | 19,993,164 | 20,660,061 |
| Contribution from Culpeper County | - | - | - | - | - |
| Federal Government | 1,742,273 | 1,914,743 | 2,421,379 | 2,863,540 | 2,557,472 |
| Total revenues | 96,927,398 | 119,407,827 | 111,569,766 | 115,789,550 | 123,545,867 |
| **Expenditures** | | | | | |
| Current operating: | | | | | |
| General government administration | 6,948,055 | 7,729,740 | 7,688,368 | 10,000,219 | 9,133,896 |
| Judicial | 1,925,457 | 2,107,733 | 2,186,402 | 2,651,525 | 5,334,255 |
| Public safety | 11,112,953 | 12,684,365 | 17,634,118 | 15,284,971 | 19,869,721 |
| Public works | 5,380,379 | 6,152,615 | 6,002,496 | 8,588,341 | 5,539,741 |
| Health and welfare | 4,934,176 | 5,324,034 | 5,787,402 | 6,498,599 | 7,201,697 |
| Education (1) | 48,469,865 | 58,276,418 | 57,933,386 | 70,255,695 | 67,244,700 |
| Parks, recreation, and cultural | 3,180,143 | 4,241,026 | 5,731,577 | 6,864,198 | 5,691,502 |
| Community development | 2,681,114 | 3,124,838 | 3,707,282 | 4,710,489 | 5,795,456 |
| Nondepartmental | 187,107 | 365,507 | 523,408 | 552,652 | 579,410 |
| Capital outlay | 109,323 | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement (2) | 3,822,773 | 3,737,074 | 4,484,717 | 6,066,327 | 4,976,092 |
| Interest & fiscal charges (2) | 2,465,371 | 2,451,475 | 2,916,590 | 2,723,740 | 3,109,014 |
| Bond issuance costs (3) | - | - | - | - | - |
| Total expenditures | 91,216,716 | 106,194,825 | 114,595,746 | 134,196,756 | 134,475,484 |
| Excess (deficiency) of revenues over (under) expenditures | 5,710,682 | 13,213,002 | (3,025,980) | (18,407,206) | (10,929,617) |
| **Other financing sources (uses)** | | | | | |
| Transfers in (1) | 11,359,163 | 6,601,874 | 8,364,435 | 7,444,089 | 9,902,280 |
| Transfers (out) (1) | (11,591,137) | (6,710,683) | (8,403,077) | (7,644,624) | (10,115,839) |
| Issuance of debt (2) | 7,650,000 | 14,043,998 | 1,700,000 | 11,630,000 | 3,720,000 |
| Issuance of refunding bonds | - | - | - | - | - |
| Payments to refunded bond escrow agent | - | - | - | - | - |
| Premiums on issuance of debt | - | - | - | 772,947 | 282,235 |
| Total other financing sources (uses) | 7,418,026 | 13,935,189 | 1,661,358 | 12,202,412 | 3,788,676 |
| Net change in fund balances | $ 13,128,708 | $ 27,148,191 | $ (1,364,622) | $ (6,204,794) | $ (7,140,941) |

(1) The County implemented GASB 34, the new reporting standard, in FY 2003. Prior to the implementation of GASB 34, the County's contribution to the School Board was reported as a transfer out. Implementation of GASB 34 required that the contribution to the School Board be reported as an education expenditure. For comparability FY 2001 through FY 2002 have been restated to reflect contribution to the School Board as education expenditures. In addition, debt service payments have been restated to reduce education and increase debt service from FY 2001 through FY 2002.
(2) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
(3) The presentation for FY 2007 through FY 2010 have been revised to reflect bond issuance costs.
(4) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 31).

| Fiscal Year 2006 | 2007 | 2008 | 2009 | 2010 | |
|---|---|---|---|---|---|
| | | | | | **Revenues** |
| $ 105,484,892 | $ 117,395,045 | $ 125,634,196 | $ 132,573,715 | $ 126,626,266 | General property and other local taxes |
| 1,921,717 | 2,287,326 | 1,575,699 | 1,213,148 | 964,288 | Permits, privilege fees, and regulatory licenses |
| 529,420 | 526,235 | 403,870 | 483,483 | 515,286 | Fines and forfeitures |
| 2,499,258 | 4,595,057 | 3,643,296 | 1,272,923 | 559,890 | Revenue from use of money and property |
| 1,380,707 | 1,299,009 | 1,749,725 | 2,475,872 | 2,036,829 | Charges for services |
| 1,035,693 | 4,395,470 | 140,246 | 2,441 | 1,187,725 | Gifts and donations |
| 257,337 | 241,385 | 270,601 | 517,063 | 216,991 | Recovered costs |
| 723,786 | 222,369 | 457,724 | 169,889 | 177,939 | Miscellaneous |
| | | | | | Intergovernmental: |
| 1,316,810 | - | - | - | - | Contribution from School Board (1) |
| 22,290,152 | 22,520,192 | 23,687,021 | 23,577,653 | 26,929,574 | Commonwealth of Virginia |
| 369,556 | - | - | - | - | Contribution from Culpeper County |
| 2,663,034 | 3,126,629 | 2,647,758 | 4,165,645 | 5,553,092 | Federal Government |
| 140,472,362 | 156,608,717 | 160,210,136 | 166,451,832 | 164,767,880 | Total revenues |
| | | | | | **Expenditures** |
| | | | | | Current operating: |
| 9,391,807 | 10,820,861 | 10,654,666 | 10,747,190 | 10,243,734 | General government administration |
| 4,933,976 | 2,913,670 | 3,065,299 | 2,966,916 | 3,048,533 | Judicial |
| 19,157,429 | 21,101,417 | 23,453,213 | 24,314,107 | 24,380,686 | Public safety |
| 6,193,511 | 6,483,272 | 8,319,953 | 6,729,594 | 7,951,825 | Public works |
| 8,024,745 | 8,618,127 | 9,880,305 | 9,942,056 | 10,302,171 | Health and welfare |
| 81,797,232 | 95,373,503 | 129,784,456 | 90,092,039 | 81,245,018 | Education (1) |
| 11,725,937 | 17,173,878 | 7,269,368 | 6,868,414 | 5,570,383 | Parks, recreation, and cultural |
| 5,092,111 | 6,670,589 | 8,186,119 | 8,553,281 | 11,366,594 | Community development |
| 640,050 | 550,225 | 391,617 | 816,428 | 594,483 | Nondepartmental |
| - | - | - | - | - | Capital outlay |
| | | | | | Debt service: |
| 5,138,726 | 5,711,745 | 6,900,170 | 8,739,019 | 8,820,698 | Principal retirement (2) |
| 2,962,402 | 3,327,139 | 5,149,438 | 6,386,481 | 6,069,818 | Interest & fiscal charges (2) |
| - | 282,815 | - | - | 169,949 | Bond issuance costs (3) |
| 155,057,926 | 179,027,241 | 213,054,604 | 176,155,525 | 169,763,892 | Total expenditures |
| (14,585,564) | (22,418,524) | (52,844,468) | (9,703,693) | (4,996,012) | Excess (deficiency) of revenues over (under) expenditures |
| | | | | | **Other financing sources (uses)** |
| 7,927,776 | 11,551,635 | 7,738,049 | 3,583,913 | 1,362,514 | Transfers in (1) |
| (8,075,717) | (11,467,873) | (7,772,511) | (3,588,665) | (1,408,590) | Transfers (out) (1) |
| 11,540,000 | 39,615,000 | 34,075,000 | - | 6,153,000 | Issuance of debt (2) |
| - | - | - | 2,115,000 | 3,565,000 | Issuance of refunding bonds |
| - | - | - | (2,285,637) | (3,820,154) | Payments to refunded bond escrow agent |
| 643,395 | 2,262,669 | 1,832,846 | 205,787 | 335,122 | Premiums on issuance of debt |
| 12,035,454 | 41,961,431 | 35,873,384 | 30,398 | 6,186,892 | Total other financing sources (uses) |
| $ (2,550,110) | $ 19,542,907 | $ (16,971,084) | $ (9,673,295) | $ 1,190,880 | Net change in fund balances |

**Changes in Fund Balances – Governmental Funds** **Page 3 of 4**
**Last Ten Fiscal Years**
*(modified accrual basis of accounting)*

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2001** | **2002** | **2003** | **2004** | **2005** |
| **Debt Service as a Percentage of Noncapital Expenditures: (2)** | | | | | |
| **Primary Government:** | | | | | |
| Total debt service | $ 6,288,144 | $ 6,188,549 | $ 7,401,307 | $ 8,790,067 | $ 8,085,106 |
| Total expenditures | 91,216,716 | 106,194,825 | 114,595,746 | 134,196,756 | 134,475,484 |
| Capital outlay primary government only (4) | 2,566,454 | 7,593,418 | 9,028,008 | 7,437,757 | 11,543,894 |
| Non-capital expenditures | 88,650,262 | 98,601,407 | 105,567,738 | 126,758,999 | 122,931,590 |
| Debt service as a percentage of noncapital expenditures: Primary Government only | 7.09% | 6.28% | 7.01% | 6.93% | 6.58% |
| **Component Unit - School Board:** | | | | | |
| Schools expenditures excluding County contribution | 22,503,838 | 21,294,224 | 32,953,449 | 36,016,109 | 39,528,052 |
| Capital outlay Component Unit – School Board only (4) | 9,898,068 | 4,852,106 | 6,124,463 | 15,749,994 | 7,511,716 |
| Non-capital expenditures | 12,605,770 | 16,442,118 | 26,828,986 | 20,266,115 | 32,016,336 |
| **Total Reporting Entity:** | | | | | |
| Total debt service | 6,288,144 | 6,188,549 | 7,401,307 | 8,790,067 | 8,085,106 |
| Total non-capital expenditures | $ 101,256,032 | $ 115,043,525 | $ 132,396,724 | $ 147,025,114 | $ 154,947,926 |
| Debt service as a percentage of noncapital expenditures: Total Reporting Entity | 6.21% | 5.38% | 5.59% | 5.98% | 5.22% |

(1) The County implemented GASB 34, the new reporting standard, in FY 2003. Prior to the implementation of GASB 34, the County's contribution to the School Board was reported as a transfer out. Implementation of GASB 34 required that the contribution to the School Board be reported as an education expenditure. For comparability FY 2001 through FY 2002 have been restated to reflect contribution to the School Board as education expenditures. In addition, debt service payments have been restated to reduce education and increase debt service from FY 2001 through FY 2002.

(2) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

(3) The presentation for FY 2007 through FY 2010 have been revised to reflect bond issuance costs.

(4) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 31).

| Fiscal Year 2006 | 2007 | 2008 | 2009 | 2010 | |
|---|---|---|---|---|---|
| | | | | | **Debt Service as a Percentage of Noncapital Expenditures: (2)** |
| | | | | | **Primary Government:** |
| $ 8,101,128 | $ 9,321,699 | $ 12,049,608 | $ 15,125,500 | $ 15,060,465 | Total debt service |
| 155,057,926 | 179,027,241 | 213,054,604 | 176,155,525 | 169,763,892 | Total expenditures |
| 12,209,038 | 14,448,161 | 4,665,840 | 3,473,135 | 2,462,775 | Capital outlay primary government only (4) |
| 142,848,888 | 164,579,080 | 208,388,764 | 172,682,390 | 167,301,117 | Non-capital expenditures |
| 5.67% | 5.66% | 5.78% | 8.76% | 9.00% | Debt service as a percentage of noncapital expenditures: Primary Government only |
| | | | | | **Component Unit - School Board:** |
| 41,363,609 | 47,200,710 | 47,144,282 | 46,216,452 | 46,412,036 | Schools expenditures excluding County contribution |
| 1,441,275 | 2,172,271 | 2,327,141 | 1,594,750 | 1,241,997 | Capital outlay Component Unit— School Board only (4) |
| 39,922,334 | 45,028,439 | 44,817,141 | 44,621,702 | 45,170,039 | Non-capital expenditures |
| | | | | | **Total Reporting Entity:** |
| 8,101,128 | 9,321,699 | 12,049,608 | 15,125,500 | 15,060,465 | Total debt service |
| $ 182,771,222 | $ 209,607,519 | $ 253,205,905 | $ 217,304,092 | $ 212,471,156 | Total non-capital expenditures |
| 4.43% | 4.45% | 4.76% | 6.96% | 7.09% | Debt service as a percentage of noncapital expenditures: Total Reporting Entity |

**Table 5-A**

**Assessed Value and Estimated Actual Value of Taxable Property (1)** **Page 1 of 2**
**Last Ten Calendar Years**

| | Real Property | | | | | |
|---|---|---|---|---|---|---|
| Taxable Year (2) | Residential Property | Commercial Property | Agricultural Property | Public Service SCC Assessed | Total Taxable Real Property Assessed Value | Add: Tax-Exempt Real Property |
| 2001 | $ 2,751,109,100 | $ 392,858,900 | $ 815,564,800 | $ 224,191,709 | $ 4,183,724,509 | $ 394,813,400 |
| 2002 | 3,572,379,700 | 504,421,900 | 1,057,149,600 | 340,899,267 | 5,474,850,467 | 484,348,200 |
| 2003 | 3,758,119,100 | 513,850,300 | 1,077,644,800 | 339,251,808 | 5,688,866,008 | 496,561,200 |
| 2004 | 3,949,367,500 | 520,611,300 | 1,098,114,300 | 304,158,721 | 5,872,251,821 | 512,628,100 |
| 2005 | 4,153,865,100 | 537,406,500 | 1,118,396,200 | 362,631,919 | 6,172,299,719 | 537,928,300 |
| 2006 | 8,619,946,900 | 1,011,218,000 | 2,064,283,800 | 319,941,047 | 12,015,389,747 | 846,925,400 |
| 2007 | 8,891,346,700 | 1,028,164,000 | 2,078,798,500 | 569,687,837 | 12,567,997,037 | 864,260,500 |
| 2008 | 9,049,864,500 | 1,058,920,900 | 2,090,635,900 | 608,233,836 | 12,807,655,136 | 940,499,500 |
| 2009 | 9,128,162,400 | 1,071,298,800 | 2,100,370,400 | 619,755,825 | 12,919,587,425 | 967,101,100 |
| 2010 | 6,780,771,400 | 1,073,501,400 | 1,706,814,000 | 625,145,966 | 10,186,232,766 | 989,212,900 |

**Table 5-B**

**Tax Relief for the Elderly**
**Last Ten Calendar Years**

| (2) Taxable Year | Tax Relief for the Elderly |
|---|---|
| 2001 | $ 70,219,275 |
| 2002 | 91,532,575 |
| 2003 | 92,926,950 |
| 2004 | 92,117,700 |
| 2005 | 94,161,350 |
| 2006 | 237,690,300 |
| 2007 | 259,018,590 |
| 2008 | 267,875,000 |
| 2009 | 305,180,200 |
| 2010 | 222,494,500 |

Source: Fauquier County Commissioner of the Revenue

(1) Property in Fauquier County is reassessed once every four years at actual market value. Property is assessed at 100 percent of estimated actual value. Tax rates are per $100 of assessed value.
(2) The Statement requires that the information in these schedules be shown for each period for which levied.
(3) The total direct tax rate is calculated using the weighted average method.

| | Personal Property | | | | | |
|---|---|---|---|---|---|---|
| Total Value | General Property | Segregated Properties | Total Personal Property Assessed Value | Total Real and Personal Property Assessed Value | Total Direct Tax Rate (3) | Taxable Year (2) |
| $ 4,578,537,909 | $ 420,854,436 | $ 25,273,659 | $ 446,128,095 | $ 4,629,852,604 | $ 1.392 | 2001 |
| 5,959,198,667 | 468,636,375 | 29,042,629 | 497,679,004 | 5,972,529,471 | 1.282 | 2002 |
| 6,185,427,208 | 502,499,964 | 32,260,379 | 534,760,343 | 6,223,626,351 | 1.290 | 2003 |
| 6,384,879,921 | 550,408,045 | 37,082,203 | 587,490,248 | 6,459,742,069 | 1.307 | 2004 |
| 6,710,228,019 | 572,850,102 | 42,268,883 | 615,118,985 | 6,787,418,704 | 1.305 | 2005 |
| 12,862,315,147 | 657,335,103 | 44,884,530 | 702,219,633 | 12,717,609,380 | 0.856 | 2006 |
| 13,432,257,537 | 699,277,775 | 41,418,065 | 740,695,840 | 13,308,692,877 | 0.860 | 2007 |
| 13,748,154,636 | 699,159,711 | 44,112,412 | 743,272,123 | 13,550,927,259 | 0.970 | 2008 |
| 13,886,688,525 | 704,651,911 | 45,079,146 | 749,731,057 | 13,669,318,482 | 0.970 | 2009 |
| 11,175,445,666 | 595,929,989 | 45,275,468 | 641,205,457 | 10,827,438,223 | 1.175 | 2010 |

**Table 6**

**Property Tax Rates for Both Direct and Overlapping Governments (1)**
**Last Ten Calendar Years**
**(rates per $100 of assessed value)**

| | Calendar Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Type of Tax** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| **FAUQUIER COUNTY** | | | | | | | | | | |
| Countywide tax levies: | | | | | | | | | | |
| Real property: | | | | | | | | | | |
| General Fund | $ 0.990 | $ 0.920 | $ 0.920 | $ 0.920 | $ 0.925 | $ 0.600 | $ 0.600 | $ 0.720 | $ 0.720 | $ 0.919 |
| Fire and Rescue Special Revenue Fund | 0.070 | 0.070 | 0.070 | 0.070 | 0.045 | 0.035 | 0.035 | 0.035 | 0.035 | 0.045 |
| Conservation Easement Purchase Levy | - | - | - | - | 0.020 | 0.010 | 0.010 | 0.010 | 0.010 | 0.006 |
| Total direct real property tax rate | 1.060 | 0.990 | 0.990 | 0.990 | 0.990 | 0.645 | 0.645 | 0.765 | 0.765 | 0.970 |
| Personal property: | | | | | | | | | | |
| General class | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 |
| Airplanes | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Machinery and tools | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 4.650 | 2.300 |
| Handicapped equipped vehicle | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 |
| Camper, trailers, and boats | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 |
| Mobile homes | 1.060 | 0.990 | 0.990 | 0.990 | 0.990 | 0.645 | 0.645 | 0.765 | 0.765 | 0.970 |
| Buses with 30 or more passengers | - | - | - | - | - | - | - | - | - | 1.000 |
| Business furniture, fixtures, and equipment | - | - | - | - | - | - | - | - | - | 2.300 |
| Fire and rescue | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Total direct personal property tax rate (2) | 4.505 | 4.500 | 4.487 | 4.476 | 4.471 | 4.474 | 4.514 | 4.507 | 4.511 | 4.434 |
| Total direct tax rate (2) | 1.392 | 1.282 | 1.290 | 1.307 | 1.305 | 0.856 | 0.860 | 0.970 | 0.970 | 1.175 |
| Special district levies: | | | | | | | | | | |
| Marshall Street Light Levy (3) | - | - | 0.020 | 0.020 | 0.020 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 |
| **OVERLAPPING GOVERNMENTS** | | | | | | | | | | |
| Town of Warrenton: | | | | | | | | | | |
| Real estate | 0.115 | 0.050 | 0.030 | 0.030 | 0.030 | 0.015 | 0.015 | 0.015 | 0.015 | 0.015 |
| Personal property | 2.250 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Town of Remington: | | | | | | | | | | |
| Real estate | 0.140 | 0.140 | 0.140 | 0.140 | 0.140 | 0.100 | 0.100 | 0.100 | 0.100 | 0.125 |
| Personal property | 1.100 | 1.100 | 1.100 | 1.100 | 1.100 | 1.100 | 1.100 | 1.100 | 1.100 | 1.100 |
| Town of The Plains: | | | | | | | | | | |
| Real estate | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 | 0.040 | 0.040 | 0.040 | 0.040 | 0.040 |
| Personal property | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |

(1) The County does not have any direct and overlapping debt to report.
(2) The total direct personal property tax rate and the total direct tax rate are calculated using the weighted average method.
(3) The Marshall Street Light Levy is a special assessment for the Marshall District only.

Sources: Fauquier County Commissioner of the Revenue; Town of Warrenton; Town of Remington; Town of The Plains

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 7-A**

**Principal Real Property Taxpayers**
**Current Year and Nine Years Ago**

| TAXPAYER | 2010 Assessed Valuation | 2010 Rank | 2010 % of Total Assessed Valuation | 2001 Assessed Valuation | 2001 Rank | 2001 % of Total Assessed Valuation |
|---|---|---|---|---|---|---|
| Virginia Electric & Power Company | $ 259,064,867 | 1 | 2.54% | $ 215,597,208 | 1 | 5.15% |
| Old Dominion Electric Co-op | 173,763,889 | 2 | 1.71% | | | |
| Verizon - Virginia, Inc. | 61,152,716 | 3 | 0.60% | 47,074,998 | 2 | 1.13% |
| Warrenton Center LLC, Shopping Center | 29,666,400 | 4 | 0.29% | | | |
| Northern Virginia Electric Co-op | 27,250,375 | 5 | 0.27% | 17,191,712 | 4 | 0.41% |
| Oak Spring Farms LLC | 22,893,300 | 6 | 0.22% | 12,986,400 | 5 | 0.31% |
| Saul Holdings Limited Partnership | 19,577,800 | 7 | 0.19% | | | |
| Warrenton Development Company | 18,774,000 | 8 | 0.18% | 9,613,500 | 9 | 0.23% |
| Rappahannock Electric Co-op | 18,640,144 | 9 | 0.18% | 11,607,492 | 6 | 0.28% |
| Walmart Real Estate Business | 16,389,800 | 10 | 0.16% | 8,185,400 | 10 | 0.20% |
| Jefferson Associates LP | | | | 23,107,000 | 3 | 0.55% |
| Colonial Pipeline Company | | | | 10,259,842 | 7 | 0.25% |
| Norfolk Southern Railway Company | | | | 10,083,245 | 8 | 0.24% |
| Total | $ 647,173,291 | | 6.34% | $ 365,706,797 | | 8.75% |

Source: Fauquier County Commissioner of the Revenue

**Table 7-B**

**Principal Personal Property Taxpayers (1)**
**Current Year and Nine Years Ago (2)**

| TAXPAYER | 2010 Assessed Valuation | 2010 Rank | 2010 % of Total Assessed Valuation |
|---|---|---|---|
| Comcast of CA/MD/PA/VA/WV LLC | $ 6,265,551 | 1 | 0.98% |
| Vulcan Materials Co. | 5,455,185 | 2 | 0.85% |
| H & E Equipment Services Inc | 4,750,604 | 3 | 0.74% |
| Luck Stone Corp. | 2,853,985 | 4 | 0.45% |
| Toyota Motor Credit Corporation | 2,282,818 | 5 | 0.36% |
| Harris Teeter Inc #329 | 2,281,137 | 6 | 0.36% |
| D. L. Peterson Trust | 1,630,039 | 7 | 0.25% |
| Smith-Midland Corp | 1,821,092 | 8 | 0.28% |
| B G Crane Services Inc | 1,737,734 | 9 | 0.27% |
| Financial Services Vehicles Trust | 1,482,695 | 10 | 0.23% |
| Total | $ 30,560,840 | | 4.77% |

(1) Original TY 2010 Book Assessments
(2) The principal personal property taxpayers information is unavailable for fiscal year 2001 for historical comparison.

Source: Fauquier County Commissioner of the Revenue

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 8**

**Property Tax Levies and Collections**
**Last Ten Fiscal Years**

| Fiscal Year | Tax Levied for the Tax Year | Adjustments | Total Adjusted Levy | Collections within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|---|---|
| | | | | Amount | Percentage of Tax Levy | Amount | Amount | Percentage of Tax Levy |
| 2001 | $ 63,854,161 | $ 921,033 | $ 64,775,194 | $ 62,009,789 | 97.11% | $ 961,705 | $ 62,971,494 | 97.22% |
| 2002 | 72,191,444 | 1,832,842 | 74,024,286 | 70,762,226 | 98.02% | 1,026,409 | 71,788,635 | 96.98% |
| 2003 | 79,480,945 | (186,312) | 79,294,633 | 77,320,736 | 97.28% | 1,061,686 | 78,382,422 | 98.85% |
| 2004 | 82,886,242 | 239,566 | 83,125,808 | 81,216,837 | 97.99% | (7,149) | 81,209,688 | 97.69% |
| 2005 | 87,592,939 | (112,800) | 87,480,139 | 85,659,133 | 97.79% | 380,081 | 86,039,214 | 98.35% |
| 2006 | 101,562,098 | 282,164 | 101,844,262 | 98,217,478 | 96.71% | 3,001,720 | 101,219,198 | 99.39% |
| 2007 | 113,458,234 | 90,002 | 113,548,236 | 112,279,628 | 98.96% | 248,768 | 112,528,396 | 99.10% |
| 2008 | 121,628,113 | 202,017 | 121,830,130 | 119,513,886 | 98.26% | 1,993,190 | 121,507,076 | 99.73% |
| 2009 | 130,672,014 | 29,670 | 130,701,684 | 127,948,474 | 97.92% | 1,857,074 | 129,805,548 | 99.31% |
| 2010 | 125,478,009 | - | 125,478,009 | 122,961,071 | 97.99% | - | 122,961,071 | 97.99% |

Source: Fauquier County Treasurer

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 9**

**Ratios of Outstanding Debt by Type**
**Last Ten Fiscal Years**

| | Governmental Activities | | | | Business-type Activities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Capital Lease (1)** | **Revenue Bonds (1)** | **General Obligation Bonds** | **Virginia Public School Authority Bonds** | **Capital Lease** | **Solid Waste Revenue Bonds** | **Notes Payable** | **Total Primary Government** | **Percentage of Personal Income (2)** | **Per Capita (2)** |
| 2001 | $ 2,395,454 | $ 3,075,000 | $ 10,400,000 | $ 31,060,000 | $ - | $ 3,065,000 | $ - | $ 49,995,454 | 2.10% | $ 907 |
| 2002 | 9,443,381 | 3,075,000 | 10,095,000 | 34,885,000 | - | 2,790,000 | - | 60,288,381 | 2.51% | 1,050 |
| 2003 | 10,458,664 | 3,075,000 | 9,215,000 | 31,965,000 | - | 2,545,000 | - | 57,258,664 | 2.28% | 975 |
| 2004 | 8,246,174 | 2,960,000 | 8,335,000 | 40,710,000 | - | 2,220,000 | - | 62,471,174 | 2.27% | 1,043 |
| 2005 | 7,690,082 | 2,840,000 | 7,450,000 | 41,015,000 | - | 1,885,000 | - | 60,880,082 | 2.01% | 984 |
| 2006 | 7,116,356 | 2,715,000 | 6,580,000 | 48,985,000 | - | 1,540,000 | - | 66,936,356 | 2.06% | 1,051 |
| 2007 | 6,519,611 | 2,585,000 | 45,335,000 | 44,860,000 | 1,192,000 | 1,180,000 | 51,937 | 101,723,548 | 3.02% | 1,583 |
| 2008 | 5,899,442 | 2,450,000 | 43,270,000 | 74,855,000 | 1,192,000 | 805,000 | 35,656 | 128,507,098 | * | 1,949 |
| 2009 | 5,255,423 | 2,260,000 | 41,030,000 | 69,140,000 | 880,005 | 410,000 | 18,362 | 118,993,790 | * | 1,774 |
| 2010 | 4,592,107 | 8,258,000 | 38,205,000 | 64,050,000 | 596,000 | - | - | 115,701,107 | * | 1,709 |

(1) In FY 2010 the County issued $3,565,000 of refunding bonds and a $6,153,000 IDA Lease Revenue Bond.
(2) See the schedule of Demographic and Economic Statistics on Table 13 for personal income and population data.

* Unavailable

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 10**

**Ratios of General Bonded Debt Outstanding**
**Last Ten Fiscal Years**

| Fiscal Year | Schools General Obligation Bonds | Virginia Public School Authority Bonds | Net General Bonded Debt | Percentage of Personal Income | Percentage of Estimated Actual Value of Taxable Property (1) | Per Capita (2) |
|---|---|---|---|---|---|---|
| 2001 | $ 10,400,000 | $ 31,060,000 | $ 41,460,000 | 1.74% | 0.90% | $ 752 |
| 2002 | 10,095,000 | 34,885,000 | 44,980,000 | 1.87% | 0.75% | 784 |
| 2003 | 9,215,000 | 31,965,000 | 41,180,000 | 1.64% | 0.66% | 702 |
| 2004 | 8,335,000 | 40,710,000 | 49,045,000 | 1.78% | 0.76% | 819 |
| 2005 | 7,450,000 | 41,015,000 | 48,465,000 | 1.60% | 0.71% | 783 |
| 2006 | 6,580,000 | 48,985,000 | 55,565,000 | 1.71% | 0.44% | 872 |
| 2007 | 45,335,000 | 44,860,000 | 90,195,000 | 2.68% | 0.68% | 1,404 |
| 2008 | 43,270,000 | 74,855,000 | 118,125,000 | 3.47% | 0.87% | 1,792 |
| 2009 | 41,030,000 | 69,140,000 | 110,170,000 | * | 0.81% | 1,643 |
| 2010 | 38,205,000 | 64,050,000 | 102,255,000 | * | 0.94% | 1,510 |

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5A-B for property value data.

(2) See the schedule of Demographic and Economic Statistics on Table 13 for population data.

* Unavailable

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**Table 11**



**Pledged-Revenue Coverage**
**Last Ten Fiscal Years**

| | Sewer Revenue Bonds | | | | |
|---|---|---|---|---|---|
| | | Debt Service | | | |
| Fiscal Year | Sewer Tap Fees | Principal | Interest | Total | Coverage (1) |
| 2001 | $ - | $ - | $ - | $ - | - |
| 2002 | - | - | - | - | - |
| 2003 | 15,000 | - | 147,425 | 147,425 | 0.10 |
| 2004 | 10,500 | 115,000 | 147,425 | 262,425 | 0.04 |
| 2005 | 6,000 | 120,000 | 142,710 | 262,710 | 0.02 |
| 2006 | 42,500 | 125,000 | 137,790 | 262,790 | 0.16 |
| 2007 | 57,983 | 130,000 | 132,665 | 262,665 | 0.22 |
| 2008 | 114,500 | 135,000 | 127,010 | 262,010 | 0.44 |
| 2009 | - | 140,000 | 121,138 | 261,138 | - |
| 2010 | 36,000 | 155,000 | 86,649 | 241,649 | 0.15 |

(1) Debt Service payments are covered by the General Fund.

| Solid Waste Bonds | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Debt Service | | | | |
| Landfill and Recycling Fund Revenues | Less: Operating Expenses | Net Available Revenues | Principal | Interest | Total | Coverage | Fiscal Year |
| $ 2,734,054 | $ 2,698,983 | $ 35,071 | $ 260,000 | $ 153,591 | $ 413,591 | 0.08 | 2001 |
| 5,220,443 | 3,200,280 | 2,020,163 | 275,000 | 162,001 | 437,001 | 4.62 | 2002 |
| 5,966,800 | 4,070,045 | 1,896,755 | 250,000 | 156,476 | 406,476 | 4.67 | 2003 |
| 6,531,316 | 5,967,652 | 563,664 | 325,000 | 103,675 | 428,675 | 1.31 | 2004 |
| 8,075,461 | 7,855,360 | 220,101 | 335,000 | 90,675 | 425,675 | 0.52 | 2005 |
| 6,736,161 | 5,449,334 | 1,286,827 | 345,000 | 77,275 | 422,275 | 3.05 | 2006 |
| 6,788,579 | 6,375,659 | 412,920 | 360,000 | 63,475 | 423,475 | 0.98 | 2007 |
| 6,762,973 | 7,011,980 | (249,007) | 375,000 | 49,075 | 424,075 | (0.59) | 2008 |
| 5,135,953 | 6,512,598 | (1,376,645) | 395,000 | 32,200 | 427,200 | (3.22) | 2009 |
| 4,676,177 | 5,152,285 | (476,108) | 410,000 | 16,400 | 426,400 | (1.12) | 2010 |

**Table 12**



**County Policy Debt Margin**
**Last Ten Fiscal Years**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2004 | 2005 |
| Primary Government general revenues | $ 87,439,221 | $ 95,068,229 | $ 101,414,870 | $ 107,742,248 | $ 115,802,686 |
| Budgeted revenues (1) | - | - | - | - | - |
| Debt limit (2) | 8,743,922 | 9,506,823 | 10,141,487 | 10,774,225 | 11,580,269 |
| Total net debt applicable to limit | 6,288,144 | 6,188,549 | 7,401,307 | 8,790,067 | 8,085,106 |
| County policy margin | $ 2,455,778 | $ 3,318,274 | $ 2,740,180 | $ 1,984,158 | $ 3,495,163 |
| Total net debt applicable to the limit as a percentage of general revenues | 7.19% | 6.51% | 7.30% | 8.16% | 6.98% |

(1) As of FY 2010, budgeted revenues include the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.

(2) The Code of Virginia has no legal debt margin limit set on the Counties. As of FY 2010, Fauquier County's debt capacity will be defined as 10% of the aggregate total of budgeted revenues in the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.

| Fiscal Year 2006 | 2007 | 2008 | 2009 | 2010 | |
|---|---|---|---|---|---|
| $ 130,354,175 | $ 142,714,982 | $ 151,241,607 | $ 157,808,035 | $ - | Primary Government general revenues |
| - | - | - | - | 161,131,819 | Budgeted revenues (1) |
| 13,035,418 | 14,271,498 | 15,124,161 | 15,780,804 | 16,113,182 | Debt limit (2) |
| 8,101,127 | 9,321,699 | 12,049,608 | 15,125,500 | 14,890,516 | Total net debt applicable to limit |
| $ 4,934,291 | $ 4,949,799 | $ 3,074,553 | $ 655,304 | $ 1,222,666 | County policy margin |
| 6.21% | 6.53% | 7.97% | 9.58% | 9.24% | Total net debt applicable to the limit as a percentage of general revenues |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 13**

**Demographic and Economic Statistics**
**Last Ten Fiscal Years**

| Year | Estimated Population (1) | Personal Income (expressed in thousands) (2) | Per Capita Personal Income (2) | Unemployment Rate (3) | County Civilian Labor Force (3) | At-Place Employment Annual Average (3) | School Enrollment (4) |
|---|---|---|---|---|---|---|---|
| 2001 | 55,139 | $ 2,380,809 | $ 41,554 | 2.1% | 30,955 | 17,715 | 9,623 |
| 2002 | 57,400 | 2,405,612 | 40,619 | 3.1% | 31,987 | 18,766 | 9,675 |
| 2003 | 58,700 | 2,512,282 | 41,294 | 3.1% | 32,802 | 19,369 | 10,054 |
| 2004 | 59,900 | 2,753,403 | 43,976 | 2.7% | 34,194 | 20,713 | 10,295 |
| 2005 | 61,900 | 3,034,591 | 47,204 | 2.6% | 35,767 | 21,579 | 10,717 |
| 2006 | 63,696 | 3,255,845 | 49,554 | 2.4% | 36,851 | 22,022 | 10,940 |
| 2007 | 64,261 | 3,364,034 | 50,655 | 2.5% | 37,192 | 21,710 | 11,084 |
| 2008 | 65,936 | 3,402,174 | 50,597 | 3.3% | 37,805 | 21,419 | 11,287 |
| 2009 | 67,074 | * | * | 5.3% | 38,468 | 20,271 | 11,241 |
| 2010 | 67,702 | * | * | 6.0% | * | 19,459 | 11,079 |

Sources: (1) Weldon Cooper Center for Public Service April 1, 2000 census report population estimate for FY 2001, final population estimates for FY 2002 through FY 2009, and provisional estimates for FY 2010.
(2) Bureau of Economic Analysis, calendar year data.
(3) Virginia Employment Commission calendar year data for 2001 through 2009. Data for 2010 unemployment is the six month average rate for January 2010 through June 2010. Data for 2010 At-Place employment is for the 1st quarter of 2010.
(4) Fauquier County Public Schools FY2011 Budget actual enrollment for FY 2001 through FY 2009, projected enrollment for FY 2010.

* Unavailable

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 14**

**Principal Employers**
**Current Year and Nine Years Ago**

| | 2010 | | 2001 | |
|---|---|---|---|---|
| **Employer** | **Rank** | **Number of Employees** | **Rank** | **Number of Employees** |
| Fauquier County School Board | 1 | 1000 and over | 1 | 1000 and over |
| Fauquier Hospital | 2 | 500 to 999 | 2 | 500 to 999 |
| County of Fauquier | 3 | 500 to 999 | 3 | 500 to 999 |
| U.S. Department of Transportation | 4 | 250 to 499 | | |
| Walmart | 5 | 100 to 249 | 4 | 100 to 249 |
| Food Lion | 6 | 100 to 249 | 8 | 100 to 249 |
| Town of Warrenton | 7 | 100 to 249 | | |
| Buccaneer Computer System Inc | 8 | 100 to 249 | | |
| Oak Springs Nursing Home | 9 | 100 to 249 | | |
| The Fauquier Bank | 10 | 100 to 249 | | |
| Trinity Packaging Corporation | | | 5 | 100 to 249 |
| Ross Industries | | | 6 | 100 to 249 |
| Giant Food | | | 7 | 100 to 249 |
| Warrenton Overlook Health and Rehabilitation Center | | | 9 | 100 to 249 |
| Community Landscape Service | | | 10 | 100 to 249 |

Source: Virginia Employment Commission Top 50 Employers (1st Quarter of 2010 and 2nd Quarter of 2001)

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 15**

**County Government Employees by Function**
**Last Ten Fiscal Years**

| Function/Program | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General government** | 107.7 | 113.1 | 112.4 | 112.9 | 117.9 | 119.1 | 116.8 | 114.8 | 115.2 | 109.8 |
| **Judicial administration** | 31.5 | 34.5 | 36.5 | 37.5 | 37.7 | 39.7 | 40.7 | 41.7 | 38.7 | 37.8 |
| **Public safety** | 105.5 | 125.0 | 138.0 | 138.0 | 141.0 | 153.0 | 155.0 | 185.6 | 192.3 | 189.5 |
| **Public works** | 45.0 | 49.0 | 45.0 | 47.5 | 48.5 | 52.5 | 56.5 | 56.5 | 63.6 | 67.1 |
| **Health and welfare** | 38.0 | 39.0 | 42.0 | 42.5 | 43.7 | 45.5 | 46.8 | 47.1 | 45.1 | 45.1 |
| **Parks, recreation, and cultural** | 45.2 | 46.3 | 47.2 | 49.7 | 54.2 | 58.2 | 65.4 | 65.6 | 63.5 | 61.7 |
| **Community development** | 30.0 | 30.0 | 35.0 | 36.0 | 43.6 | 46.6 | 52.6 | 53.0 | 51.0 | 42.0 |
| **Other funds** | | | | | | | | | | |
| Airport | - | - | - | 1.0 | 2.1 | 2.1 | 2.6 | 2.0 | 2.0 | 2.0 |
| Joint Communications (1) | 19.0 | 20.0 | 21.0 | 22.0 | 22.6 | 24.6 | 24.6 | - | - | - |
| Environmental Services | 7.5 | 8.5 | 18.8 | 21.5 | 21.5 | 22.0 | 28.0 | 31.0 | 25.0 | 16.5 |
| Fleet Maintenance | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 15.0 | 15.0 | 15.0 | 14.0 |
| Conservation Easement Service District | - | - | - | - | - | - | 0.8 | 1.0 | 1.0 | 2.0 |
| Subtotal | 42.5 | 44.5 | 55.8 | 60.5 | 62.2 | 64.7 | 71.0 | 49.0 | 43.0 | 34.5 |
| **Total Primary Government** | 445.4 | 481.4 | 511.9 | 524.6 | 548.8 | 579.3 | 604.8 | 613.3 | 612.4 | 587.5 |
| **Component Unit – School Board** | | | | | | | | | | |
| **Education** | 1,447.0 | 1,487.0 | 1,473.0 | 1,509.8 | 1,598.5 | 1,625.1 | 1,644.2 | 1,640.0 | 1,725.0 | 1,727.5 |
| **Total Reporting Entity** | 1,892.4 | 1,968.4 | 1,984.9 | 2,034.4 | 2,147.3 | 2,204.4 | 2,249.0 | 2,253.3 | 2,337.4 | 2,315.0 |

(1) As of FY 2008 Joint Communications is no longer reported as a separate fund.

Sources: For County Government employees information:

| | |
|---|---|
| FY 2009 and FY 2010 | -FY 2011 Adopted Budget - Actual numbers for FY 2009 and Budget numbers for FY 2010 |
| FY 2008 | -FY 2010 Adopted Budget |
| FY 2005 to FY 2007 | -FY 2009 Adopted Budget |
| FY 2004 | -FY 2008 Adopted Budget |
| FY 2003 | -FY 2007 Adopted Budget |
| FY 2002 | -FY 2006 Adopted Budget |
| FY 2001 | -FY 2003 Adopted Budget |

For Component Unit - School Board employees information:

| | |
|---|---|
| FY 2010 | -FY 2011 Fauquier County Public Schools Adopted Budget |
| FY 2009 | -FY 2010 Fauquier County Public Schools Adopted Budget |
| FY 2004 to FY 2008 | -FY 2009 Fauquier County Public Schools Adopted Budget |
| FY 2001 to FY 2003 | -CAFRs |

* Unavailable

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*COUNTY OF FAUQUIER, VIRGINIA*

**Table 16**

**Operating Indicators by Function (1)** **Page 1 of 6**
**Last Ten Fiscal Years**

| Function | Fiscal Year 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| **General government** | | | | | |
| Commissioner of the revenue | | | | | |
| Real estate number of parcels | 28,421 | 28,421 | 29,691 | 30,299 | 30,934 |
| Land use number of parcels | 4,110 | 4,046 | 4,103 | 4,048 | 3,829 |
| PPTRA qualifying vehicles | 66,141 | 70,016 | 68,569 | 70,861 | 72,644 |
| County attorney | | | | | |
| Total litigation files opened | 67 | 61 | 44 | 38 | 40 |
| Finance | | | | | |
| Vendor checks issued | 23,000 | 25,200 | 19,126 | 19,227 | 21,564 |
| Payroll annual checks/direct deposits | 37,257 | 35,572 | 40,385 | 41,441 | 44,676 |
| Human resources | | | | | |
| Employment applications received | * | * | * | 4,436 | 4,755 |
| New employees orientated | * | * | * | 802 | 995 |
| Information technology | | | | | |
| Web pages updated | 890 | 1,200 | 2,328 | 2,500 | 2,500 |
| Web site hits | 1,890,376 | * | 9,511,086 | 7,000,000 | 7,000,000 |
| Treasurer | | | | | |
| Real estate bills mailed | 55,297 | 56,005 | 57,661 | 59,146 | 59,652 |
| Personal property bills mailed | 51,745 | 57,928 | 53,815 | 57,977 | 59,843 |
| Vehicle decals issued | 55,969 | 58,923 | 60,844 | 62,294 | 65,085 |
| Dog tags issued | 612 | 902 | 721 | 725 | 773 |
| **Judicial administration** | | | | | |
| Adult court services | | | | | |
| Average daily caseload | 251 | 305 | 424 | 403 | 359 |
| Circuit court (2) | | | | | |
| Law cases (3) | 404 | 450 | 423 | 475 | 438 |
| Chancery cases (3) | 446 | 450 | 372 | 427 | 360 |
| Civil cases (3) | * | * | * | * | 938 |
| Criminal cases | 897 | 900 | 946 | 983 | 905 |
| Clerk of the circuit court (by calendar year) | | | | | |
| Deed book recording | 16,932 | 22,000 | 28,410 | 23,334 | 23,807 |
| Judgments | 1,457 | 1,593 | 2,120 | 1,767 | 1,845 |
| Criminal cases | 897 | 864 | 946 | 983 | 905 |
| Concealed weapon permits | 106 | 342 | 364 | 274 | 215 |

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY 2010 information is available.
(2) Circuit court data reporting revised to calendar year from fiscal year as of 2005.
(3) Law and chancery cases have been combined into civil cases category as of CY 2006
(4) As of FY 2008 Joint Communications is no longer reported as a separate fund.
(5) As of FY 2009 CSA revised reporting categories
(6) Park attendance revised to include all sites as of FY 2004.
(7) Writing element added to SAT in FY 2006
(8) Prior to FY 2006 number of residents using the landfill included recycling visits.

Sources: Fauquier County Budgets; Fauquier County Departments; Fauquier County Superintendent's Annual Reports
* Unavailable

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 (1) | **Function** |
| | | | | | **General government** |
| | | | | | Commissioner of the revenue |
| 31,402 | 32,218 | 32,404 | 31,484 | * | Real estate number of parcels |
| 3,861 | 3,855 | 3,886 | 3,930 | * | Land use number of parcels |
| 69,280 | 68,806 | 69,141 | 68,662 | * | PPTRA qualifying vehicles |
| | | | | | County attorney |
| 73 | 45 | 45 | 71 | * | Total litigation files opened |
| | | | | | Finance |
| 19,927 | 20,227 | 19,525 | 18,604 | * | Vendor checks issued |
| 44,900 | 47,360 | 48,296 | 47,434 | * | Payroll annual checks/direct deposits |
| | | | | | Human resources |
| 7,775 | 8,626 | 13,438 | 14,690 | * | Employment applications received |
| 1,027 | 1,147 | 941 | 996 | * | New employees orientated |
| | | | | | Information technology |
| 2,500 | * | * | * | * | Web pages updated |
| 7,000,000 | 1,671,308 | 1,705,740 | 1,014,468 | * | Web site hits |
| | | | | | Treasurer |
| 61,172 | 60,080 | 62,239 | 63,105 | * | Real estate bills mailed |
| 61,498 | 59,773 | 60,961 | 60,942 | * | Personal property bills mailed |
| 67,401 | - | - | - | * | Vehicle decals issued |
| 874 | 969 | 2,025 | 2,941 | * | Dog tags issued |
| | | | | | |
| | | | | | **Judicial administration** |
| | | | | | Adult court services |
| 301 | 395 | 366 | 372 | * | Average daily caseload |
| | | | | | Circuit court (2) |
| * | * | * | * | * | Law cases (3) |
| * | * | * | * | * | Chancery cases (3) |
| 881 | 941 | 1,133 | 1,100 | * | Civil cases (3) |
| 1,028 | 1,005 | 930 | 920 | * | Criminal cases |
| | | | | | Clerk of the circuit court (by calendar year) |
| 19,778 | 15,132 | 10,928 | 12,000 | * | Deed book recording |
| 1,911 | 2,461 | 2,510 | 2,500 | * | Judgments |
| 1,028 | 1,005 | 930 | 920 | * | Criminal cases |
| 224 | 387 | 644 | 650 | * | Concealed weapon permits |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 16**

**Operating Indicators by Function (1)**
**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Function** | **2001** | **2002** | **2003** | **2004** | **2005** |
| **Public safety** | | | | | |
| Detention center | | | | | |
| Prisoner transports | 5,511 | 5,612 | 4,122 | 4,452 | 7,622 |
| Average daily inmate population | 137 | 142 | 67 | 67 | 59 |
| Juvenile detention | | | | | |
| Youth detained | * | * | 60 | 67 | 54 |
| Child care days | * | * | 2,001 | 1,592 | 922 |
| Juvenile probation | | | | | |
| Probation and parole per month | 166 | 200 | 150 | 211 | 93 |
| Community service hours | 5,511 | 4,699 | 3,620 | 2,509 | 2,793 |
| Fire, rescue, and emergency services | | | | | |
| 911 calls for service | 9,745 | 10,296 | 13,153 | 14,411 | 15,298 |
| Hazardous material response | 1200 hrs. | 1200 hrs. | 600 hrs. | 500 hrs. | 600 hrs. |
| Emergency response | 600 calls | 750 calls | 400 calls | 300 calls | 300 calls |
| Sheriff | | | | | |
| Traffic summonses issued | 5,819 | 5,912 | 10,187 | 7,745 | 9,511 |
| Misdemeanor arrests | 1,417 | 1,929 | 1,854 | 1,609 | 1,534 |
| Felony arrests | 1,189 | 1,186 | 575 | 613 | 708 |
| Civil papers served | 26,511 | 26,912 | 13,430 | 13,392 | 13,969 |
| Calls for service | 35,319 | 39,912 | 37,921 | 35,938 | 38,541 |
| Animal control calls for service | 1,473 | 1,421 | 1,774 | 1,947 | 2,428 |
| Joint communications (4) | | | | | |
| Telephone calls processed | - | - | - | - | - |
| Dispatch actions performed | - | - | - | - | - |
| Calls for service | - | - | - | - | - |
| **Public works** | | | | | |
| Environmental services - convenience sites | | | | | |
| Solid waste - tons | * | * | 67,426 | 74,715 | 74,337 |
| Recycled materials - tons | * | * | 45,273 | 54,730 | 49,000 |
| Resident visits | * | * | 718,359 | 734,091 | 757,405 |
| General services | | | | | |
| Facility work orders completed | 8,191 | 7,894 | 8,797 | 8,410 | 8,720 |
| Fleet vehicles/small engines | * | * | 522 | 539 | 610 |
| Preventive maintenance schedule | 624 | 744 | 824 | 931 | 1,024 |
| Surplus property | * | * | 1,958 | 2,232 | 2,318 |
| **Health and welfare** | | | | | |
| Comprehensive services act | | | | | |
| Comprehensive Services for At-Risk Youth and Families (CSA): | | | | | |
| Congregate care (5) | - | - | - | - | - |
| Foster care - therapeutic, specialized, regular (5) | - | - | - | - | - |
| Regular and residential foster care | 52 | 51 | 54 | 70 | 80 |
| Preventive foster care | 35 | 22 | 15 | 34 | 38 |
| Social services | | | | | |
| Adoption assistance | 14 | 15 | 17 | 21 | 37 |
| Adults receiving services | 212 | 245 | 245 | 268 | 220 |
| Approved foster/adoptive homes | 41 | 45 | 32 | 29 | 29 |

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY 2010 information is available.
(2) Circuit court data reporting revised to calendar year from fiscal year as of 2005.
(3) Law and chancery cases have been combined into civil cases category as of CY 2006
(4) As of FY 2008 Joint Communications is no longer reported as a separate fund.
(5) As of FY 2009 CSA revised reporting categories
(6) Park attendance revised to include all sites as of FY 2004.
(7) Writing element added to SAT in FY 2006
(8) Prior to FY 2006 number of residents using the landfill included recycling visits.

Sources: Fauquier County Budgets; Fauquier County Departments; Fauquier County Superintendent's Annual Reports
* Unavailable

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 (1) | Function |
| | | | | | **Public safety** |
| | | | | | Detention center |
| 6,237 | 6,201 | 5,311 | 4,835 | * | Prisoner transports |
| 75 | 104 | 111 | 112 | * | Average daily inmate population |
| | | | | | Juvenile detention |
| 76 | 98 | 45 | 75 | * | Youth detained |
| 2,179 | 3,851 | 1,000 | 622 | * | Child care days |
| | | | | | Juvenile probation |
| 92 | 97 | 100 | 105 | * | Probation and parole per month |
| 2,608 | 2,482 | 2,482 | * | * | Community service hours |
| | | | | | Fire, rescue, and emergency services |
| 15,552 | 16,820 | 15,773 | 13,823 | * | 911 calls for service |
| 500 hrs. | 500 hrs. | 43 calls | 39 calls | * | Hazardous material response |
| 300 calls | 300 calls | * | * | * | Emergency response |
| | | | | | Sheriff |
| 10,357 | 9,835 | 6,862 | 11,361 | * | Traffic summonses issued |
| 1,470 | 1,880 | 1,671 | 2,068 | * | Misdemeanor arrests |
| 807 | 890 | 733 | 850 | * | Felony arrests |
| 15,855 | 14,807 | 16,580 | 17,365 | * | Civil papers served |
| 41,182 | 44,010 | 44,421 | 58,015 | * | Calls for service |
| 3,691 | 3,917 | 3,845 | 3,936 | * | Animal control calls for service |
| | | | | | Joint communications (4) |
| - | - | 197,531 | 176,009 | * | Telephone calls processed |
| - | - | 745,337 | 776,786 | * | Dispatch actions performed |
| - | - | 85,671 | 99,211 | * | Calls for service |
| | | | | | **Public works** |
| | | | | | Environmental services - convenience sites |
| 72,682 | 66,063 | 100,745 | 73,027 | * | Solid waste - tons |
| 10,855 | 10,183 | 34,093 | 24,677 | * | Recycled materials - tons |
| 672,645 | 664,778 | 649,384 | 597,580 | * | Resident visits |
| | | | | | General services |
| 9,462 | 9,553 | 9,555 | 8,580 | * | Facility work orders completed |
| 671 | 751 | 773 | 759 | * | Fleet vehicles/small engines |
| 1,426 | 1,811 | 1,492 | 1,216 | * | Preventive maintenance schedule |
| 2,558 | * | * | * | * | Surplus property |
| | | | | | **Health and welfare** |
| | | | | | Comprehensive services act |
| | | | | | Comprehensive Services for At-Risk Youth an Families (CSA): |
| - | - | - | 35 | * | Congregate care (5) |
| - | - | - | 82 | * | Foster care - therapeutic, specialized, regular ( |
| 53 | 102 | 54 | - | * | Regular and residential foster care |
| 38 | 45 | 40 | - | * | Preventive foster care |
| | | | | | Social services |
| 26 | 29 | 29 | 24 | * | Adoption assistance |
| 233 | 263 | 350 | 431 | * | Adults receiving services |
| * | * | * | * | * | Approved foster/adoptive homes |

**Operating Indicators by Function (1)**
**Last Ten Fiscal Years**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Function** | **2001** | **2002** | **2003** | **2004** | **2005** |
| **Parks, recreation, and cultural** | | | | | |
| Library | | | | | |
| Materials cataloged/processed | 12,454 | 14,235 | 12,839 | 15,157 | 14,344 |
| Periodicals cataloged/processed | 3,410 | 3,921 | 3,935 | 3,829 | 3,758 |
| Library patron visits | 215,812 | 225,506 | 231,918 | 222,783 | 253,533 |
| Parks and recreation | | | | | |
| Park attendance (6) | 56,176 | 108,669 | 114,352 | 420,785 | 624,780 |
| Shelter rentals | 130 | 149 | 140 | 167 | 208 |
| **Education** | | | | | |
| Per pupil expenditures | 8,106 | 8,726 | 8,247 | 8,601 | 8,878 |
| High school completion rate | 85% | 86% | 84% | 87% | 94% |
| SAT scores (7) | 1,032 | 1,046 | 1,055 | 1,045 | 1,057 |
| Federal subsidized meals program | 14.9% | 14.2% | 14.1% | 15.2% | 15.7% |
| **Community development** | | | | | |
| Web page updated | * | 89 | 116 | 287 | 462 |
| Rezoning/comp plans | 15 | 17 | 24 | 11 | 32 |
| Preliminary/final subdivisions | 33 | 42 | 39 | 14 | 29 |
| Zoning permits issued | 1,680 | 1,729 | 1,866 | 2,189 | 2,462 |
| Building plans reviewed | 1,718 | 1,913 | 2,091 | 2,227 | 2,407 |
| Land disturbing permits issued | 49 | 50 | 43 | 75 | 85 |
| Marketing response to web site | * | * | * | 202 | 408 |
| **Other funds** | | | | | |
| Environmental services | | | | | |
| Residents using the landfill (8) | 89,992 | 174,850 | 259,498 | 262,103 | 250,000 |
| Total tons recycled | 34,709 | 41,153 | 45,273 | 54,730 | 49,000 |
| Recycling rate | 37% | 44% | 47% | 33% | 27% |
| Fleet maintenance | | | | | |
| Internal service fund county users | 29 | 29 | 29 | 28 | 28 |
| Internal service fund non-county users | 8 | 8 | 9 | 9 | 9 |
| Total vehicles serviced | 2,870 | 2,940 | 3,967 | 3,704 | 4,200 |
| Joint communications (4) | | | | | |
| Telephone calls processed | * | * | 248,426 | 246,286 | 292,750 |
| Dispatch actions performed | * | * | 587,556 | 631,597 | 646,312 |
| Calls for service | * | * | 69,243 | 71,925 | 74,782 |

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY 2010 information is available.
(2) Circuit court data reporting revised to calendar year from fiscal year as of 2005.
(3) Law and chancery cases have been combined into civil cases category as of CY 2006
(4) As of FY 2008 Joint Communications is no longer reported as a separate fund.
(5) As of FY 2009 CSA revised reporting categories
(6) Park attendance revised to include all sites as of FY 2004.
(7) Writing element added to SAT in FY 2006
(8) Prior to FY 2006 number of residents using the landfill included recycling visits.

Sources: Fauquier County Budgets; Fauquier County Departments; Fauquier County Superintendent's Annual Reports
* Unavailable

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2006 | 2007 | 2008 | 2009 | 2010 (1) | Function |
| | | | | | **Parks, recreation, and cultural** |
| | | | | | Library |
| 16,515 | 14,364 | 12,793 | 13,483 | * | Materials cataloged/processed |
| 3,869 | 4,820 | 4,137 | 7,882 | * | Periodicals cataloged/processed |
| 248,112 | 268,635 | 278,842 | 277,461 | | Library patron visits |
| | | | | | Parks and recreation |
| 615,263 | 646,026 | 890,292 | 513,813 | * | Park attendance (6) |
| 210 | 190 | 257 | 678 | * | Shelter rentals |
| | | | | | **Education** |
| 9,546 | 10,427 | 10,925 | 11,339 | * | Per pupil expenditures |
| 93% | 94% | 95% | 94% | * | High school completion rate |
| 1,534 | 1,515 | 1,525 | 1,531 | * | SAT scores (7) |
| 15.5% | 16.2% | 16.7% | 19.8% | * | Federal subsidized meals program |
| | | | | | **Community development** |
| 462 | 408 | 300 | * | * | Web page updated |
| 9 | 15 | 7 | 14 | * | Rezoning/comp plans |
| 26 | 14 | 5 | 6 | * | Preliminary/final subdivisions |
| 2,763 | 1,416 | 1,723 | 1,366 | * | Zoning permits issued |
| 2,788 | 2,071 | 1,607 | 1,289 | * | Building plans reviewed |
| 83 | 130 | 87 | 38 | * | Land disturbing permits issued |
| 84,118 | 88,638 | 150,801 | 165,212 | * | Marketing response to web site |
| | | | | | **Other funds** |
| | | | | | Environmental services |
| 6,979 | 6,846 | 6,743 | 5,456 | * | Residents using the landfill (8) |
| 10,855 | 10,183 | 34,093 | 24,677 | * | Total tons recycled |
| 25% | 28% | 31% | 32% | * | Recycling rate |
| | | | | | Fleet maintenance |
| 26 | 42 | 28 | 46 | * | Internal service fund county users |
| 7 | 16 | 9 | 26 | * | Internal service fund non-county users |
| 4,385 | 4,603 | 4,338 | 5,016 | * | Total vehicles serviced |
| | | | | | Joint communications (4) |
| 201,225 | 203,809 | - | - | - | Telephone calls processed |
| 651,756 | 737,995 | - | - | - | Dispatch actions performed |
| 74,232 | 84,827 | - | - | - | Calls for service |

*COUNTY OF FAUQUIER, VIRGINIA*

**Table 17**

**Capital Asset Statistics by Function**
**Last Ten Fiscal Years**

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Judicial administration** | | | | | | | | | | |
| Detention center capacities | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 |
| **Public safety** | | | | | | | | | | |
| Fire and rescue companies | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 11 | 11 | 11 |
| **Public works** | | | | | | | | | | |
| Active vehicles | 237 | 219 | 240 | 243 | 266 | 279 | 272 | 253 | 260 | 271 |
| County owned buildings | 41 | 41 | 41 | 48 | 49 | 49 | 54 | 54 | 57 | 57 |
| Sq. ft. in buildings | 297,878 | 318,164 | 323,664 | 381,630 | 384,174 | 384,574 | 392,532 | 392,532 | 396,744 | 396,744 |
| **Parks, recreation, and cultural** | | | | | | | | | | |
| Libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Volumes | 139,609 | 157,059 | 165,381 | 181,606 | 185,951 | 194,618 | 202,794 | 205,791 | 211,950 | 211,562 |
| Parks and recreation facilities | 22 | 30 | 30 | 27 | 32 | 32 | 33 | 34 | 32 | 35 |
| Land acres | * | * | 576 | 576 | 576 | 576 | 897 | 899 | 732 | 825 |
| Water acres | * | * | 189 | 189 | 189 | 190 | 190 | 193 | 113 | 113 |
| Trails (miles) | * | * | * | * | 8.50 | 8.50 | 8.75 | 12.00 | 12.75 | 13 |
| Fields | * | * | * | * | 53 | 58 | 58 | 58 | 71 | 59 |
| Boats | * | * | 36 | 36 | 36 | 36 | 59 | 59 | 33 | 34 |
| Shelters | * | * | * | * | 9 | 10 | 20 | 20 | 15 | 19 |
| Swimming pools | - | - | - | - | 1 | 1 | 1 | 1 | 2 | 2 |
| **Education** | | | | | | | | | | |
| Elementary schools | | | | | | | | | | |
| Buildings | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 |
| Sq. ft. in buildings | 625,222 | 625,222 | 625,222 | 625,222 | 625,222 | 625,222 | 625,222 | 625,222 | 723,383 | 723,383 |
| Capacity | 5,495 | 5,495 | 5,495 | 5,495 | 5,495 | 5,495 | 5,495 | 5,495 | 6,095 | 6,095 |
| Middle schools | | | | | | | | | | |
| Buildings | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Sq. ft. in buildings | 379,865 | 379,865 | 379,865 | 379,865 | 493,865 | 493,865 | 493,865 | 493,865 | 504,425 | 504,425 |
| Capacity | 2,583 | 2,583 | 2,583 | 2,583 | 3,183 | 3,183 | 3,183 | 3,183 | 3,183 | 3,183 |
| High schools | | | | | | | | | | |
| Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Sq. ft. in buildings | 523,995 | 523,995 | 523,995 | 523,995 | 523,995 | 523,995 | 523,995 | 523,995 | 755,790 | 755,790 |
| Capacity | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 4,500 | 4,500 |
| Alternative schools | | | | | | | | | | |
| Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sq. ft. in buildings | 17,754 | 17,754 | 17,754 | 17,754 | 17,754 | 17,754 | 17,754 | 17,754 | 17,754 | 17,754 |
| Capacity | 191 | 191 | 191 | 191 | 191 | 191 | 191 | 191 | 191 | 191 |
| Number of school buses | 166 | 155 | 154 | 161 | 173 | 164 | 173 | 178 | 174 | 180 |
| **Airport** | | | | | | | | | | |
| Miles of runways | 0.92 | 0.92 | 0.92 | 0.92 | 0.96 | 0.96 | 0.96 | 0.96 | 0.96 | 0.96 |
| Number of hangars | 6 | 6 | 7 | 7 | 7 | 7 | 10 | 10 | 10 | 10 |

Sources: Fauquier County Budget Office; Fauquier County Administration; Fauquier County Fleet Operations; Fauquier County Parks & Recreation; Fauquier County General Services; Fauquier County Department of Fire, Rescue and Emergency Services; Fauquier County Schools

* Unavailable

**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 Fauquier, Virginia**
**Warrenton, Virginia**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County of Fauquier, Virginia' basic financial statements and have issued our report thereon dated October 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns;* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Fauquier, 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 the County of Fauquier, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Fauquier, 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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Fauquier, 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*.

This report is intended solely for the information and use of the Board of Supervisors, management, 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

Charlottesville, Virginia
October 14, 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

**To the Honorable Members of the Board of Supervisors**
**County of Fauquier, Virginia**
**Warrenton, Virginia**

**Compliance**

We have audited the County of Fauquier, Virginia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County of Fauquier, 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 Fauquier, Virginia's management. Our responsibility is to express an opinion on the County of Fauquier, 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 Fauquier, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Fauquier, Virginia complied, in all material respects, with the 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**

The management of the County of Fauquier, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Fauquier, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 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 the Board of Supervisors, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 14, 2010

**Schedule of Expenditures of Federal Awards** 
**Primary Government and Discretely Presented Component Unit**
**For the Year Ended June 30, 2010**

| **Federal Granting Agency/Pass-Through Agency/Grant Program** | **CFDA Number** | **Pass-Through Agency Identifying Number** | **Total Federal Expenditures** |
|---|---|---|---|
| **Primary Government:** | | | |
| **DEPARTMENT OF AGRICULTURE:** | | | |
| Pass-through payments from Commonwealth of Virginia: | | | |
| Department of Agriculture and Consumer Services: | | | |
| Specialty Crop Block Grant Program - Farm Bill | 10.170 | 2008- 413 | $ 5,873 |
| SNAP Cluster | | | |
| Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental Nutritional Assistance Program (SNAP) | 10.561 | 0010110<br>0040110 | 416,795 |
| ARRA - State Administrative Matching Grants for the Supplemental Nutritional Assistance Program (SNAP) | 10.561 | 0010110<br>0040110 | 24,245 |
| Total Department of Agriculture | | | 446,913 |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:** | | | |
| Pass-through payments from Commonwealth of Virginia: | | | |
| Department of Housing and Community Development: | | | |
| Community Development Block Grants | 14.228 | 53305- 49380 | 811,377 |
| Total Department of Housing and Urban Development | | | 811,377 |
| **DEPARTMENT OF THE INTERIOR:** | | | |
| Direct payments: | | | |
| Payments in Lieu of Taxes | 15.226 | Not Applicable | 2,460 |
| American Battlefield Protection | 15.926 | Not Applicable | 4,500 |
| Total Department of the Interior | | | 6,960 |
| **DEPARTMENT OF JUSTICE:** | | | |
| Direct payments: | | | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | 16.580 | Not Applicable | 9,583 |
| State Criminal Alien Assistance Program | 16.606 | Not Applicable | 7,571 |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government | 16.804 | Not Applicable | 57,076 |
| Pass-through payments from Commonwealth of Virginia: | | | |
| Department of Criminal Justice Services: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 09-C1217LO08 | 1,011 |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories | 16.803 | 2009-SU-B9-0033 | 204,175 |
| Total Department of Justice | | | $ 279,416 |

*COUNTY OF FAUQUIER, VIRGINIA*



**Schedule of Expenditures of Federal Awards**
**Primary Government and Discretely Presented Component Unit**
**For the Year Ended June 30, 2010**

| Federal Granting Agency/Pass-Through Agency/Grant Program | CFDA Number | Pass-Through Agency Identifying Number | | Total Federal Expenditures |
|---|---|---|---|---|
| **Primary Government: (continued)** | | | | |
| **DEPARTMENT OF TRANSPORTATION:** | | | | |
| Direct payments: | | | | |
| Federal Aviation Administration: | | | | |
| Airport Improvement Program | 20.106 | AIP 3-51-0068-13<br>AIP 3-51-0068-14<br>AIP 3-51-0068-15 | $ | 217,739 |
| Pass-through payments from Commonwealth of Virginia: | | | | |
| Department of Motor Vehicles: | | | | |
| Alcohol Open Container Requirements | 20.607 | 60507- 50120 | | 40,073 |
| Department of Transportation: | | | | |
| Transportation Enhancement Program (TEA-21) | 20.000 | EN03-030-111, PE101, C501/UPC 59803<br>EN03-030-111, PE101, C501/UPC 70309<br>EN07-030-116, P101, C501/UPC 87017<br>EN08-030-121, P101, C501/UPC 91228 | | 419,139 |
| Total Department of Transportation | | | | 676,951 |
| **DEPARTMENT OF THE TREASURY:** | | | | |
| Direct payments: | | | | |
| Secret Service Task Force | 21.000 | Not Applicable | | 1,712 |
| Total Department of the Treasury | | | | 1,712 |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES:** | | | | |
| Pass-through payments from Commonwealth of Virginia: | | | | |
| Department of Social Services: | | | | |
| Promoting Safe and Stable Families | 93.556 | 0400111 | | 4,000 |
| Temporary Assistance for Needy Families | 93.558 | 0400111 | | 366,655 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 0500111 | | 2,049 |
| Low-Income Home Energy Assistance | 93.568 | 0600411 | | 12,619 |
| Child Care Cluster:1 | | | | |
| Child Care and Development Block Grant | 93.575 | 0770110 | | 518,502 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 0760111 | | 242,759 |
| Chafee Education and Training Vouchers Program (ETV) | 93.599 | 9160110 | | 3,229 |
| Child Welfare Services - State Grants | 93.645 | 0900110 | | 1,028 |
| Foster Care - Title IV-E | 93.658 | 1100111 | | 409,393 |
| ARRA - Foster Care - Title IV-E | 93.658 | 1100111 | | 34,501 |
| Adoption Assistance | 93.659 | 1120111 | | 72,327 |
| ARRA - Adoption Assistance | 93.659 | 1120111 | $ | 7,996 |

**Schedule of Expenditures of Federal Awards**
**Primary Government and Discretely Presented Component Unit**
**For the Year Ended June 30, 2010**



| Federal Granting Agency/Pass-Through Agency/Grant Program | CFDA Number | Pass-Through Agency Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **Primary Government: (continued)** | | | |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):** | | | |
| Pass-through payments from Commonwealth of Virginia (continued): | | | |
| Department of Social Services (continued): | | | |
| Social Services Block Grant | 93.667 | 1000111 | $ 132,858 |
| Chafee Foster Care Independence Program | 93.674 | 9150110 | 7,287 |
| ARRA - Child Care and Development Block Grant | 93.713 | 0760111<br>0770110 | 187,253 |
| Children's Health Insurance Program | 93.767 | 0540111 | 20,620 |
| Medical Assistance Program | 93.778 | 1200111 | 248,526 |
| Total Department of Health and Human Services | | | 2,271,602 |
| **DEPARTMENT OF HOMELAND SECURITY:** | | | |
| Pass-through payments from Commonwealth of Virginia: | | | |
| Department of Emergency Management: | | | |
| Emergency Management Performance Grant | 97.042 | 77501- 52748 | 13,000 |
| State Homeland Security Program (SHSP) | 97.073 | Not Applicable<br>VA0483 | 924,395 |
| State Homeland Security Grant Program | 97.074 | 77501- 52717 | 64,247 |
| Total Department of Homeland Security | | | 1,001,642 |
| **Total Primary Government** | | | 5,496,573 |
| **Component Unit - School Board:** | | | |
| **DEPARTMENT OF AGRICULTURE:** | | | |
| Pass-Through Payments from Commonwealth of Virginia: | | | |
| Child Nutrition Cluster | | | |
| Department of Education: | | | |
| School Breakfast Program (SBP) | 10.553 | 17901- 40591 | 214,645 |
| National School Lunch Program (NSLP) | 10.555 | 17901- 40623 | 1,081,816 |
| Department of Agriculture and Consumer Services: | | | |
| National School Lunch Program - Commodities | 10.555 | Not Applicable | 222,756 |
| Total Department of Agriculture | | | $ 1,519,217 |

**Schedule of Expenditures of Federal Awards**
**Primary Government and Discretely Presented Component Unit**
**For the Year Ended June 30, 2010**



| Federal Granting Agency/Pass-Through Agency/Grant Program | CFDA Number | Pass-Through Agency Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| **Component Unit - School Board: (continued)** | | | |
| **DEPARTMENT OF DEFENSE:** | | | |
| Direct Payments: | | | |
| Junior ROTC Program | 12.000 | Not Applicable | $ 57,775 |
| Mathematical Sciences Grants Program | 12.901 | Not Applicable | 44,423 |
| Total Department of Defense | | | 102,198 |
| **DEPARTMENT OF EDUCATION:** | | | |
| Pass-Through Payments from Commonwealth of Virginia: | | | |
| Department of Education: | | | |
| Special Education Cluster 3: | | | |
| Special Education - Grants to States | 84.027 | 17901- 43071 | 2,089,623 |
| Special Education - Preschool Grants | 84.173 | 17901- 62521 | 56,463 |
| Adult Education - Basic Grants to States | 84.002 | 17901- 42801 | 47,956 |
| Title I Grants to Local Educational Agencies | 84.010 | 17901- 42901<br>17901- 42892 | 563,829 |
| Career and Technical Education - Basic Grants to States | 84.048 | 17901- 61095 | 83,235 |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | 17901- 60511 | 18,660 |
| Education Technology State Grants | 84.318 | 17901- 61600 | 2,578 |
| English Language Acquisition Grants | 84.365 | 17901- 60512 | 48,092 |
| Improving Teacher Quality State Grants | 84.367 | 17901- 61480 | 293,015 |
| School Improvement Grants | 84.377 | 17901- 43040 | 82,877 |
| ARRA - Special Education Grants to States | 84.391 | 17901- 61245 | 1,784,809 |
| ARRA - Special Education - Preschool Grants | 84.392 | 17901- 61247 | 72,872 |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants | 84.394 | 17901- 62532 | 2,287,786 |
| Pass-Through Payments from The College of William & Mary: | | | |
| Education for Homeless Children and Youth | 84.196 | 17901- 42940 | 10,000 |
| Total Department of Education | | | 7,441,795 |
| **Total Component Unit - School Board** | | | 9,063,210 |
| **Total Federal Assistance Reporting Entity** | | | $ 14,559,783 |

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Fauquier, Virginia under programs of the Federal Government for the year ended June 30, 2010. 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.* Because the Schedule presents only a selected portion of the operations of the County of Fauquier, Virginia, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the County of Fauquier, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Non-cash and Other Programs

The State Homeland Security Program (97.073) is granted by the Department of Homeland Security to build capabilities to prevent, deter, respond to, and recover from incidents of terrorism at the state and local levels through planning, equipment, training, and exercise activities and support the implementation of state homeland security strategies and key elements of the national preparedness architecture. In addition to purchasing equipment or supplies for their own jurisdiction, they may purchase these items for surrounding jurisdictions and then transfer, or donate, the items to other jurisdictions per the Federal Government or pass-through entity's instructions. For the year ended June 30, 2010, the County of Fauquier purchased and then transferred equipment valued at $420,705 for CFDA 97.073.

Note 4 - Relationship to Financial Statements

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

| | | |
|---|---|---|
| Intergovernmental federal revenues per the basic financial statements: | | |
| Primary government: | | |
| General Fund | $ | 3,200,573 |
| Capital Projects Fund | | 1,266,884 |
| Special Revenue Funds | | 1,085,635 |
| Less: NSP administrative amounts and reserved fund balance | | (274,258) |
| Airport Fund | | 217,739 |
| Total primary government | | 5,496,573 |
| Component Unit − Public Schools: | | |
| School General Fund | | 7,543,993 |
| School Special Revenue Fund | | 1,519,217 |
| Total component unit public schools | | 9,063,210 |
| Total federal expenditures per basic financial statements | | 14,559,783 |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | $ | 14,559,783 |

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

**Section I - Summary of Auditor's Results**

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |

***Federal Awards***

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

Identification of major programs:

| CFDA # | Name of Federal Program or Cluster |
|---|---|
| 10.561 | SNAP Cluster |
| 14.228 | Community Development Block Grant |
| 84.027/84.173/84.391/84.392 | Special Education Cluster |
| 84.394 | State Fiscal Stabilization Fund - ARRA |
| 93.575/93.596/93.713 | Child Care and Development Block Grant Cluster |
| 97.073 | State Homeland Security Program |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $436,793 |
| Auditee qualified as low-risk auditee? | Yes |

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Financial Statement Findings - Prior Year**

There are no financial statement findings from the prior year