

# COUNTY OF AUGUSTA, VIRGINIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012

**COUNTY OF AUGUSTA, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2012**

Prepared by

Melissa Meyerhoeffer, Assistant Director of Finance

Jennifer M. Whetzel, Director of Finance

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2012**

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# **INTRODUCTORY SECTION**



## **COUNTY OF AUGUSTA**

### *Finance Department*

18 Government Center Lane \* PO Box 590

Verona, VA 24482-0590

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

November 30, 2012

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

The comprehensive annual financial report of the County of Augusta for the year ended June 30, 2012 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Augusta issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. Therefore the management of the County of Augusta is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Augusta's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the County of Augusta. All disclosures necessary to enable the reader to gain an understanding of the County of Augusta's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by *Government Auditing Standards* and the *Specification for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2012 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

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

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

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

### **The Reporting Entity and Economic Outlook**

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

Although primarily a rural county, Augusta County's 2011 population was 73,549. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 22% of the jobs in the County. Agriculture accounts for less than 1% of the jobs in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. Manufacturing employs approximately 5,400 of 39,000 plus workers in the County's labor force and make-up approximately 3% of the total local property taxes. The unemployment rate for the County in 2012 is 5.7%. This rate is slightly lower than the 2011 rate of 6.2%. The County's rate remains lower than that of the State's unemployment rate of 6.0% and compares favorably to the national unemployment rate of 8.4%.

In fiscal year 2012 the County's local revenues remained stagnant or saw very slight increases. Local sales tax saw an approximate 1% increase over the previous fiscal year. This is in line with sales tax collections from 2005 and 2006. However, it is still approximately 9% less than its highest levels in 2008. Business license taxes saw a 7% increase over the prior year. This is attributable to increased audit procedures in the Commissioner of Revenue office. Hotel lodging taxes and restaurant meals tax saw a slight increase over the previous fiscal year by 2% and 1%, respectively. These local revenues continue to show slight increases in consumer spending and are consistent with the slow recovery from the 2009 financial crisis. Total taxable sales for the County remained relatively flat from 2011, with only a slight decrease in the total taxable sales. Property taxes saw only a slight growth as real estate growth continues to be slow and values for personal property taxes remained consistent due to the slight growth in new car sales. Interest revenue still remains significantly low for the County and total revenues from interest decreased 36% from fiscal year 2011. It is not probable that interest rates will increase in the near future as the federal government will continue to keep interest rates low to encourage positive economic activity.



## **Major Initiatives and Goals**

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

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

The County's Comprehensive Plan identified the need to prepare a strategic plan for economic development. In 2008, Moran, Stahl & Boyer, along with E.M. Pemrick and Company and Laberge Group, prepared an Economic Development Strategic Plan for the County. The Plan provides the community with a clear understanding of their current situation, identifies potential opportunities and challenges, and defines the efforts required to achieve specific goals. It included a SWOT analysis, vision statement and goals. The goals include improving organizations effectiveness and communications, supporting existing businesses, stimulating new business activities, and enhancing labor resources, physical infrastructure and site readiness.

The Board of Supervisors hired an Economic Development Director in the fall of 2009. Organizational effectiveness was immediately improved as the position devotes all of their time to implementing the specific goals of the strategic plan. Great strides have been made to improve internet visibility for the County's industrial park and collaboration on all levels of government (local, region and state) has increased. Funding opportunities are pursued and implemented, such as the use of Virginia Job Investment Program (VJIP) for job creation. The funding helps offset recruiting and training costs incurred by companies that are either creating new jobs or implementing technological upgrades. The County has matched the VJIP on several occasions.

Even though the last few years have been economically challenging for the nation, state and County, progress has been made in expanding existing industry and beginning new initiatives. McKee Foods Corporation announced a \$19 million expansion at their Stuarts Draft facility in August 2012. The expansion is for additional production lines and will create 78 new jobs. The County also has the opportunity to develop a regional health services corridor by building Route 636-Relocated between existing Routes 640 and 250. The new road is an emerging “regional health services” corridor. Significant investment has been made in health services facilities on the corridor, including Augusta Health, University of Virginia, Woodrow Wilson Rehabilitation Center and Mary Baldwin's Murphy Deming College of Health Sciences. The Commonwealth of Virginia will also be improving the I-64, Exit 91 bridge. Development is also slated for the Rt. 250 end of the road. The newly constructed roadway project will improve capacity, mobility, and safety of the corridor and increase economic development opportunities.

## **Financial Information**

### **Financial Planning**

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. In fiscal year 2011 the County established a Fund Balance policy to maintain an Unassigned General Fund Balance no less than 15% of General Fund Revenues. At June 30, 2012, total Unassigned General Fund Balance was \$11,940,495, which exceeds the minimum fund balance requirement. Unassigned General Fund Balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls.

### **Capital Improvement Plan**

The Capital Improvement Plan provides a systematic approach to planning and financing capital improvements including future capital facility needs, correlating projects to community goals and growth, eliminating poorly planned expenditures, encouraging cooperation with other governmental units, and facilitation of private sector improvements consistent with the County Comprehensive Plan. As part of the budget process each year the County Administrator proposes a capital improvements plan. Each year, based on the availability of funds and specific general operating revenues, amounts are budgeted as a transfer from the general operating budget to the Capital Improvement Fund. These transfers may vary year to year depending on the anticipation or demand of new projects, the availability of revenues in the

general operating fund, and year end fund balance surpluses. The Capital Improvement Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to development and maintaining County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and funding support for local organizations capital improvements, such as Blue Ridge Community College and Shenandoah Valley Regional Airport Commission. The Capital Improvement Plan is based on a five year outlook of replacement costs and needs. It anticipates future replacement costs by incorporating an inflationary factor into the original purchase cost and allocating that amount over the life of the capital asset. This program has continued to be beneficial to the County. The Capital Improvement Plan has enabled the County to afford needed projects without bonding the cost. Currently the only outstanding debt the County has incurred is related to School Board construction and renovation projects. At June 30, 2012, the County had a number of debt issues outstanding related to school construction. These issues totaled \$65,729,609 in general obligation bonds.

### **Cash Management**

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 0.5 to 6 percent. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates continue to remain low at rates of 0.1 percent or less in 2012. The County continues to invest in money market accounts that were offering higher yields than what was available through LGIP. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This is the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

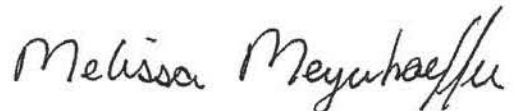
The preparation of this annual financial report could not have been accomplished without the dedicated effort of Mr. Patrick J. Coffield, County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, Director of Finance, School Board, and the members of their staffs. We would like to express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

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

Sincerely,



Jennifer M. Whetzel  
Director of Finance



Melissa Meyerhoeffer  
Assistant Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Augusta  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



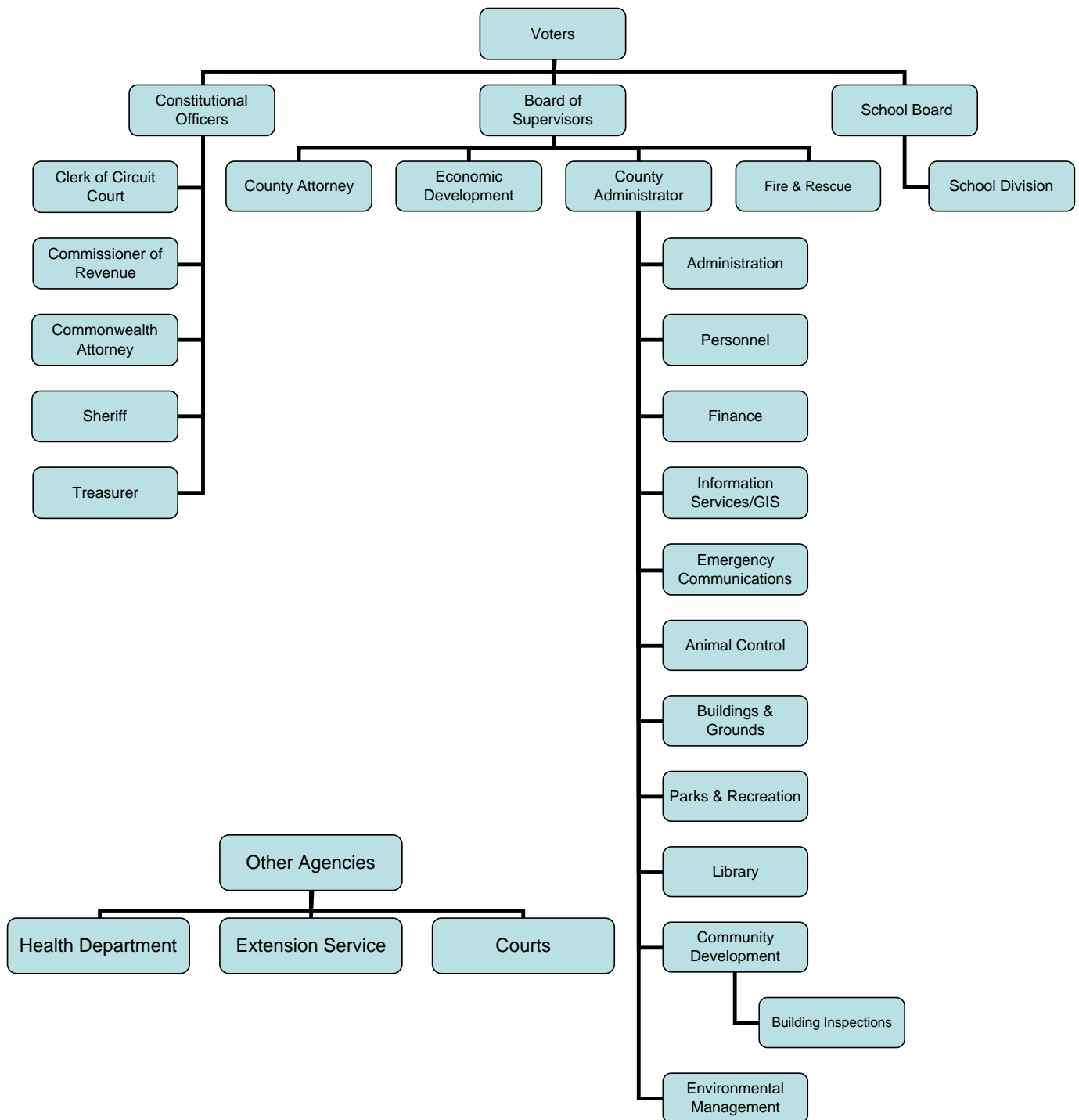
*Linda C. Sandison*

President

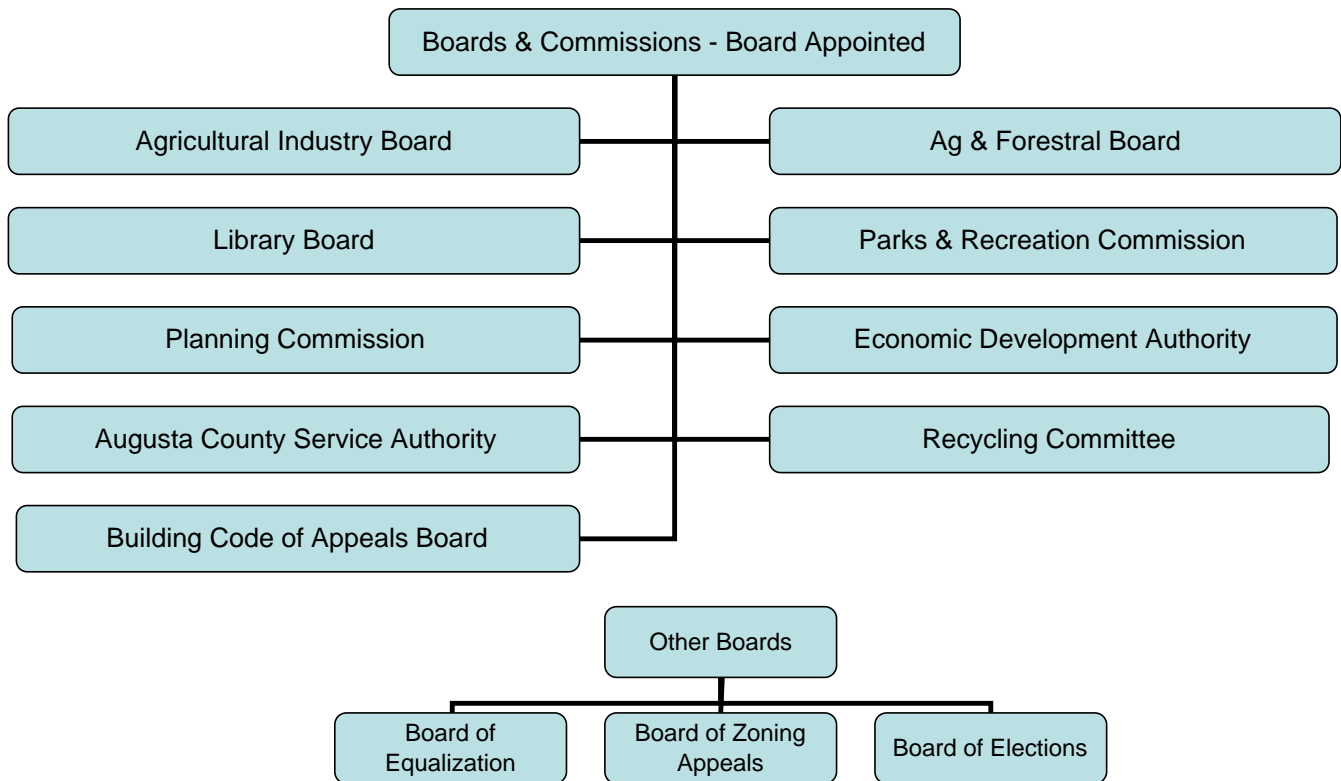
*Jeffrey R. Enner*

Executive Director

# County of Augusta, Virginia Organizational Chart



County of Augusta, Virginia  
Organizational Chart (continued)



## COUNTY OF AUGUSTA, VIRGINIA

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### BOARD OF SUPERVISORS

---

Tracy C. Pyles, Jr., Chairman  
Jeffrey A. Moore, Vice-Chairman

David R. Beyeler  
David A. Karaffa  
Marshall W. Pattie

Michael L. Shull  
Larry J. Wills  
Patrick J. Coffield, Clerk

### COUNTY SCHOOL BOARD

---

David R. Shiflett, Chairman  
Timothy R. Quillen, Vice-Chairman

Nicholas T. Collins  
Elizabeth P. Godfrey  
John L. Ocheltree, Jr.

Dana M. Sensabaugh  
Timothy Z. Swortzel  
Marsha K. Buehner, Clerk

### OTHER OFFICIALS

---

Judge of the Circuit Court .....	Victor V. Ludwig
Judge of the General District Court.....	Vacant, Appointment Pending
Judge of the Juvenile & Domestic Court.....	Charles L. Ricketts, III
Clerk of the General District Court .....	Christy Hostetter
Clerk of the Juvenile & Domestic Court .....	Donna C. Bosserman
Clerk of the Circuit Court.....	John B. Davis
Commonwealth's Attorney .....	A. Lee Ervin
Commissioner of the Revenue.....	W. Jean Shrewsbury
Treasurer .....	Richard T. Homes
Sheriff.....	Randall D. Fisher
Superintendent of Schools .....	Dr. Chuck Bishop
Director of Augusta County Service Authority .....	Kenneth J. Fanfoni
Director of Social Services .....	Elizabeth Middleton
General Registrar .....	Brandi Lilly
Chief Building Inspector .....	G.W. Wiseman
Director of Community Development .....	Timothy Fitzgerald
Director of Economic Development.....	Dennis Burnett
Director of Information Technology .....	Jacquelyn A. Zetwick
Director of Parks and Recreation.....	Andy Wells
Director of Emergency Operation Center .....	Donna J. Good
Chief of Fire and Rescue .....	Carson D. Holloway
Maintenance Manager .....	Tony Clements
Library Director .....	Diantha McCauley
Personnel Director .....	Faith Souder
County Attorney .....	Patrick J. Morgan
County Administrator .....	Patrick J. Coffield
Assistant County Administrator.....	John C. McGehee
Director of Finance.....	Jennifer M. Whetzel
Assistant Director of Finance .....	Melissa W. Meyerhoeffer

## **FINANCIAL SECTION**





# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Augusta, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

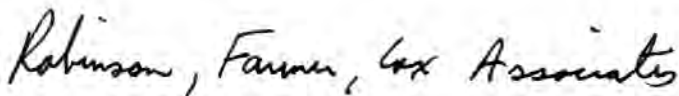
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties,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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, on our consideration of the County of Augusta, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Augusta, Virginia's financial statements as a whole. The introductory section, other supplementary information and supporting schedules, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The other supplementary information and supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Robinson, Farmer, Cox Associates".

Staunton, Virginia  
November 30, 2012

## **Management's Discussion and Analysis**

The following is a narrative overview and analysis of the financial activities of the County of Augusta, Virginia for the fiscal year ended June 30, 2012. This narrative is to be read in conjunction with the additional information that we have furnished in our letter of transmittal which can be found earlier in this report.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$62,617,705 (net assets). Of this amount, \$46,866,214 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$71,918,618 of which \$(1,771,091) is unrestricted. (See Exhibit 1.)
- The County's total net assets decreased by \$3,463,113. The School Board's total net assets increased by \$3,701,491. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$86,235,959 and \$103,195,530, respectively, for fiscal year 2012. (See Exhibit 2.)
- Expenses were \$89,699,072 for governmental activities and \$94,494,039 for School Board. (See Exhibit 2.)

#### **Fund Financial Statements**

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,940,495, or 19.5 percent of the total general fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2013 budget as well as funding for future operating and capital expenditures as appropriated.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$50,194,514, a decrease of \$3,705,007 in comparison with the prior year. Approximately 24 percent of this total amount, or \$11,940,495, is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

### **Overview of the Financial Statements**

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

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

#### **Government-wide Financial Statements**

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

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

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

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

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

### Fund Financial Statements

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

#### *Governmental funds*

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

#### *Proprietary funds*

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business. The County of Augusta currently does not operate any proprietary funds.

### *Fiduciary funds*

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

### Notes to the financial statements

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

### Other information

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

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

### **Government-wide Financial Analysis**

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the County of Augusta, assets exceeded liabilities by \$62,617,705 at the end of the fiscal year.

The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

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

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 86,436,569	\$ 88,327,840
Capital assets	74,886,960	73,263,309
Total assets	<u>\$ 161,323,529</u>	<u>\$ 161,591,149</u>
Long-term liabilities	\$ 70,781,629	\$ 68,924,735
Other liabilities	27,924,195	26,585,596
Total liabilities	<u>\$ 98,705,824</u>	<u>\$ 95,510,331</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 14,050,950	\$ 14,005,638
Restricted	1,700,541	-
Unrestricted	46,866,214	52,075,180
Total net assets	<u>\$ 62,617,705</u>	<u>\$ 66,080,818</u>

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 22 percent of total net assets. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent 3 percent of total net assets and are resources that are subject to external restrictions on how they may be used. The majority of restricted net assets are used for fire service, education and training, as well as, law enforcement operations to support drug education, awareness, and enforcement. The balance of unrestricted net assets, which is \$46,866,214 or 75 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

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

During the current fiscal year, the government's net assets decreased by \$3,463,113.

The deficit unrestricted net asset balance for the School Board is due to reporting the transfer of capital assets upon principal payment of related debt. Legislation requires debt issued for projects by the School Board to be assumed by the Primary Government. Therefore, the School Board is not recognizing the debt for these renovations and only recognizes a portion of the building renovations in its current capital assets.

### Governmental Activities

Governmental activities decreased the County's net assets by \$3,463,113. Key elements of this decrease are as follows:

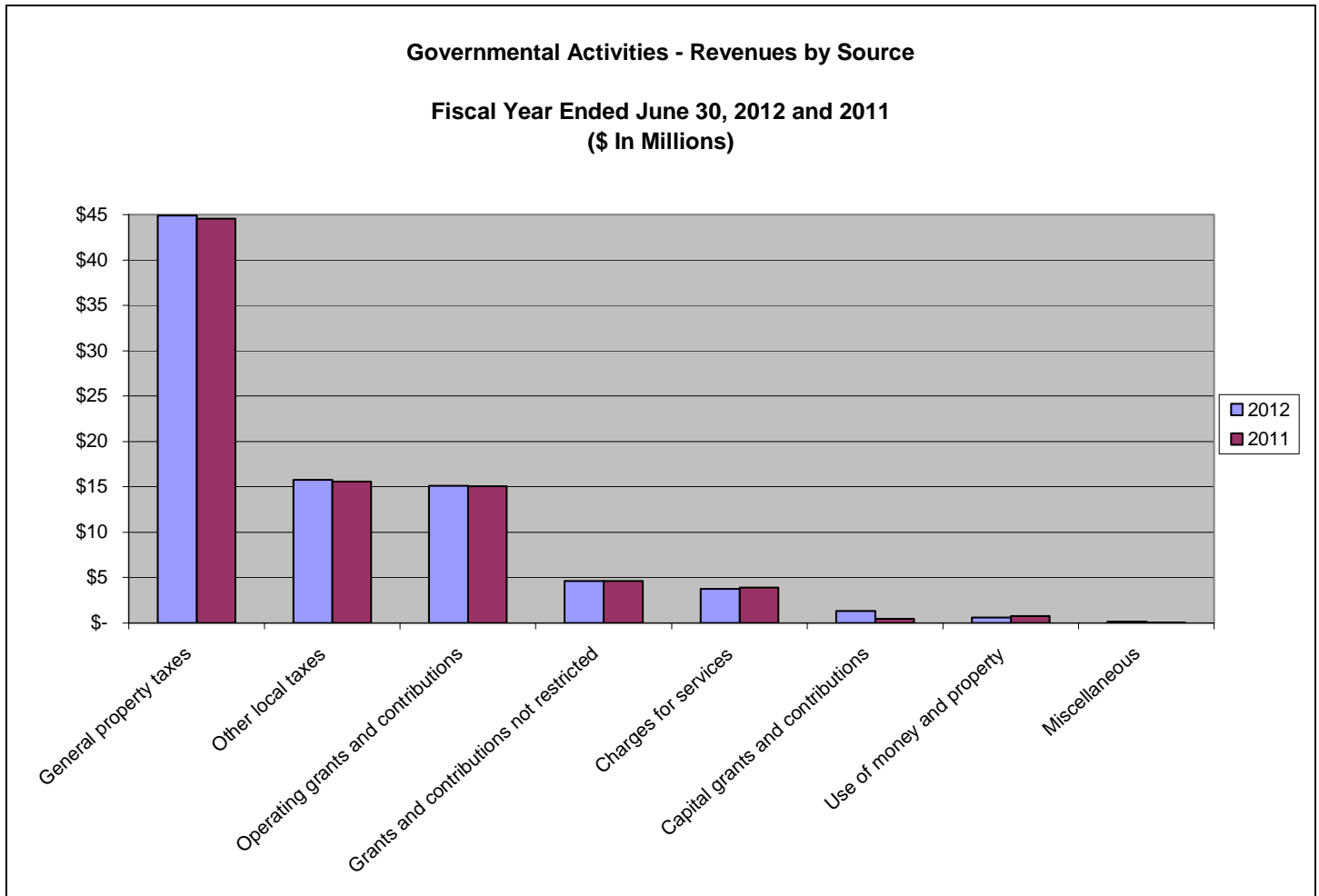
### **County of Augusta's Changes in Net Assets**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,764,004	\$ 3,906,809
Operating grants and contributions	15,109,815	15,042,625
Capital grants and contributions	1,319,142	432,880
General revenues:		
General property taxes	44,920,894	44,520,421
Other local taxes	15,762,193	15,590,286
Use of money and property	594,536	773,458
Miscellaneous	164,360	31,706
Grants and contributions not restricted to specific programs	4,601,015	4,614,673
Total revenues	<u>\$ 86,235,959</u>	<u>\$ 84,912,858</u>
Expenses:		
General government	\$ 5,596,300	\$ 4,692,239
Judicial administration	1,679,718	1,708,402
Public safety	16,383,625	15,980,626
Public works	4,913,232	3,612,340
Health and welfare	13,531,460	12,853,535
Education	39,414,225	39,017,924
Parks, recreation and cultural	3,686,421	3,488,980
Community development	1,987,718	1,575,691
Interest on long-term debt	2,506,373	2,771,393
Total expenses	<u>\$ 89,699,072</u>	<u>\$ 85,701,130</u>
Increase (decrease) in net assets	\$ (3,463,113)	\$ (788,272)
Net assets, July 1, 2011	66,080,818	66,869,090
Net assets, June 30, 2012	<u>\$ 62,617,705</u>	<u>\$ 66,080,818</u>



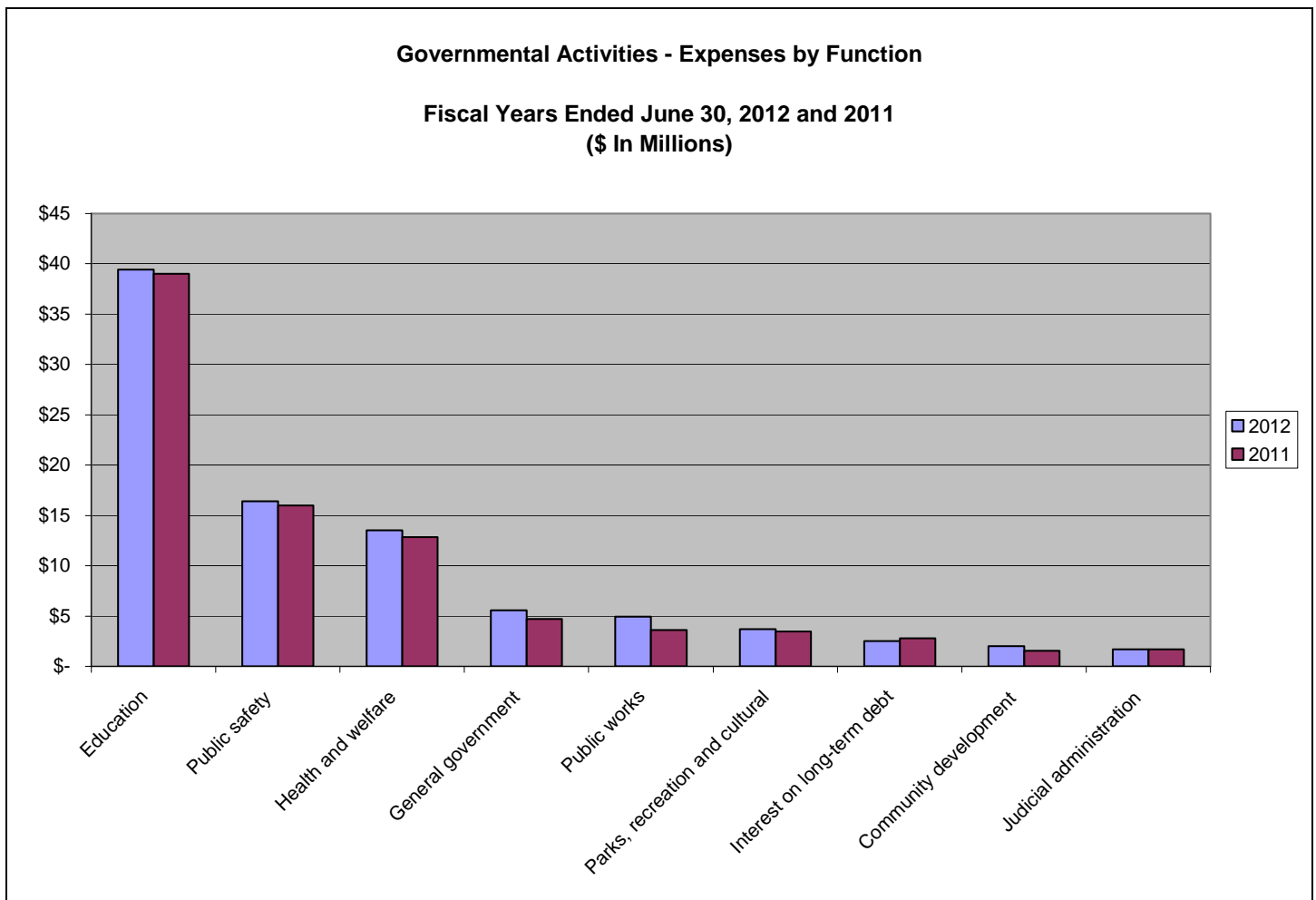
## Governmental Activities – Revenues

- General property taxes increased over the prior fiscal year due to increases in real property taxes and personal property taxes. Real estate growth has been slow, but positive. Personal property taxes continued to increase due to a slight growth in new car sales.
- Other local taxes continued to see an increase over the prior year especially in the area of business license taxes. Business licenses are up approximately \$200,000. This is contributed to increased audit procedures in the Commissioner of Revenue office.
- Capital grants and contributions increased due to a one time payment from the Virginia Department of Transportation for “de-allocated” Revenue Sharing projects and reimbursement for the County’s participation in locally administered Rural Rustic Roads projects.
- Charges for services saw a decrease over the prior fiscal year. A large factor in this decrease is due to courthouse security fees not being assessed on dismissed court cases.



## Governmental Activities – Expenses

- General government expenses increased related to the Presidential primary elections for the Board of Elections. General government expenses also increased due to non-capitalized building improvements related to the regional animal services shelter, government center complex improvements, and miscellaneous court renovations.
- Expenses for public works increased due to two locally administered Rural Rustic Road Projects. The expenses for these two projects were incurred by the County upfront and reimbursed through the Secondary Road Revenue Sharing program administered by VDOT. Upon completion of the road upgrades to roads will be maintained as part of the VDOT system.
- Community development expenses increased related to an economic development contribution during the fiscal year. The County contributed \$500,000 to the Augusta County Economic Development Authority for the construction of the Mary Baldwin College of Health Sciences facility located in Augusta County. The contribution was granted to encourage capital investment and job creation in the County. The investment would also foster, promote and influence development on nearby properties in the County.
- Health and welfare expenses saw an increase related to Comprehensive Services Act (CSA) expenses. These expenses are directly related to the number and type of cases received during a particular fiscal year. In fiscal year 2012, CSA saw an increase in the total number of cases and costs associated with therapeutic foster care.



## **Financial Analysis of the Government's Funds**

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

### **Governmental funds**

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$50,194,514. Approximately 24 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance represents amounts and inventories not spendable in form. Nonspendable fund balance totals \$143,157 which is the total of inventories and prepaid items reported in the governmental funds. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from a bond issuance for an elementary school renovation. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The general fund is the chief operating fund of the County. As of June 30, 2012, total fund balance of the general fund was \$14,391,820, of which \$11,940,495 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 19.5 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$31,816,633.

The fund balance of the County's general fund decreased by \$1,864,324 during the current fiscal year. The key factors in this decrease are as follows:

- An increase in the transfer to the county capital improvements fund over the prior year in the amount of \$2,730,216. Transfers may vary year to year depending on the availability of revenues in the general operating fund and year end fund balance surpluses. Fiscal year 2011 saw a year end surplus and those funds were transferred within this current fiscal year.
- Revenues saw a slight increase due to a small growth in real estate and increased values for personal property.
- Expenses for public safety increased for the addition of Fire and Rescue personnel. An increase in health and welfare expenses was directly related to the County portion of the local health department. Frozen and vacant positions from the prior fiscal year were filled within the current fiscal year.
- Overall expenses increased for health insurance benefits now being realized within the general operating fund versus in the health insurance trust fund in fiscal year 2011.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2012, total fund balances of these funds were \$0, \$29,876,096 and \$5,926,598 respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or the school capital projects funds, if applicable. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

## **General Fund Budgetary Highlights**

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$615,059 decrease. This is largely contributed to a decrease in public safety expenditures for the fire revolving loan disbursements. In FY2012 there were zero fire revolving loans distributed. Budgeted revenues increased by \$1,341,205. This increase is mainly attributable to property taxes and local sales and use taxes. However, a decrease in revenue from the use of money and property offset the total increase in those revenues over the original budgeted revenues. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year.

## **Capital Asset and Debt Administration**

### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2012 is \$74,886,960 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, and construction in progress.

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

- Completion of building improvements to the Department of Social Services for a roof replacement (\$239,935).
- Deerfield Community Center building improvements (\$204,041) and completion of renovations at the Company 10 Fire Station (\$281,064).
- Purchase of a LifePak 15 monitor/defibrillator (\$32,979) for Fire and Rescue.
- Land improvements increased for paving of four parking lots at the Government Center complex (\$132,207).
- Completion of construction in progress for the New Hope Community Center building improvements (\$124,338), of which approximately \$31,000 was a contribution from the Ruritan Club.
- Construction in progress for a Fire Suppression System (\$127,549) and Courthouse Renovation/Remodel Design Phase (\$24,198).

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

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Land	\$ 5,510,171	\$ 5,510,171
Buildings and system	66,030,625	64,365,043
Machinery and equipment	2,379,945	2,501,088
Land improvements	814,472	771,843
Construction in progress	151,747	115,164
Total	<u>\$ 74,886,960</u>	<u>\$ 73,263,309</u>

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

## Long-term debt

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

### **County of Augusta's Outstanding Debt**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 65,729,609	\$ 64,932,384
Premium on bond issue	2,673,095	1,825,287
Compensated absences	1,471,925	1,434,064
Total	<u>\$ 69,874,629</u>	<u>\$ 68,191,735</u>

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

On May 10, 2012, the County issued \$6,600,000 in 2012B Series Virginia Public School Authority Bonds for renovations to Wilson Elementary School. The Bond was issued at a premium of \$966,694.

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

### **Economic Factors and Next Year's Budgets and Rates**

- The annual unemployment rate for Augusta County in 2012 was 5.7 percent. The County's rate is slightly better than the state's unemployment rate of 6.0 percent and still compares favorably to the national average rate of 8.4 percent.
- The County depends on financial resources flowing from, or associated with, both the federal government and the Commonwealth of Virginia. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. Revenues from the Commonwealth of Virginia represent approximately 12.3 percent, 44 percent, and 52 percent for the County, Virginia Public Assistance, and the School Board, respectively. Revenues from the federal government represent approximately 0.5 percent, 44 percent, and 11 percent for the County, Virginia Public Assistance, and the School Board, respectively.
- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by foreign governments and other holders of publicly held U.S. treasury securities.
- Overall, the fiscal year 2013 budget was very conservative to the 2012 budget. Any slight changes in budget projections continue to be monitored very closely.
- As the economy continues to recover from the 2009 financial crisis, the County does not anticipate growth for local taxes and building permits.
- Tax rates for the fiscal year 2013 budget remained the same for Real Estate at \$0.48 per \$100 value and Other Personal Property at \$1.90 per \$100 value. However, Personal Property rates for all vehicles increased \$0.25 to \$2.50 per \$100 value.

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

During fiscal year 2012, unassigned fund balance in the general fund decreased by \$1,476,133. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2013 budget year, although as in the some previous fiscal years, it is a possibility.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**





# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Assets  
June 30, 2012

	Primary Government		Component
	Governmental	Total	Unit
	Activities		School Board
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,036,366	\$ 27,036,366	\$ 1,853,947
Cash in custody of others	441,403	441,403	3,000
Investments	21,454,030	21,454,030	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	19,483,975	19,483,975	-
Accounts receivable	1,577,412	1,577,412	233,895
Notes receivable	889,035	889,035	-
Due from primary government	-	-	6,604,218
Due from component unit	207,360	207,360	-
Due from other governmental units	2,505,797	2,505,797	2,493,646
Inventories	14,015	14,015	-
Prepaid expenses	129,142	129,142	22,500
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents (in custody of others)	7,052,006	7,052,006	-
Equity interest in joint venture	5,646,028	5,646,028	-
Capital assets (net of accumulated depreciation):			
Land	5,510,171	5,510,171	2,090,973
Buildings and system	66,030,625	66,030,625	58,200,118
Machinery and equipment	2,379,945	2,379,945	3,613,208
Land improvement	814,472	814,472	-
Construction in progress	151,747	151,747	9,785,410
Total assets	\$ 161,323,529	\$ 161,323,529	\$ 84,900,915
<b>LIABILITIES</b>			
Accounts payable	\$ 2,117,917	\$ 2,117,917	\$ 4,202,218
Accrued liabilities	-	-	5,265,259
Accrued interest payable	1,185,189	1,185,189	-
Due to primary government	-	-	207,360
Due to component unit	6,604,218	6,604,218	-
Unearned revenue	17,120,657	17,120,657	132,448
Deposits held in escrow	896,214	896,214	-
Long-term liabilities:			
Due within one year			
Compensated absences	132,473	132,473	334,587
General obligation bonds	5,858,766	5,858,766	-
Due in more than one year			
Compensated absences	1,339,452	1,339,452	1,415,425
Net OPEB obligation	907,000	907,000	1,425,000
General obligation bonds	62,543,938	62,543,938	-
Total liabilities	\$ 98,705,824	\$ 98,705,824	\$ 12,982,297
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 14,050,950	\$ 14,050,950	\$ 73,689,709
Restricted for:			
Fire revolving loans	1,550,030	1,550,030	-
Drug enforcement	150,511	150,511	-
Unrestricted (deficit)	46,866,214	46,866,214	(1,771,091)
Total net assets	\$ 62,617,705	\$ 62,617,705	\$ 71,918,618

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

County of Augusta, Virginia

Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 5,596,300	\$ 566,517	\$ 418,481	\$ 4,681
Judicial administration	1,679,718	238,266	1,070,217	-
Public safety	16,383,625	831,899	3,256,643	324,795
Public works	4,913,232	947,668	14,979	906,634
Health and welfare	13,531,460	388,108	10,190,723	-
Education	39,414,225	-	-	48,024
Parks, recreation, and cultural	3,686,421	791,546	158,772	35,008
Community development	1,987,718	-	-	-
Interest on long-term debt	2,506,373	-	-	-
Total governmental activities	<u>\$ 89,699,072</u>	<u>\$ 3,764,004</u>	<u>\$ 15,109,815</u>	<u>\$ 1,319,142</u>
Total primary government	<u>\$ 89,699,072</u>	<u>\$ 3,764,004</u>	<u>\$ 15,109,815</u>	<u>\$ 1,319,142</u>
<b>COMPONENT UNITS:</b>				
School Board	<u>\$ 99,494,039</u>	<u>\$ 3,625,413</u>	<u>\$ 62,352,796</u>	<u>\$ -</u>
Total component units	<u>\$ 99,494,039</u>	<u>\$ 3,625,413</u>	<u>\$ 62,352,796</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales tax				
Consumers' utility tax				
Business license taxes				
Restaurant food taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government		Component Unit	
Governmental Activities	Total	School Board	
\$ (4,606,621)	\$ (4,606,621)	\$ -	
(371,235)	(371,235)	-	
(11,970,288)	(11,970,288)	-	
(3,043,951)	(3,043,951)	-	
(2,952,629)	(2,952,629)	-	
(39,366,201)	(39,366,201)	-	
(2,701,095)	(2,701,095)	-	
(1,987,718)	(1,987,718)	-	
(2,506,373)	(2,506,373)	-	
<u>\$ (69,506,111)</u>	<u>\$ (69,506,111)</u>	<u>\$ -</u>	
<u>\$ (69,506,111)</u>	<u>\$ (69,506,111)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ (33,515,830)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,515,830)</u>	
\$ 44,920,894	\$ 44,920,894	\$ -	
4,532,643	4,532,643	-	
4,236,210	4,236,210	-	
3,241,549	3,241,549	-	
2,193,920	2,193,920	-	
1,557,871	1,557,871	-	
594,536	594,536	45,453	
164,360	164,360	832,006	
4,601,015	4,601,015	36,339,862	
<u>\$ 66,042,998</u>	<u>\$ 66,042,998</u>	<u>\$ 37,217,321</u>	
(3,463,113)	(3,463,113)	3,701,491	
66,080,818	66,080,818	68,217,127	
<u>\$ 62,617,705</u>	<u>\$ 62,617,705</u>	<u>\$ 71,918,618</u>	

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## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2012

	General	Virginia Public Assistance	County Capital Improvements	School Capital Projects Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,067,742	\$ 6,600	\$ 8,699,169	\$ 262,855	\$ 27,036,366
Cash in custody of others	437,103	4,300	-	-	441,403
Investments	-	-	21,454,030	-	21,454,030
Receivables (net of allowance for uncollectibles):					
Taxes receivable	19,483,975	-	-	-	19,483,975
Accounts receivable	1,577,412	-	-	-	1,577,412
Notes receivable	889,035	-	-	-	889,035
Due from other funds	1,107,276	-	-	-	1,107,276
Due from component unit	207,360	-	-	-	207,360
Due from other governmental units	1,385,838	1,102,977	16,982	-	2,505,797
Inventories	14,015	-	-	-	14,015
Prepaid items	129,142	-	-	-	129,142
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	7,052,006	7,052,006
Total assets	<u>\$ 43,298,898</u>	<u>\$ 1,113,877</u>	<u>\$ 30,170,181</u>	<u>\$ 7,314,861</u>	<u>\$ 81,897,817</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 484,044	\$ -	\$ 245,610	\$ 1,388,263	\$ 2,117,917
Due to other funds	-	1,107,276	-	-	1,107,276
Due to component unit	6,604,218	-	-	-	6,604,218
Deferred revenue	20,977,678	-	-	-	20,977,678
Deposits held in escrow	841,138	6,601	48,475	-	896,214
Total liabilities	<u>\$ 28,907,078</u>	<u>\$ 1,113,877</u>	<u>\$ 294,085</u>	<u>\$ 1,388,263</u>	<u>\$ 31,703,303</u>
Fund balances:					
Nonspendable	\$ 143,157	\$ -	\$ -	\$ -	\$ 143,157
Restricted	1,700,541	-	-	5,374,308	7,074,849
Committed	407,722	-	8,134,044	-	8,541,766
Assigned	199,905	-	21,742,052	552,290	22,494,247
Unassigned	11,940,495	-	-	-	11,940,495
Total fund balances	<u>\$ 14,391,820</u>	<u>\$ -</u>	<u>\$ 29,876,096</u>	<u>\$ 5,926,598</u>	<u>\$ 50,194,514</u>
Total liabilities and fund balances	<u>\$ 43,298,898</u>	<u>\$ 1,113,877</u>	<u>\$ 30,170,181</u>	<u>\$ 7,314,861</u>	<u>\$ 81,897,817</u>

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



Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 50,194,514
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,886,960
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. This amount represents deferred revenue.	3,857,021
---	-----------

Equity interest in joint venture not reported in the funds.	5,646,028
---	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(71,966,818)</u>
--	---------------------

Net assets of governmental activities	<u>\$ 62,617,705</u>
---------------------------------------	----------------------

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

# County of Augusta, Virginia

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2012

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements
<b>REVENUES</b>				
General property taxes	\$ 44,460,692	\$ -	\$ -	\$ -
Other local taxes	15,762,193	-	-	25,170
Permits, privilege fees, and regulatory licenses	487,988	-	-	-
Fines and forfeitures	209,963	-	-	-
Revenue from the use of money and property	594,536	-	-	1,700
Charges for services	2,677,945	388,108	-	-
Miscellaneous	279,523	-	-	8,138
Recovered costs	150,350	997,137	-	119,590
Intergovernmental revenues:				
Commonwealth	9,136,145	5,065,559	-	874,372
Federal	383,962	5,125,164	-	361,738
Total revenues	\$ 74,143,297	\$ 11,575,968	\$ -	\$ 1,390,708
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 4,075,387	\$ -	\$ -	\$ -
Judicial administration	1,685,862	-	-	-
Public safety	15,098,509	-	-	-
Public works	3,159,713	-	-	-
Health and welfare	1,013,925	13,517,269	-	-
Education	31,821,633	-	-	-
Parks, recreation, and cultural	2,684,847	-	-	-
Community development	1,374,221	-	-	-
Nondepartmental	222,620	-	-	-
Capital projects	-	-	-	6,200,006
Debt service:				
Principal retirement	-	-	5,802,775	-
Interest and other fiscal charges	-	-	2,740,438	-
Total expenditures	\$ 61,136,717	\$ 13,517,269	\$ 8,543,213	\$ 6,200,006
Excess (deficiency) of revenues over (under) expenditures	\$ 13,006,580	\$ (1,941,301)	\$ (8,543,213)	\$ (4,809,298)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 73,004	\$ 1,941,301	\$ 8,543,213	\$ 5,693,183
Transfers out	(14,943,908)	-	-	(1,306,793)
Issuance of general obligation bonds	-	-	-	-
Premium on general obligation bonds	-	-	-	-
Total other financing sources (uses)	\$ (14,870,904)	\$ 1,941,301	\$ 8,543,213	\$ 4,386,390
Net change in fund balances	\$ (1,864,324)	\$ -	\$ -	\$ (422,908)
Fund balances - beginning, as restated	16,256,144	-	-	30,299,004
Fund balances - ending	\$ 14,391,820	\$ -	\$ -	\$ 29,876,096

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

Exhibit 5

School Capital Projects Fund		Total	
\$	-	\$	44,460,692
	-		15,787,363
	-		487,988
	-		209,963
	13,556		609,792
	-		3,066,053
	34,468		322,129
	-		1,267,077
	-		15,076,076
	-		5,870,864
\$	<u>48,024</u>	\$	<u>87,157,997</u>

\$	-	\$	4,075,387
	-		1,685,862
	-		15,098,509
	-		3,159,713
	-		14,531,194
	-		31,821,633
	-		2,684,847
	-		1,374,221
	-		222,620
	9,032,493		15,232,499
	-		5,802,775
	-		2,740,438
\$	<u>9,032,493</u>	\$	<u>98,429,698</u>

\$ (8,984,469) \$ (11,271,701)

\$	-	\$	16,250,701
	-		(16,250,701)
	6,600,000		6,600,000
	966,694		966,694
\$	<u>7,566,694</u>	\$	<u>7,566,694</u>

\$	(1,417,775)	\$	(3,705,007)
	7,344,373		53,899,521
\$	<u>5,926,598</u>	\$	<u>50,194,514</u>

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$ (3,705,007)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	1,623,651
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	460,202
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Revenues related to the equity interest in joint venture not reported as revenues in the funds.	(100,244)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,763,919)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>22,204</u>
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Change in net assets of governmental activities	<u>\$ (3,463,113)</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,393,082
Other receivables	16,991
Total assets	<u>\$ 3,410,073</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 369,914
Accrued liabilities	216,259
Amounts held for social services clients	109,388
Amounts held for Shenandoah Valley Regional Program	2,374,647
Amounts held for Valley Alcohol Safety Action Program	179,844
Amounts held for Valley Vocational Technical Education Center	142,953
Amounts held for Valley Children's Center	17,068
Total liabilities	<u>\$ 3,410,073</u>

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

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**COUNTY OF AUGUSTA, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**A. Reporting entity**

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

**Blended component units** - There are no blended component units for the year ended June 30, 2012.

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

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

**Related Organizations** - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's financial accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Augusta County Economic Development Authority and the Augusta County Service Authority. In Fiscal Year 2011 the County chose to early implement GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. Upon review it was determined that the Augusta County Service Authority and Augusta County Economic Development Authority are related organizations of the County. This determination was based on the justification that the County is able to appoint a voting majority of the Authority's board, but a financial benefit and/or burden relationship does not exist between the two. The Augusta County Economic Development Authority and the Augusta County Service Authority have separate audited financial statements.

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

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

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##### A. Reporting entity: (continued)

###### Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of operations for the Augusta Regional Landfill for the year ended June 30, 2012 is as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 1,164,866	\$ 532,002	\$ 673,961
% of Total Revenues	49.13%	22.44%	28.43%

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

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Vocational Technical Education Center for local residents. The Center provides vocational training to secondary and adult students. Valley Vocational Technical Education Center is governed by a six member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Valley Vocational Technical Education Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2012 as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 2,991,312	\$ 758,650	\$ 604,872
% of Total Revenues	68.69%	17.42%	13.89%

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

**Jointly Governed Organizations** - The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$117,860 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$106,716 to the Shenandoah Valley Juvenile Detention Home and \$1,598,024 to the Middle River Regional Jail Authority. The School Board contributed \$1,188,322 to the Shenandoah Valley Regional Program for operations.



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements however interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Sales and utility taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state, which is generally in a two month period preceding receipt by the County.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include Special Welfare, Shenandoah Valley Regional Program, Valley Alcohol Safety Action Program, Valley Vocational Technical Education Center, Valley Children's Center, Matthew's Training Private-Purpose Trust and Augusta County School Activity Funds.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however interfund services provided and used are not eliminated in the process of consolidation.

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

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

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

**D. Assets, liabilities, and net assets or equity**

**1. Deposits and Investments**

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

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

**2. Receivables and Payables**

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

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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

**3. Inventory and Prepaid Items**

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

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

**4. Property Taxes**

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

**5. Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$451,715 at June 30, 2012 and is composed solely of property taxes. This allowance represents .16% of the total levies for the previous six years.

**6. Use of Estimates**

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

**7. Capital Assets**

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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

**7. Capital Assets (continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Land improvements	15
Machinery and equipment	5-10

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

**8. Compensated Absences**

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

**9. Long-term Obligations**

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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

10. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. See Note 17 for more information.

11. Net Assets

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

12. Restricted Assets

The primary government has restricted assets in the amount of \$7,052,006 for unspent debt proceeds at June 30, 2012. These funds will be spent during fiscal year 2013 for school capital projects.

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

---

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

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net assets governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$71,966,818) and (\$3,175,012) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (68,402,704)	\$ -
Accrued interest payable	(1,185,189)	-
Net OPEB obligation payable	(907,000)	(1,425,000)
Compensated absences	(1,471,925)	(1,750,012)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (71,966,818)</u>	<u>\$ (3,175,012)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$1,623,651 and \$3,542,207 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Capital outlay	\$ 10,368,830	\$ 4,657,840
Depreciation expense	(2,942,404)	(6,918,408)
Allocation of debt financed school assets based on current year repayments	<u>(5,802,775)</u>	<u>5,802,775</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,623,651</u>	<u>\$ 3,542,207</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(1,763,919) difference in the primary government are as follows:

	<b>Primary Government</b>
Principal repayments:	
General obligation debt	\$ <u>5,802,775</u>
Other:	
Issuance of long term debt	(6,600,000)
Premium on issuance of long term debt	<u>(966,694)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (1,763,919)</u>

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

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

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these \$22,204 and \$144,511 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (37,861)	\$ 367,511
Net OPEB obligation	(174,000)	(223,000)
Accrued interest	115,179	-
Amortization of bond premium	118,886	-
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 22,204	\$ 144,511

### Note 3—Stewardship, Compliance, and Accountability:

#### A. Budgetary Information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, School Operating Fund, School Cafeteria Fund, School Capital Projects Fund, School Debt Fund, Head Start Fund, Governor's School Fund and County Capital Improvement Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts between general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.



## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

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##### A. Budgetary Information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project.
7. All budget data presented in the accompanying financial statements is the original and revised budget as of June 30.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.
9. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

##### B. Excess of Expenditures over Appropriations

For the year ended June 30, 2012, the School Cafeteria Fund had expenditures exceeding appropriations. This was due to a non-cash adjustment for USDA inventories.

##### C. Deficit Fund Equity

At June 30, 2012, there were no funds with deficit fund balances.

#### Note 4—Deposits and Investments:

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##### Deposits

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

##### Investments

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

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)****Note 4—Deposits and Investments: (Continued)****Custodial Credit Risk (Investments)**

The County's investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2012 all of the County's investments were held in accordance with this policy.

**Credit Risk of Debt Securities**

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

The County's rated debt investments as of June 30, 2012 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The ratings of AAA and AA represent long-term investments while the ratings of A-1 SP1+ are for short term investments.

<b>County's Rated Debt Investments' Values</b>			
	<b>Fair Quality Ratings</b>		
	<b>AAA</b>	<b>AA</b>	<b>A-1</b>
U.S. Agencies	\$ 858,603	\$ 5,080,159	\$ -
Corporate Debt	-	4,933,364	-
Local Government Investment Pool	146,058	-	-
State Non-Arbitrage Program	7,052,006	-	-
Money Market Mutual Fund	58,740	-	-
Commercial Paper	-	-	998,400
Repurchase Agreements-Underlying:			
Municipal Public Bonds	2,660,777	6,863,987	-
Total	\$ <u>10,776,184</u>	\$ <u>16,877,510</u>	\$ <u>998,400</u>

**Concentration of Credit Risk**

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

**Interest Rate Risk**

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

<b>Investment Maturities (in years)</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>1 Year</b>	<b>1-5 Years</b>
Municipal Bonds	\$ 9,524,764	\$ 5,276,490	\$ 4,248,274
Corporate Debt	4,933,364	2,703,103	2,230,261
U.S. Agencies	5,938,762	2,165,382	3,773,380
Commercial Paper	998,400	998,400	-
Total	\$ <u>21,395,290</u>	\$ <u>11,143,375</u>	\$ <u>10,251,915</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**External Investment Pools**

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

**Note 5—Due from Other Governmental Units:**

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

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 841,168	\$ -
State sales tax	-	1,796,182
Motor vehicle carrier's tax	76,556	-
State recordation tax	40,420	-
Excess fees-Clerk of Court	2,577	-
Reimbursement of shared services	355,781	-
Auto rental tax	10,117	-
Fire programs	27,510	-
Wireless PSAP	11,038	-
School	-	22,918
Other	1,480	-
Comprehensive services act	321,963	-
Virginia public assistance	320,658	-
<u>Federal Government:</u>		
Virginia public assistance	460,356	-
Criminal justice	11,416	-
Homeland security	24,757	-
School grants	-	356,238
Headstart	-	318,308
Totals	<u>\$ 2,505,797</u>	<u>\$ 2,493,646</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

**Note 6—Interfund Obligations:**

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:				
General Fund	\$ 1,107,276	\$ -	\$ 6,604,218	\$ 207,360
VPA Fund	-	1,107,276	-	-
Total	<u>\$ 1,107,276</u>	<u>\$ 1,107,276</u>	<u>\$ 6,604,218</u>	<u>\$ 207,360</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 6,604,218
General Fund	-	-	207,360	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,360</u>	<u>\$ 6,604,218</u>

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

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 73,004	\$ 14,943,908
Virginia Public Assistance Fund	1,941,301	-
School Debt Service Fund	8,543,213	-
County Capital Improvements Fund	5,693,183	1,306,793
Total	<u>\$ 16,250,701</u>	<u>\$ 16,250,701</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

Note 8—Long-Term Debt:

**Primary Government-Governmental activity Indebtedness:**

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2013	\$ 5,739,880	\$ 2,565,576
2014	5,828,591	2,473,873
2015	5,241,505	2,214,702
2016	5,293,675	1,969,331
2017	4,421,880	1,742,365
2018-2022	19,624,964	5,918,063
2023-2027	16,201,794	2,300,419
2028-2032	2,887,320	368,323
2033	490,000	11,147
Total	\$ 65,729,609	\$ 19,563,799

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2012.

	Balance July 1, 2011	Issuances	Retirements	Balance June 30, 2012
General obligation bonds	\$ 64,932,384	\$ 6,600,000	\$ 5,802,775	\$ 65,729,609
Premium on bond issue	1,825,287	966,694	118,886	2,673,095
Compensated absences	1,434,064	630,968	593,107	1,471,925
Total Long-Term Liabilities	\$ 68,191,735	\$ 8,197,662	\$ 6,514,768	\$ 69,874,629

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COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

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

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b><u>General obligation bonds (issued for school construction):</u></b>		
\$2,330,000 1992A Series, issued December 17, 1992, Virginia Public School Authority Bonds, due in annual installments of \$70,000 through December 15, 2012 plus interest at 5.85%	\$ 70,000	\$ 70,000
\$3,000,000 1993A Series, issued April 29, 1993, Virginia Public School Authority Bonds, due in annual installments of \$95,000 through June 15, 2013, plus interest at 5.5%	95,000	95,000
\$3,000,000 1993B Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$15,000 through July 15, 2013, plus interest at 5%	30,000	15,000
\$12,000,000 1994A Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$615,000 to \$620,000 through July 15, 2013, plus interest at 6.225% to 6.3%	1,235,000	615,000
\$6,000,000 1995A Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$300,000 through July 15, 2015, plus semi-annual interest at 5.1%	1,200,000	300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$572,281 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%	2,401,973	582,991
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$667,764 to \$742,320 through July 15, 2018, plus semi-annual interest at 4.6% to 5.1%	4,913,040	667,764
\$2,000,000 1999A Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments of \$100,000 through July 15, 2019, plus semi-annual interest at 5.725% to 6.1%	800,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$306,354 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.975% to 6.1%	2,684,129	306,354

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

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

Details of long-term-indebtedness: (continued)

	Total Amount	Amount Due Within One Year
<b><u>General obligation bonds (issued for school construction): (continued)</u></b>		
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through January 15, 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will be amortized over the life of the bond.	\$ 3,810,000	\$ 295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$309,685 to \$372,067 through January 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will be amortized over the life of the bond.	4,430,953	309,685
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments of \$1,330,000 through July 2026, plus semi-annual interest at 4.225% to 5.1%. The bond was issued at a premium of \$791,524 which will be amortized over the life of the bond.	19,950,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$584,336 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will be amortized over the life of the bond.	10,478,264	584,336
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	7,031,250	468,750
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$210,000 to \$490,000 through July 15, 2032, plus semi-annual interest at 2.55% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	6,600,000	-
Sub-total General obligation bonds payable	\$ 65,729,609	\$ 5,739,880
Unamortized premium on general obligation bonds	\$ 2,673,095	\$ 118,886
Compensated absences (payable from the general fund)	\$ 1,471,925	\$ 132,473
Total	\$ 69,874,629	\$ 5,991,239

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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**Note 8—Long-Term Debt: (Continued)**

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

Arbitrage Rebate Compliance:

As of June 30, 2012 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

**Discretely Presented Component Unit-School Board-Indebtedness:**

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2012:

	Balance July 1, 2011	Issuances	Retirements	Balance June 30, 2012
Compensated absences	\$ 2,117,523	\$ 742,364	\$ 1,109,875	\$ 1,750,012
Total Long-Term Liabilities	\$ 2,117,523	\$ 742,364	\$ 1,109,875	\$ 1,750,012

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	\$ 1,750,012	\$ 334,587

**Note 9—Defined Benefit Pension Plan:**

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**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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**A. Plan Description (continued)**

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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.

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

### Note 9—Defined Benefit Pension Plan: (Continued)

#### A. Plan Description (continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or 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 compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and 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's and School's non-professional employee contribution rates for the fiscal year ended June 30, 2012 were 9.32% and 5.62%, respectively, of annual covered payroll.

The School's professional employees contribution rate for fiscal year 2012 was 6.33% of covered payroll. The School Board's contributions for professional employees were \$3,227,744, \$2,037,456, and \$3,394,130, to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010, respectively and these contributions represented 6.33%, 3.93%, and 8.81% respectively, of current covered payroll.

#### C. Annual Pension Cost

For fiscal year ended June 30, 2012, the County's annual pension cost of \$1,463,259 was equal to the County's required and actual contributions.

For fiscal year ended June 30, 2012, the County School Board's annual pension cost for the board's non-professional employees was \$134,628 which was equal to the board's required and actual contributions.

Three-Year Trend Information for the County and School Board					
Fiscal Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
County:					
6/30/12	\$	1,463,259	100.00%	\$	-
6/30/11		1,432,865	100.00%		-
6/30/10		1,145,233	100.00%		-
Discretely Presented Component Unit:					
School Board Non-Professional					
6/30/12	\$	134,628	100.00%	\$	-
6/30/11		139,281	100.00%		-
6/30/10		135,701	100.00%		-

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**C. Annual Pension Cost**

The FY2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. 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 employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County 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. The County and School Board's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

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

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 77.64% funded. The actuarial accrued liability for benefits was \$74,674,167, and the actuarial value of assets was \$57,974,685, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,699,482. The covered payroll (annual payroll of active employees covered by the plan) was \$15,375,418, and ratio of the UAAL to the covered payroll was 108.61%.

As of June 30, 2011, the most recent actuarial valuation date, the County School Board's plan was 84.41% funded. The actuarial accrued liability for benefits was \$10,255,458, and the actuarial value of assets was \$8,657,002, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,598,456. The covered payroll (annual payroll of active employees covered by the plan) was \$2,496,444, and ratio of the UAAL to the covered payroll was 64.03%.

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

**Note 10—Other Post-Employment Benefits Program:**

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Beginning in fiscal year 2009, the County and School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and School Board's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County and School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employee's active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County and School Board. This funding methodology mirrors the funding approach used for pension benefits. A separate audited employment benefit plan is not available for the County or School Board.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**County:**

**A. Plan Description:**

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

**B. Funding Policy:**

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

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$473,000 for fiscal year 2012. The County has paid \$299,000 towards this obligation during FY12. The County's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)****Note 10—Other Post-Employment Benefits Program: (Continued)****County: (continued)****C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

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

Annual Required Contribution (ARC)	\$ 486,000
Interest on OPEB Obligation	33,000
Adjustment to ARC	(46,000)
Annual OPEB cost	\$ 473,000
Estimated Contributions Made During FY12	(299,000)
Increase in Net OPEB Obligation	\$ 174,000
Net OPEB Obligation - beginning of year	733,000
Net OPEB Obligation - end of year	\$ 907,000

For 2012, the County's expected cash payment of \$299,000 was \$174,000 short of the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (ARC)</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/12	\$ 473,000	63.21%	\$ 907,000
6/30/11	458,000	58.95%	733,000
6/30/10	518,000	48.07%	545,000

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

The funded status of the plan as of the June 30, 2011, the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 4,365,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 4,365,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 14,711,000
UAAL as a percentage of covered payroll	29.70%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**County: (continued)**

**D. Funded Status and Funding Progress: (continued)**

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

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

**E. Actuarial Methods and Assumptions**

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

**Cost Method**

The Entry Age Normal cost method is used to determine the Plan's funding of liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Data is net of any retiree contributions.

**Actuarial Assumptions**

Funding interest rate	4.50%
Annual amortization increase rate	2.50%
Medical trend rate	8% graded down to 5.5%
Amortization period	20 years
Inflation rate	2.50%

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**School Board:**

**Health Insurance Plan**

**A. Plan Description:**

The School Board offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Spouses and dependents may maintain coverage after the death of the retiree as long as they meet the eligibility requirements of the plan and assume full responsibility for the premiums. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

**B. Funding Policy:**

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change.

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$1,398,000 for fiscal year 2012. The School Board has paid \$1,175,000 towards this obligation during FY12. The School Board's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)****Note 10—Other Post-Employment Benefits Program: (Continued)****School Board: (continued)****Health Insurance Plan (continued)****C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

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

Annual Required Contribution (ARC)	\$ 1,419,000
Interest on OPEB Obligation	54,000
Adjustment to ARC	(75,000)
Annual OPEB cost	\$ 1,398,000
Estimated Contributions Made During FY11	(1,175,000)
Increase in Net OPEB Obligation	\$ 223,000
Net OPEB Obligation - beginning of year	1,202,000
Net OPEB Obligation - end of year	<u>\$ 1,425,000</u>

**Annual OPEB Cost**

For 2012, the School Board's expected cash payment of \$1,175,000 was \$223,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 are as follows:

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (ARC)</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/12	\$ 1,398,000	84.05%	\$ 1,425,000
6/30/11	1,376,000	79.36%	1,202,000
6/30/10	1,288,000	65.37%	918,000

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 17,200,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 17,200,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 55,880,000
UAAL as a percentage of covered payroll	30.80%



## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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

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##### School Board: (continued)

##### Health Insurance Plan (continued)

##### **D. Funded Status and Funding Progress (continued)**

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

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

##### **E. Actuarial Methods and Assumptions**

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

##### Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Data is net of any retiree contributions.

##### Actuarial Assumptions

Funding interest rate	4.50%
Annual amortization increase rate	2.50%
Medical trend	8% graded down to 5.5%
Amortization period	20 years/open funded
Inflation rate	2.50%

##### **VRS Health Insurance Credit Program**

##### **A. Plan Description**

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

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

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**School Board: (continued)**

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

**A. Plan Description (continued)**

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

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

**B. Funding Policy**

The School board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2012, 2011, and 2010 were \$305,947, \$311,062, and \$400,669, respectively and equaled the required contributions for each year.

**Note 11—Unearned Revenue:**

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$17,120,657 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2012, but paid in advance by the taxpayers totaled \$553,366 at June 30, 2012.
- B. Receivables – Amounts not available to liquidate liabilities of current period totaled \$16,295,274 at June 30, 2012:

Property taxes	\$ 15,299,199
Repayment of loans from fire departments	889,035
EMS transport fees	107,040
Total	<u>\$ 16,295,274</u>

- C. Deferred revenue – Revenue deferred in the amount of \$272,017 paid in advance for federal payment in lieu of taxes.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

**Note 12—Capital Assets:**

Capital asset activity for the year ended June 30, 2012 was as follows:

**Primary Government**

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 5,510,171	\$ -	\$ -	\$ 5,510,171
Construction in Progress	115,164	151,747	(115,164)	151,747
Total capital assets not being depreciated	<u>\$ 5,625,335</u>	<u>\$ 151,747</u>	<u>\$ (115,164)</u>	<u>\$ 5,661,918</u>
Capital assets being depreciated:				
Buildings	\$ 83,563,153	\$ 2,559,006	\$ -	\$ 86,122,159
Machinery & Equipment	9,724,037	549,583	(268,197)	10,005,423
Land Improvements	1,245,059	132,207	-	1,377,266
Total capital assets being depreciated	<u>\$ 94,532,249</u>	<u>\$ 3,240,796</u>	<u>\$ (268,197)</u>	<u>\$ 97,504,848</u>
Less Accumulated depreciation for:				
Buildings	\$ (19,198,110)	\$ (2,182,100)	\$ 1,288,676	\$ (20,091,534)
Machinery & Equipment	(7,222,949)	(670,726)	268,197	(7,625,478)
Land Improvement	(473,216)	(89,578)	-	(562,794)
Total Accumulated depreciation	<u>(26,894,275)</u>	<u>(2,942,404)</u>	<u>1,556,873</u>	<u>(28,279,806)</u>
Total capital assets being depreciated, net	<u>\$ 67,637,974</u>	<u>\$ 298,392</u>	<u>\$ 1,288,676</u>	<u>\$ 69,225,042</u>
Governmental activities capital assets, net	<u>\$ 73,263,309</u>	<u>\$ 450,139</u>	<u>\$ 1,173,512</u>	<u>\$ 74,886,960</u>

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

Governmental activities:	
General government	\$ 851,286
Judicial administration	2,037
Public safety	510,674
Public works	33,582
Health and welfare	11,499
Education	1,478,240
Parks, recreation, and cultural	55,086
Total depreciation expenses-governmental activities	<u>\$ 2,942,404</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

Note 12—Capital Assets: (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,090,973	\$ -	\$ -	\$ 2,090,973
Construction in Progress	1,007,206	8,778,204	-	9,785,410
Total capital assets not being depreciated	\$ 3,098,179	\$ 8,778,204	\$ -	\$ 11,876,383
Capital assets being depreciated:				
Buildings	\$ 106,697,139	\$ 6,828,202	\$ (7,542,521)	\$ 105,982,820
Machinery & Equipment	21,429,659	875,970	-	22,305,629
Total capital assets being depreciated	\$ 128,126,798	\$ 7,704,172	\$ (7,542,521)	\$ 128,288,449
Less Accumulated depreciation for:				
Buildings	\$ (43,411,903)	\$ (5,891,560)	\$ 1,520,761	\$ (47,782,702)
Machinery & Equipment	(17,665,573)	(1,026,848)	-	(18,692,421)
Total Accumulated depreciation	\$ (61,077,476)	\$ (6,918,408)	\$ 1,520,761	\$ (66,475,123)
Total capital assets being depreciated, net	\$ 67,049,322	\$ 785,764	\$ (6,021,760)	\$ 61,813,326
School Board Capital assets, net	\$ 70,147,501	\$ 9,563,968	\$ (6,021,760)	\$ 73,689,709

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$ 5,629,732
Transfer of accumulated depreciation from primary government for corresponding debt financed assets	1,288,676
Net increases in accumulated depreciation	\$ 6,918,408

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta, Virginia for the year ended June 30, 2012, is that school financed assets in the amount of \$59,129,609 are reported in the Primary Government for financial reporting purposes.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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#### **Note 13—Risk Management:**

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

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

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

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

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

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

#### **Note 15—Landfill Closure and Post-closure Costs:**

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

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)**

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**Note 15—Landfill Closure and Post-closure Costs: (Continued)**

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At June 30, 2012 the Augusta Regional Landfill reported as its landfill closure liability \$3,887,967 which represents the cumulative amount reported to date based on the use of 83.6% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$2,971,710 at June 30, 2012. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 83.6% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.44% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2012 for both landfill permits are \$6,859,677. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$956,673 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$2,902,166 for the newly constructed Phase 4 cell as it is filled in the next six to eight years. Both Permit #21 and Permit #585 closure and post-closure costs are based on DEQ approved factors which are conservative. The costs are inflated annually based on a DEQ-approved inflation rate. However, actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

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

**Note 16—Construction Contracts Outstanding:**

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The Primary Government had the following material contracts outstanding at June 30, 2012:

<b>Project</b>	<b>Original Contract Amount</b>	<b>Amount Spent as of June 30, 2012</b>	<b>Amount of Contract Remaining at Year End</b>
Real Estate Reassessment	\$ 590,261	\$ -	\$ 590,261
Fire Suppression System Installation	353,413	127,549	225,864
Wilson Elementary School Design	852,911	807,057	45,854
Wilson Elementary School Renovation	13,049,973	7,590,488	5,459,485
Total	\$ 14,846,558	\$ 8,525,094	\$ 6,321,464

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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#### Note 17—Fund Balance:

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Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The County establishes (and modifies or rescinds) fund balance commitments by formal Board action. This is typically done through adoption and amendment of the budget. Action to commit resources must occur prior to year-end, however, the amount can be determined in the subsequent period. The Board has authorized the County Administrator, or designee, as the official authorized to assign resources and ending fund balance to a specific purpose within policy guidelines.

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the GAAP basis general fund revenues at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned general fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unassigned general fund balance to the minimum level of 15% of general fund revenues within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unassigned general fund balance shall be included and highlighted in the County's adopted budget. Such adjustments were not needed in the current fiscal year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 (CONTINUED)

Note 17—Fund Balance: (Continued)

Fund balance had the following classifications at June 30, 2012:

	General	County Capital Improvements	School Capital Projects Fund	Total
Fund Balances:				
Nonspendable:				
Inventories	\$ 14,015	\$ -	\$ -	\$ 14,015
Prepaid items	129,142	-	-	129,142
Restricted for:				
Fire revolving loan program	\$ 1,550,030	\$ -	\$ -	\$ 1,550,030
Drug enforcement	150,511	-	-	150,511
Capital projects-school renovation	-	-	5,374,308	5,374,308
Committed to:				
Health and welfare	\$ 56,965	\$ -	\$ -	\$ 56,965
Education	176,224	-	-	176,224
Emergency medical services	174,533	-	-	174,533
Other capital projects	-	8,134,044	-	8,134,044
Assigned to:				
Other capital projects	\$ -	\$ 21,742,052	\$ 552,290	\$ 22,294,342
Fire revolving loan program	146,742	-	-	146,742
Drug enforcement	53,163	-	-	53,163
Unassigned:	\$ 11,940,495	\$ -	\$ -	\$ 11,940,495
Total	\$ 14,391,820	\$ 29,876,096	\$ 5,926,598	\$ 50,194,514

Note 18—GASB 61 Early Implementation:

Statement No. 61 of the Governmental Accounting Standards Board, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34* is effective for financial statements for periods beginning after June 15, 2012. The County decided to early implement this statement in fiscal year 2011. This statement will effect how the County reports the component unit, Augusta County Service Authority. Under GASB Statement No. 14 the Authority was included in the financial statements as a blended component unit when the governing boards of the two entities were substantially the same. GASB Statement No. 61 requires that the governing boards be substantially the same and a financial benefit and/or burden relationship must be present or the management staff of the primary government and the component unit be substantially the same. The relationship between the County and the Authority does not create a financial benefit and/or burden on the County and the management staff of the two governing boards is separate from one another.



## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 (CONTINUED)

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#### Note 19—Prior Period Adjustment:

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A prior period adjustment to beginning fund balance of the General Government is required to move the fund balance of the Internal Service Fund to the General Fund. The County no longer utilizes a Central Stores and allocates expenditures directly to departments when purchases are made. The following adjustment has been recorded:

	Internal Service Funds	Primary Government General Fund
Fund balances as originally reported July 1, 2011	\$ 114,912	\$ 16,141,232
Adjustmnet to allocate internal service fund balance to general fund	\$ (114,912)	\$ 114,912
Fund balances as adjusted, July 1, 2011	\$ <u>-</u>	\$ <u>16,256,144</u>

#### Note 20—Subsequent Events:

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The State Water Control Board authorized funding from the Virginia Clean Water Revolving Loan Fund to the County in the form of an interest-free principal repayment loan of \$1,853,530 and a principal forgiveness loan in the amount of \$1,000,000. The Board of Supervisors approved the issuance of debt on July 11, 2012 and the County closed on the loans with the Virginia Resources Authority on August 23, 2012. The funding is being used to finance the construction of a gravity collection system, pump station, and force main to convey sewage from Greenville Village to the existing Greenville Sewage Treatment Plan operated by the Augusta County Service Authority. The County entered into a construction contract of \$2,875,113 in August 2012. The project will also be funded through a Water Quality Improvement Fund grant from the Virginia Department of Recreation and Conservation totaling \$250,000.

In October 2012, Preston L. Yancey Volunteer Fire Company, a 501(c)(4) corporation, transferred its interest in their fire station and equipment to the County. The Company had previously received unfavorable ratings from the Insurance Services Office and seen a sharp decline in volunteers available to carry out its mission. Efforts to increase number of volunteers did not produce measurable results so the Board of Directors of the

Company investigated scenarios for the discontinuance of operations. The County will man and maintain the property henceforth and funds were appropriated in the FY13 budget for expenditures related to the facility and equipment. Liquid assets of the Company will be used to extinguish outstanding debt to the fullest extent possible.

The County received a Staffing for Adequate Fire & Emergency Response Grants (SAFER) in 2012 from the Assistance to Firefighters Grant Program with FEMA. Total amount of the award is \$2,203,824 for a two year period beginning September 2012. The County has hired 21 firefighters under this grant.

In October 2012, the Virginia Public School Authority (VPSA) closed a transaction that refinanced a portion of VPSA's Series 2004A and Series 2004B Bonds for interest rate savings. VPSA distributes savings it realizes as the result of the refunding to localities that participated in the bond issue which was refunded. The distribution occurs in the form of a one-time credit against a future debt service payment. The County will receive a reduction of \$103,323 in the July 2013 debt payment for the 2004A Series Bond.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Note to Required Supplementary Information**

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



## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 43,142,600	\$ 44,194,300	\$ 44,460,692	\$ 266,392
Other local taxes	15,500,830	15,879,830	15,762,193	(117,637)
Permits, privilege fees, and regulatory licenses	503,000	547,600	487,988	(59,612)
Fines and forfeitures	255,000	232,500	209,963	(22,537)
Revenue from the use of money and property	824,600	613,800	594,536	(19,264)
Charges for services	2,863,410	2,801,410	2,677,945	(123,465)
Miscellaneous	334,000	289,000	279,523	(9,477)
Recovered costs	145,850	151,550	150,350	(1,200)
Intergovernmental revenues:				
Commonwealth	9,089,625	9,163,380	9,136,145	(27,235)
Federal	357,100	483,850	383,962	(99,888)
Total revenues	<u>\$ 73,016,015</u>	<u>\$ 74,357,220</u>	<u>\$ 74,143,297</u>	<u>\$ (213,923)</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,191,920	\$ 4,084,225	\$ 4,075,387	\$ 8,838
Judicial administration	1,746,810	1,703,150	1,685,862	17,288
Public safety	15,512,089	15,400,802	15,098,509	302,293
Public works	3,403,745	3,355,760	3,159,713	196,047
Health and welfare	1,038,636	1,040,026	1,013,925	26,101
Education	31,870,816	31,870,816	31,821,633	49,183
Parks, recreation, and cultural	2,743,902	2,739,350	2,684,847	54,503
Community development	1,447,458	1,419,127	1,374,221	44,906
Nondepartmental	452,344	179,405	222,620	(43,215)
Total expenditures	<u>\$ 62,407,720</u>	<u>\$ 61,792,661</u>	<u>\$ 61,136,717</u>	<u>\$ 655,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,608,295</u>	<u>\$ 12,564,559</u>	<u>\$ 13,006,580</u>	<u>\$ 442,021</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 26,525	\$ 37,185	\$ 73,004	\$ 35,819
Transfers out	(11,291,441)	(14,781,221)	(14,943,908)	(162,687)
Total other financing sources and (uses)	<u>\$ (11,264,916)</u>	<u>\$ (14,744,036)</u>	<u>\$ (14,870,904)</u>	<u>\$ (126,868)</u>
Net change in fund balances	\$ (656,621)	\$ (2,179,477)	\$ (1,864,324)	\$ 315,153
Fund balances - beginning, as restated	656,621	2,179,477	16,256,144	14,076,667
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,391,820</u>	<u>\$ 14,391,820</u>

Special Revenue Fund - Virginia Public Assistance Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 398,334	\$ 398,334	\$ 388,108	\$ (10,226)
Recovered costs	997,140	997,140	997,137	(3)
Intergovernmental revenues:				
Commonwealth	5,113,538	5,173,538	5,065,559	(107,979)
Federal	5,260,195	5,260,195	5,125,164	(135,031)
Total revenues	<u>\$ 11,769,207</u>	<u>\$ 11,829,207</u>	<u>\$ 11,575,968</u>	<u>\$ (253,239)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 13,706,500	\$ 13,796,500	\$ 13,517,269	\$ 279,231
Total expenditures	<u>\$ 13,706,500</u>	<u>\$ 13,796,500</u>	<u>\$ 13,517,269</u>	<u>\$ 279,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,937,293)</u>	<u>\$ (1,967,293)</u>	<u>\$ (1,941,301)</u>	<u>\$ 25,992</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,937,293	\$ 1,967,293	\$ 1,941,301	\$ (25,992)
Total other financing sources and (uses)	<u>\$ 1,937,293</u>	<u>\$ 1,967,293</u>	<u>\$ 1,941,301</u>	<u>\$ (25,992)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Pension Funding Progress  
As of June 30, 2012

## PRIMARY GOVERNMENT:

## County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/11	\$ 57,974,685	\$ 74,674,167	\$ 16,699,482	77.64%	\$ 15,375,418	108.61%
06/30/10	56,738,257	72,332,855	15,594,598	78.44%	15,540,379	100.35%
06/30/09	57,030,988	65,451,866	8,420,878	87.13%	15,760,844	53.43%
06/30/08	56,837,932	61,807,836	4,969,904	91.96%	15,436,487	32.20%
06/30/07	51,901,499	55,341,773	3,440,274	93.78%	14,236,700	24.16%
06/30/06	46,228,179	49,242,258	3,014,079	93.88%	17,051,457	17.68%
06/30/05	42,947,708	49,409,915	6,462,207	86.92%	13,510,229	47.83%
06/30/04	41,517,368	45,493,890	3,976,522	91.26%	12,559,811	31.66%

## DISCRETELY PRESENTED COMPONENT UNIT:

## School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/11	\$ 8,657,002	\$ 10,255,458	\$ 1,598,456	84.41%	\$ 2,496,444	64.03%
06/30/10	8,515,223	9,955,761	1,440,538	85.53%	2,518,663	57.19%
06/30/09	8,506,759	8,964,819	458,060	94.89%	2,536,127	18.06%
06/30/08	8,440,261	8,440,970	709	99.99%	2,293,833	0.03%
06/30/07	7,573,012	7,951,877	378,865	95.24%	2,346,119	16.15%
06/30/06	6,718,738	7,445,204	726,466	90.24%	2,137,393	33.99%
06/30/05	6,351,049	7,741,749	1,390,700	82.04%	2,075,583	67.00%
06/30/04	6,242,063	6,354,136	112,073	98.24%	1,963,205	5.71%

Other Post-Employment Benefit Program  
 Schedule of Funding Progress  
 As of June 30, 2012

**PRIMARY GOVERNMENT:****County Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
07/01/11	\$ -	\$ 4,365,000	\$ 4,365,000	0.00%	\$ 14,711,000	29.7%
07/01/09	-	3,656,000	3,656,000	0.00%	14,876,000	24.6%
07/01/07	-	3,714,000	3,714,000	0.00%	14,112,000	26.3%

**DISCRETELY PRESENTED COMPONENT UNIT:****School Board Other Post-Employment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
07/01/11	\$ -	\$ 17,200,000	\$ 17,200,000	0.00%	55,880,000	30.8%
07/01/09	-	14,154,000	14,154,000	0.00%	53,465,000	26.5%
07/01/07	-	12,047,000	12,047,000	0.00%	55,425,000	21.7%

**Note:**

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



## **OTHER SUPPLEMENTARY INFORMATION**

School Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 5,434,025	\$ 5,802,775	\$ 5,802,775	\$ -
Interest and other fiscal charges	2,935,450	3,052,528	2,740,438	312,090
Total expenditures	<u>\$ 8,369,475</u>	<u>\$ 8,855,303</u>	<u>\$ 8,543,213</u>	<u>\$ 312,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,369,475)</u>	<u>\$ (8,855,303)</u>	<u>\$ (8,543,213)</u>	<u>\$ 312,090</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 8,174,100	\$ 8,543,115	\$ 8,543,213	\$ 98
Other	195,375	312,188	-	(312,188)
Total other financing sources and uses	<u>\$ 8,369,475</u>	<u>\$ 8,855,303</u>	<u>\$ 8,543,213</u>	<u>\$ (312,090)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ -	\$ -	\$ 25,170	\$ 25,170
Revenue from the use of money and property	-	-	1,700	1,700
Miscellaneous	-	-	8,138	8,138
Recovered costs	-	-	119,590	119,590
Intergovernmental revenues:				
Commonwealth	-	-	874,372	874,372
Federal	-	-	361,738	361,738
Total revenues	\$ -	\$ -	\$ 1,390,708	\$ 1,390,708
<b>EXPENDITURES</b>				
Capital projects	\$ 2,045,087	\$ 5,504,602	\$ 6,200,006	\$ (695,404)
Total expenditures	\$ 2,045,087	\$ 5,504,602	\$ 6,200,006	\$ (695,404)
Excess (deficiency) of revenues over (under) expenditures	\$ (2,045,087)	\$ (5,504,602)	\$ (4,809,298)	\$ 695,304
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,045,087	\$ 5,504,602	\$ 5,693,183	\$ 188,581
Transfers out	(891,564)	(1,270,974)	(1,306,793)	(35,819)
Total other financing sources and (uses)	\$ 1,153,523	\$ 4,233,628	\$ 4,386,390	\$ 152,762
Net change in fund balances	\$ (891,564)	\$ (1,270,974)	\$ (422,908)	\$ 848,066
Fund balances - beginning	891,564	1,270,974	30,299,004	29,028,030
Fund balances - ending	\$ -	\$ -	\$ 29,876,096	\$ 29,876,096

## School Capital Projects Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 12,600	\$ 13,556	\$ 956
Miscellaneous	12,330	34,457	34,468	11
Total revenues	<u>\$ 12,330</u>	<u>\$ 47,057</u>	<u>\$ 48,024</u>	<u>\$ 967</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 6,956,054	\$ 7,736,973	\$ 9,032,493	\$ (1,295,520)
Total expenditures	<u>\$ 6,956,054</u>	<u>\$ 7,736,973</u>	<u>\$ 9,032,493</u>	<u>\$ (1,295,520)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,943,724)</u>	<u>\$ (7,689,916)</u>	<u>\$ (8,984,469)</u>	<u>\$ (1,294,553)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of general obligation bonds	\$ -	\$ 7,500,000	\$ 6,600,000	\$ (900,000)
Premium on general obligation bonds	-	-	966,694	966,694
Total other financing sources and (uses)	<u>\$ -</u>	<u>\$ 7,500,000</u>	<u>\$ 7,566,694</u>	<u>\$ 66,694</u>
Net change in fund balances	<u>\$ (6,943,724)</u>	<u>\$ (189,916)</u>	<u>\$ (1,417,775)</u>	<u>\$ (1,227,859)</u>
Fund balances - beginning	6,943,724	189,916	7,344,373	7,154,457
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,926,598</u>	<u>\$ 5,926,598</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2012

	Agency Funds					Total
	Special Welfare	Shenandoah Valley Regional Program	Valley Alcohol Safety Action Program	Valley Vocational Technical Education Center	Valley Children's Center	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 109,388	\$ 2,646,903	\$ 181,749	\$ 437,059	\$ 17,983	\$ 3,393,082
Other receivables	-	-	-	16,991	-	16,991
Total assets	<u>\$ 109,388</u>	<u>\$ 2,646,903</u>	<u>\$ 181,749</u>	<u>\$ 454,050</u>	<u>\$ 17,983</u>	<u>\$ 3,410,073</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 170,492	\$ 1,905	\$ 196,602	915	\$ 369,914
Accrued liabilities	-	101,764	-	114,495	-	216,259
Amounts held for social services clients	109,388	-	-	-	-	109,388
Amounts held for Shenandoah Valley Regional Program	-	2,374,647	-	-	-	2,374,647
Amounts held for Valley Alcohol Safety Action Program	-	-	179,844	-	-	179,844
Amounts held for Valley Vocational Technical Education Center	-	-	-	142,953	-	142,953
Amounts held for Valley Children's Center	-	-	-	-	17,068	17,068
Total liabilities	<u>\$ 109,388</u>	<u>\$ 2,646,903</u>	<u>\$ 181,749</u>	<u>\$ 454,050</u>	<u>\$ 17,983</u>	<u>\$ 3,410,073</u>

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 151,584	\$ 178,685	\$ 220,881	\$ 109,388
Total assets	<u>\$ 151,584</u>	<u>\$ 178,685</u>	<u>\$ 220,881</u>	<u>\$ 109,388</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 151,584	\$ 178,685	\$ 220,881	\$ 109,388
Total liabilities	<u>\$ 151,584</u>	<u>\$ 178,685</u>	<u>\$ 220,881</u>	<u>\$ 109,388</u>
<b>Shenandoah Valley Regional Program Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,845,999	\$ 8,702,426	\$ 8,901,522	\$ 2,646,903
Total assets	<u>\$ 2,845,999</u>	<u>\$ 8,702,426</u>	<u>\$ 8,901,522</u>	<u>\$ 2,646,903</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 208,766	\$ 170,492	\$ 208,766	\$ 170,492
Accrued liabilities	95,023	101,764	95,023	101,764
Amounts held for Shenandoah Valley Regional Program	2,542,210	8,702,426	8,869,989	2,374,647
Total liabilities	<u>\$ 2,845,999</u>	<u>\$ 8,974,682</u>	<u>\$ 9,173,778</u>	<u>\$ 2,646,903</u>
<b>Valley Alcohol Safety Action Program Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 190,443	\$ 322,326	\$ 331,020	\$ 181,749
Total assets	<u>\$ 190,443</u>	<u>\$ 322,326</u>	<u>\$ 331,020</u>	<u>\$ 181,749</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,263	\$ 1,905	\$ 2,263	\$ 1,905
Amounts held for Valley Alcohol Safety Action Program	188,180	322,326	330,662	179,844
Total liabilities	<u>\$ 190,443</u>	<u>\$ 324,231</u>	<u>\$ 332,925</u>	<u>\$ 181,749</u>
<b>Valley Vocational Technical Education Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 374,082	\$ 4,529,485	\$ 4,466,508	\$ 437,059
Other receivables	32,930	16,991	32,930	16,991
Total assets	<u>\$ 407,012</u>	<u>\$ 4,546,476</u>	<u>\$ 4,499,438</u>	<u>\$ 454,050</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 185,167	\$ 196,602	\$ 185,167	\$ 196,602
Accrued liabilities	121,810	114,495	121,810	114,495
Amounts held for Valley Vocational Technical Education Center	100,035	4,529,485	4,486,567	142,953
Total liabilities	<u>\$ 407,012</u>	<u>\$ 4,840,582</u>	<u>\$ 4,793,544</u>	<u>\$ 454,050</u>
<b>Valley Children's Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,368	\$ 104,492	\$ 102,877	\$ 17,983
Total assets	<u>\$ 16,368</u>	<u>\$ 104,492</u>	<u>\$ 102,877</u>	<u>\$ 17,983</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,210	\$ 915	\$ 9,210	\$ 915
Amounts held for Valley Children's Center	7,158	104,492	94,582	17,068
Total liabilities	<u>\$ 16,368</u>	<u>\$ 105,407</u>	<u>\$ 103,792</u>	<u>\$ 17,983</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2012 (Continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,578,476	\$ 13,837,414	\$ 14,022,808	\$ 3,393,082
Other receivables	32,930	16,991	32,930	16,991
Total assets	<u>\$ 3,611,406</u>	<u>\$ 13,854,405</u>	<u>\$ 14,055,738</u>	<u>\$ 3,410,073</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 405,406	\$ 369,914	\$ 405,406	\$ 369,914
Accrued liabilities	216,833	216,259	216,833	216,259
Amounts held for social services clients	151,584	178,685	220,881	109,388
Amounts held for Shenandoah Valley Regional Program	2,542,210	8,702,426	8,869,989	2,374,647
Amounts held for Valley Alcohol Safety Action Program	188,180	322,326	330,662	179,844
Amounts held for Valley Vocational Technical Education Center	100,035	4,529,485	4,486,567	142,953
Amounts held for Valley Children's Center	7,158	104,492	94,582	17,068
Total liabilities	<u>\$ 3,611,406</u>	<u>\$ 14,423,587</u>	<u>\$ 14,624,920</u>	<u>\$ 3,410,073</u>



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

Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules by Source  
 June 30, 2012

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	<u>2012</u>	<u>2011</u>
Governmental funds capital assets:		
Land	\$ 5,510,171	\$ 5,510,171
Buildings	86,122,159	83,563,153
Machinery and equipment	10,005,423	9,724,037
Land improvement	1,377,266	1,245,059
Construction in progress	151,747	115,164
Total governmental funds capital assets	<u>\$ 103,166,766</u>	<u>\$ 100,157,584</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 102,909,462	\$ 99,907,530
Special revenue funds	257,304	250,054
Total governmental funds capital assets by source	<u>\$ 103,166,766</u>	<u>\$ 100,157,584</u>

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2012

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,881,364	\$ 1,161,436	\$ 26,266,673	\$ 590,606	\$ 151,747	\$ 32,051,826
County administrator	-	-	-	44,171	-	44,171
Commissioner of revenue	-	-	-	53,071	-	53,071
Central accounting	-	-	-	22,175	-	22,175
Management information systems	-	-	-	634,669	-	634,669
Total general government administration	\$ 3,881,364	\$ 1,161,436	\$ 26,266,673	\$ 1,344,692	\$ 151,747	\$ 32,805,912
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 187,795	\$ -	\$ 187,795
General District Court	-	-	-	19,252	-	19,252
Total judicial administration	\$ -	\$ -	\$ -	\$ 207,047	\$ -	\$ 207,047
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,472,622	\$ -	\$ 2,472,622
Emergency operations	-	-	-	1,448,985	-	1,448,985
Fire department	-	-	202,537	2,785,227	-	2,987,764
Emergency services	-	-	-	62,258	-	62,258
Juvenile detention and probation	-	-	12,520	32,313	-	44,833
Building inspections	-	-	-	91,948	-	91,948
Animal control	-	-	-	68,252	-	68,252
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ -	\$ -	\$ 215,057	\$ 7,032,889	\$ -	\$ 7,247,946
Public works:						
Sanitation and waste removal	\$ 60,446	\$ -	\$ -	\$ 169,209	\$ -	\$ 229,655
Maintenance of buildings and grounds	45,700	162,207	198,858	194,797	-	601,562
Total public works	\$ 106,146	\$ 162,207	\$ 198,858	\$ 364,006	\$ -	\$ 831,217
Education:						
Schools	\$ -	\$ -	\$ 59,129,609	\$ -	\$ -	\$ 59,129,609
Total education	\$ -	\$ -	\$ 59,129,609	\$ -	\$ -	\$ 59,129,609
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 257,304	\$ -	\$ 257,304
Total health and welfare	\$ -	\$ -	\$ -	\$ 257,304	\$ -	\$ 257,304
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 428,335	\$ -	\$ 2,316,581
Library	-	-	-	234,607	-	234,607
Total parks, recreation, and cultural	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 662,942	\$ -	\$ 2,551,186
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 136,543	\$ -	\$ 136,543
Total community development	\$ -	\$ -	\$ -	\$ 136,543	\$ -	\$ 136,543
Total governmental funds capital assets	\$ 5,510,171	\$ 1,377,266	\$ 86,122,159	\$ 10,005,423	\$ 151,747	\$ 103,166,766

Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes By Function and Activity  
For the Year Ended June 30, 2012

Function and Activity	Governmental Funds Capital Assets June 30, 2011	Additions	Deductions	Transfers	Governmental Funds Capital Assets June 30, 2012
General government administration:					
Board of supervisors	\$ 31,144,282	\$ 1,022,708	\$ (115,164)	\$ -	\$ 32,051,826
County administrator	44,171	-	-	-	44,171
Commissioner of revenue	53,071	-	-	-	53,071
Central accounting	22,175	-	-	-	22,175
Management information systems	602,286	32,383	-	-	634,669
Total general government administration	\$ 31,865,985	\$ 1,055,091	\$ (115,164)	\$ -	\$ 32,805,912
Judicial administration:					
Clerk of Circuit Court	\$ 187,795	\$ -	\$ -	\$ -	\$ 187,795
General District Court	19,252	-	-	-	19,252
Total judicial administration	\$ 207,047	\$ -	\$ -	\$ -	\$ 207,047
Public safety:					
Sheriff	\$ 2,394,647	\$ 276,397	\$ (198,422)	\$ -	\$ 2,472,622
Emergency operations	1,448,985	-	-	-	1,448,985
Fire department	2,888,180	123,036	(23,452)	-	2,987,764
Emergency services	81,333	-	(19,075)	-	62,258
Juvenile detention and probation	18,433	26,400	-	-	44,833
Building inspections	115,033	-	-	(23,085)	91,948
Animal control	68,252	-	-	-	68,252
Drug enforcement	71,284	-	-	-	71,284
Total public safety	\$ 7,086,147	\$ 425,833	\$ (240,949)	\$ (23,085)	\$ 7,247,946
Public works:					
Sanitation and waste removal	\$ 229,655	\$ -	\$ -	\$ -	\$ 229,655
Maintenance of buildings and grounds	446,929	154,633	-	-	601,562
Total public works	\$ 676,584	\$ 154,633	\$ -	\$ -	\$ 831,217
Education:					
Schools	\$ 57,432,384	\$ 7,500,000	\$ (5,802,775)	\$ -	\$ 59,129,609
Total education	\$ 57,432,384	\$ 7,500,000	\$ (5,802,775)	\$ -	\$ 59,129,609
Health and welfare:					
Social services	\$ 250,054	\$ 34,498	\$ (27,248)	\$ -	\$ 257,304
Total health and welfare	\$ 250,054	\$ 34,498	\$ (27,248)	\$ -	\$ 257,304
Parks, recreation, and cultural:					
Parks and recreation	\$ 2,291,318	\$ 25,263	\$ -	\$ -	\$ 2,316,581
Library	234,607	-	-	-	234,607
Total parks, recreation, and cultural	\$ 2,525,925	\$ 25,263	\$ -	\$ -	\$ 2,551,188
Community development:					
Community development	\$ 113,458	\$ -	\$ -	\$ 23,085	\$ 136,543
Total community development	\$ 113,458	\$ -	\$ -	\$ 23,085	\$ 136,543
Total governmental funds capital assets	\$ 100,157,584	\$ 9,195,318	\$ (6,186,136)	\$ -	\$ 103,166,766

**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2012

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,759,973	\$ 268,660	\$ 2,028,633
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	233,895	-	-	233,895
Due from primary government	6,603,594	-	624	6,604,218
Due from other governmental units	2,160,328	15,010	318,308	2,493,646
Prepaid items	22,500	-	-	22,500
Total assets	<u>\$ 9,023,317</u>	<u>\$ 1,774,983</u>	<u>\$ 587,592</u>	<u>\$ 11,385,892</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 174,686	\$ 174,686
Accounts payable	3,945,835	174,858	81,525	4,202,218
Accrued liabilities	4,998,513	142,725	124,021	5,265,259
Due to primary government	-	-	207,360	207,360
Deferred revenue	78,969	53,479	-	132,448
Total liabilities	<u>\$ 9,023,317</u>	<u>\$ 371,062</u>	<u>\$ 587,592</u>	<u>\$ 9,981,971</u>
Fund balances:				
Nonspendable				
Prepaid expense	\$ 22,500	\$ -	\$ -	\$ 22,500
Assigned	-	1,403,921	-	1,403,921
Unassigned	(22,500)	-	-	(22,500)
Total fund balances	<u>\$ -</u>	<u>\$ 1,403,921</u>	<u>\$ -</u>	<u>\$ 1,403,921</u>
Total liabilities and fund balances	<u>\$ 9,023,317</u>	<u>\$ 1,774,983</u>	<u>\$ 587,592</u>	<u>\$ 11,385,892</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above \$ 1,403,921

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 73,689,709

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (3,175,012)

Net assets of governmental activities \$ 71,918,618

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2012

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 33,847	\$ 11,606	\$ -	\$ 45,453
Charges for services	712,940	2,238,244	674,229	3,625,413
Miscellaneous	820,413	-	11,593	832,006
Intergovernmental revenues:				
Local government	31,825,763	-	-	31,825,763
Commonwealth	51,064,264	76,551	508,018	51,648,833
Federal	6,124,120	2,454,739	2,125,104	10,703,963
Total revenues	<u>\$ 90,581,347</u>	<u>\$ 4,781,140</u>	<u>\$ 3,318,944</u>	<u>\$ 98,681,431</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 90,581,347	\$ 4,766,367	\$ 3,309,814	\$ 98,657,528
Contribution to Primary Government	-	-	9,130	9,130
Total expenditures	<u>\$ 90,581,347</u>	<u>\$ 4,766,367</u>	<u>\$ 3,318,944</u>	<u>\$ 98,666,658</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 14,773	\$ -	\$ 14,773
Net change in fund balances	\$ -	\$ 14,773	\$ -	\$ 14,773
Fund balances - beginning	-	1,389,148	-	1,389,148
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,403,921</u>	<u>\$ -</u>	<u>\$ 1,403,921</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 14,773

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 3,542,207

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. 144,511

Change in net assets of governmental activities \$ 3,701,491

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2012

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 37,400	\$ 39,522	\$ 33,847	\$ (5,675)
Charges for services	824,239	897,686	712,940	(184,746)
Miscellaneous	661,505	712,593	820,413	107,820
Intergovernmental revenues:				
Local government	31,865,816	31,865,816	31,825,763	(40,053)
Commonwealth	50,335,837	50,815,026	51,064,264	249,238
Federal	5,127,614	7,476,316	6,124,120	(1,352,196)
Total revenues	<u>\$ 88,852,411</u>	<u>\$ 91,806,959</u>	<u>\$ 90,581,347</u>	<u>\$ (1,225,612)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 88,852,411</u>	<u>\$ 91,806,959</u>	<u>\$ 90,581,347</u>	<u>\$ 1,225,612</u>
Total expenditures	<u>\$ 88,852,411</u>	<u>\$ 91,806,959</u>	<u>\$ 90,581,347</u>	<u>\$ 1,225,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 23,000	\$ 15,000	\$ 11,606	\$ (3,394)
2,563,134	2,360,545	2,238,244	(122,301)
-	-	-	-
-	-	-	-
77,418	76,552	76,551	(1)
2,150,000	2,221,608	2,454,739	233,131
\$ 4,813,552	\$ 4,673,705	\$ 4,781,140	\$ 107,435
\$ 4,813,552	\$ 4,673,705	\$ 4,766,367	\$ (92,662)
\$ 4,813,552	\$ 4,673,705	\$ 4,766,367	\$ (92,662)
\$ -	\$ -	\$ 14,773	\$ 14,773
\$ -	\$ -	\$ 14,773	\$ 14,773
-	-	1,389,148	1,389,148
\$ -	\$ -	\$ 1,403,921	\$ 1,403,921

Statement of Fiduciary Net Assets  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2012

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	<u>Matthews Training Private- Purpose Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>78,385</u>
<b>NET ASSETS</b>	
Held in trust for scholarships	\$ <u>78,385</u>

Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2012

	<u>Matthews Training Private- Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Private donations	\$ 3,519
Total additions	<u>\$ 3,519</u>
<b>DEDUCTIONS</b>	
Scholarships	\$ -
Total deductions	<u>\$ -</u>
Change in net assets	\$ 3,519
Net assets - beginning	74,866
Net assets - ending	<u><u>\$ 78,385</u></u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 June 30, 2012

	Head Start Fund	Governor's School Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 268,660	\$ 268,660
Due from primary government	624	-	624
Due from other governmental units	318,308	-	318,308
Total assets	<u>\$ 318,932</u>	<u>\$ 268,660</u>	<u>\$ 587,592</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Reconciled overdraft	\$ 174,686	\$ -	\$ 174,686
Accounts payable	56,481	25,044	81,525
Accrued liabilities	87,765	36,256	124,021
Due to primary government	-	207,360	207,360
Total liabilities	<u>\$ 318,932</u>	<u>\$ 268,660</u>	<u>\$ 587,592</u>
Total liabilities and fund balances	<u>\$ 318,932</u>	<u>\$ 268,660</u>	<u>\$ 587,592</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2012

	Head Start Fund	Governor's School Fund	Total
<b>REVENUES</b>			
Charges for services	\$ -	\$ 674,229	\$ 674,229
Miscellaneous	-	11,593	11,593
Intergovernmental revenues:			
Local government	-	-	-
Commonwealth	-	508,018	508,018
Federal	2,125,104	-	2,125,104
Total revenues	\$ 2,125,104	\$ 1,193,840	\$ 3,318,944
<b>EXPENDITURES</b>			
Current:			
Education	\$ 2,124,757	\$ 1,185,057	\$ 3,309,814
Contribution to Augusta County	347	8,783	9,130
Total expenditures	\$ 2,125,104	\$ 1,193,840	\$ 3,318,944
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2012

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	2,037,983	2,244,746	2,125,104	(119,642)
Total revenues	\$ 2,037,983	\$ 2,244,746	\$ 2,125,104	\$ (119,642)
EXPENDITURES				
Current:				
Education	\$ 2,037,983	\$ 2,244,746	\$ 2,124,757	\$ 119,989
Contribution to County of Augusta, Virginia	-	-	347	(347)
Total expenditures	\$ 2,037,983	\$ 2,244,746	\$ 2,125,104	\$ 119,642
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Governor's School Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 646,818	\$ 673,995	\$ 674,229	\$ 234
10,000	10,000	11,593	1,593
63,000	64,999	-	(64,999)
489,841	487,483	508,018	20,535
-	-	-	-
<u>\$ 1,209,659</u>	<u>\$ 1,236,477</u>	<u>\$ 1,193,840</u>	<u>\$ (42,637)</u>
\$ 1,209,659	\$ 1,236,477	\$ 1,185,057	\$ 51,420
-	-	8,783	(8,783)
<u>\$ 1,209,659</u>	<u>\$ 1,236,477</u>	<u>\$ 1,193,840</u>	<u>\$ 42,637</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Comparative Schedules by Source  
 June 30, 2012

	<u>2012</u>	<u>2011</u>
Governmental funds capital assets:		
Land	\$ 2,090,973	\$ 2,090,973
Buildings	105,982,820	106,697,139
Machinery and equipment	22,305,629	21,429,659
Construction in progress	9,785,410	1,007,206
Total governmental funds capital assets	<u>\$ 140,164,832</u>	<u>\$ 131,224,977</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 140,164,832	\$ 131,224,977
Total governmental funds capital assets	<u>\$ 140,164,832</u>	<u>\$ 131,224,977</u>



Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Schedule by Function and Activity  
 June 30, 2012

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progrss</u>	<u>Total</u>
Education:					
Schools	\$ 2,090,973	\$ 105,982,820	\$ 22,305,629	\$ 9,785,410	\$ 140,164,832
Total governmental funds capital assets	\$ 2,090,973	\$ 105,982,820	\$ 22,305,629	\$ 9,785,410	\$ 140,164,832

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Schedule of Changes By Function and Activity  
 For the Year Ended June 30, 2012

<u>Function and Activity</u>	<u>Funds Capital Assets June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2012</u>
Education:				
Schools	\$ 131,224,977	\$ 16,482,376	\$ (7,542,521)	\$ 140,164,832
Total governmental funds capital assets	\$ 131,224,977	\$ 16,482,376	\$ (7,542,521)	\$ 140,164,832

Statement of Changes in Assets and Liabilities - Agency Funds  
Discretely Presented Component Unit - School Board  
June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>School Activity Funds</u></b>				
Assets:				
Cash and temporary investments	\$ 1,676,027	\$ 4,214,883	\$ 4,128,004	\$ 1,762,906
Total assets	<u>\$ 1,676,027</u>	<u>\$ 4,214,883</u>	<u>\$ 4,128,004</u>	<u>\$ 1,762,906</u>
Liabilities:				
Collections held in trust	\$ 1,676,027	\$ 4,214,883	\$ 4,128,004	\$ 1,762,906
Total liabilities	<u>\$ 1,676,027</u>	<u>\$ 4,214,883</u>	<u>\$ 4,128,004</u>	<u>\$ 1,762,906</u>

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## **SUPPORTING SCHEDULES**

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 31,142,500	\$ 31,549,500	\$ 31,713,563	\$ 164,063
Real and personal public service corporation taxes	1,074,100	1,313,800	1,313,533	(267)
Personal property taxes	7,212,000	7,495,000	7,596,809	101,809
Mobile home taxes	148,000	168,000	166,067	(1,933)
Machinery and tools taxes	3,046,000	3,113,000	3,111,569	(1,431)
Penalties	290,000	315,000	327,640	12,640
Interest	230,000	240,000	231,511	(8,489)
Total general property taxes	<u>\$ 43,142,600</u>	<u>\$ 44,194,300</u>	<u>\$ 44,460,692</u>	<u>\$ 266,392</u>
Other local taxes:				
Local sales and use taxes	\$ 4,450,000	\$ 4,700,000	\$ 4,532,643	\$ (167,357)
Consumers' utility taxes	4,275,000	4,275,000	4,236,210	(38,790)
Business license taxes	3,000,000	3,100,000	3,241,549	141,549
Utility license taxes	270,000	270,000	273,021	3,021
Bank stock taxes	230,000	215,000	214,897	(103)
Taxes on recordation and wills	626,000	635,000	586,130	(48,870)
Hotel and motel room taxes	435,000	445,000	441,460	(3,540)
Restaurant food taxes	2,174,830	2,199,830	2,193,920	(5,910)
Interest on local taxes	40,000	40,000	42,363	2,363
Total other local taxes	<u>\$ 15,500,830</u>	<u>\$ 15,879,830</u>	<u>\$ 15,762,193</u>	<u>\$ (117,637)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 40,000	\$ 55,000	\$ 52,139	\$ (2,861)
Land use application fees	17,000	35,000	34,186	(814)
Transfer fees	2,000	2,000	1,780	(220)
Cellular tower fees	14,700	14,700	4,500	(10,200)
Permits and other licenses	429,300	440,900	395,383	(45,517)
Total permits, privilege fees, and regulatory licenses	<u>\$ 503,000</u>	<u>\$ 547,600</u>	<u>\$ 487,988</u>	<u>\$ (59,612)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 230,000	\$ 215,000	\$ 193,040	\$ (21,960)
Dog violation fines	25,000	17,500	16,923	(577)
Total fines and forfeitures	<u>\$ 255,000</u>	<u>\$ 232,500</u>	<u>\$ 209,963</u>	<u>\$ (22,537)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 502,100	\$ 277,000	\$ 256,372	\$ (20,628)
Revenue from use of property	322,500	336,800	338,164	1,364
Total revenue from use of money and property	<u>\$ 824,600</u>	<u>\$ 613,800</u>	<u>\$ 594,536</u>	<u>\$ (19,264)</u>
Charges for services:				
Excess fees of clerk	\$ 34,000	\$ 34,000	\$ 33,824	\$ (176)
Charges for law enforcement and traffic control	6,600	7,600	7,010	(590)
Charges for courthouse maintenance	114,000	85,000	75,384	(9,616)
Treasurer's collection fees	74,000	93,000	78,529	(14,471)
Concealed weapons permits	6,000	7,000	9,372	2,372
Courthouse security fees	165,000	130,000	121,290	(8,710)
Charges for Commonwealth's Attorney	4,000	7,000	7,768	768
Miscellaneous jail and inmate fees	15,000	15,000	13,962	(1,038)
Charges for sanitation and waste removal	1,000,000	1,000,000	947,668	(52,332)
Charges for parks and recreation	481,000	427,000	390,465	(36,535)
Charges for after school programs	312,000	303,000	300,868	(2,132)
Charges for day care	104,000	100,000	84,343	(15,657)
Charges for library	17,810	17,810	15,870	(1,940)
EMS transport service	530,000	575,000	591,592	16,592
Total charges for services	<u>\$ 2,863,410</u>	<u>\$ 2,801,410</u>	<u>\$ 2,677,945</u>	<u>\$ (123,465)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 100,000	\$ 93,000	\$ 97,111	\$ 4,111
Repayment of loans from fire companies	234,000	196,000	182,412	(13,588)
Total miscellaneous revenue	\$ 334,000	\$ 289,000	\$ 279,523	\$ (9,477)
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 86,450	\$ 86,450	\$ 86,450	\$ -
Juvenile and domestic relations court costs	6,400	6,400	6,368	(32)
Other recovered costs	53,000	58,700	57,532	(1,168)
Total recovered costs	\$ 145,850	\$ 151,550	\$ 150,350	\$ (1,200)
Total revenue from local sources	\$ 63,569,290	\$ 64,709,990	\$ 64,623,190	\$ (86,800)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 78,200	\$ 78,500	\$ 76,556	\$ (1,944)
Mobile home titling tax	130,000	115,000	108,494	(6,506)
Timber sales	1,300	2,600	2,602	2
Motor vehicle rental tax	40,000	40,000	33,947	(6,053)
Abandoned vehicles	300	-	-	-
State recordation tax	160,000	210,000	178,117	(31,883)
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Reduction in state aid	(351,000)	(357,000)	(356,866)	134
Total noncategorical aid	\$ 4,354,800	\$ 4,385,100	\$ 4,338,843	\$ (46,257)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 525,800	\$ 527,200	\$ 524,694	\$ (2,506)
Sheriff	2,649,800	2,703,700	2,700,906	(2,794)
Commissioner of revenue	199,600	200,200	200,236	36
Treasurer	150,300	150,700	148,436	(2,264)
Registrar/electoral board	51,600	48,000	45,906	(2,094)
Clerk of the Circuit Court	403,300	418,300	423,375	5,075
Total shared expenses	\$ 3,980,400	\$ 4,048,100	\$ 4,043,553	\$ (4,547)
Other categorical aid:				
Emergency medical services	\$ 69,000	\$ 80,600	\$ 78,025	\$ (2,575)
Department of health fire instructional grant	-	5,000	11,826	6,826
Litter control grant	16,600	14,200	14,204	4
Library grant	153,900	153,800	153,723	(77)
Grant for restoration of records	43,025	28,000	27,911	(89)
Victim-witness grant	70,500	71,920	71,919	(1)
Performing arts grant	5,000	5,100	5,049	(51)
Primary election reimbursement	-	-	23,903	23,903
Fireman's insurance fund	166,000	188,500	194,682	6,182
Technology trust fund	48,400	30,000	22,318	(7,682)
Seized funds	11,500	15,000	18,862	3,862
E-911 wireless funding	168,500	136,000	129,271	(6,729)
Spay and neuter funds	2,000	2,060	2,056	(4)
Total other categorical aid	\$ 754,425	\$ 730,180	\$ 753,749	\$ 23,569
Total categorical aid	\$ 4,734,825	\$ 4,778,280	\$ 4,797,302	\$ 19,022
Total revenue from the Commonwealth	\$ 9,089,625	\$ 9,163,380	\$ 9,136,145	\$ (27,235)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 264,000	\$ 264,000	\$ 242,672	\$ (21,328)
Noncategorical aid:				
Community development block grant	\$	\$ 30,000	\$ 19,500	\$ (10,500)
Categorical aid:				
DMV ground transportation safety grant	\$ 33,000	\$ 33,000	\$ 33,177	\$ 177
Domestic violence grant	34,400	31,020	32,707	1,687
Sane grant	25,700	18,230	11,489	(6,741)
Seized funds	-	9,600	9,504	(96)
DEQ royalty grant	-	-	775	775
Justice assistance grant	-	12,500	12,417	(83)
Homeland security grant	-	-	3,258	3,258
Hazardous material grant	-	-	13,796	13,796
FEMA disaster relief	-	85,500	4,667	(80,833)
Total categorical aid	\$ 93,100	\$ 189,850	\$ 121,790	\$ (68,060)
Total revenue from the federal government	\$ 357,100	\$ 483,850	\$ 383,962	\$ (99,888)
Total General Fund	\$ 73,016,015	\$ 74,357,220	\$ 74,143,297	\$ (213,923)
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 398,334	\$ 398,334	\$ 388,108	\$ (10,226)
Recovered costs:				
City of Staunton, Virginia	\$ 478,555	\$ 478,555	\$ 478,552	\$ (3)
City of Waynesboro, Virginia	518,585	518,585	518,585	-
Total recovered costs	\$ 997,140	\$ 997,140	\$ 997,137	\$ (3)
Total revenue from local sources	\$ 1,395,474	\$ 1,395,474	\$ 1,385,245	\$ (10,229)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,794,538	\$ 2,794,538	\$ 2,722,801	\$ (71,737)
Other grants and programs	135,000	135,000	134,955	(45)
Comprehensive Services Act program	2,184,000	2,244,000	2,207,803	(36,197)
Total categorical aid	\$ 5,113,538	\$ 5,173,538	\$ 5,065,559	\$ (107,979)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,260,195	\$ 5,260,195	\$ 5,125,164	\$ (135,031)
Total revenue from the federal government	\$ 5,260,195	\$ 5,260,195	\$ 5,125,164	\$ (135,031)
Total Virginia Public Assistance Fund	\$ 11,769,207	\$ 11,829,207	\$ 11,575,968	\$ (253,239)



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Restaurant food taxes	\$ -	\$ -	\$ 25,170	\$ 25,170
Total other local taxes	\$ -	\$ -	\$ 25,170	\$ 25,170
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 1,700	\$ 1,700
Total revenue from use of money and property	\$ -	\$ -	\$ 1,700	\$ 1,700
Miscellaneous revenue:				
Contribution	\$ -	\$ -	\$ 8,138	\$ 8,138
Total miscellaneous revenue	\$ -	\$ -	\$ 8,138	\$ 8,138
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 119,590	\$ 119,590
Total recovered costs	\$ -	\$ -	\$ 119,590	\$ 119,590
Total revenue from local sources	\$ -	\$ -	\$ 154,598	\$ 154,598
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Reimbursement Department of Transportation	\$ -	\$ -	\$ 847,940	\$ 847,940
Department of fire programs training grant	-	-	1,500	1,500
Rescue squad assistance fund grant	-	-	24,932	24,932
Total categorical aid	\$ -	\$ -	\$ 874,372	\$ 874,372
Revenue from the federal government:				
Categorical aid:				
Homeland security grant, equipment	\$ -	\$ -	\$ 182,360	\$ 182,360
Homeland security grant, regional radio communications	-	-	57,864	57,864
Hazardous material grant	-	-	8,139	8,139
Voting access grant	-	-	4,681	4,681
Energy efficiency block grant	-	-	22,000	22,000
Homeland security grant, flood map survey, Back Creek	-	-	50,000	50,000
Transportation enhancement	-	-	36,694	36,694
Total categorical aid	\$ -	\$ -	\$ 361,738	\$ 361,738
Total County Capital Improvements Fund	\$ -	\$ -	\$ 1,390,708	\$ 1,390,708
<b>School Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 12,600	\$ 13,556	\$ 956
Total revenue from use of money and property	\$ -	\$ 12,600	\$ 13,556	\$ 956
Miscellaneous revenue:				
Other miscellaneous	\$ 12,330	\$ 34,457	\$ 34,468	\$ 11
Total miscellaneous revenue	\$ 12,330	\$ 34,457	\$ 34,468	\$ 11
Total revenue from local sources	\$ 12,330	\$ 47,057	\$ 48,024	\$ 967
Total School Capital Improvements Fund	\$ 12,330	\$ 47,057	\$ 48,024	\$ 967
Total Primary Government	\$ 84,797,552	\$ 86,233,484	\$ 87,157,997	\$ 924,513

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 37,400	\$ 39,522	\$ 33,847	\$ (5,675)
Total revenue from use of money and property	\$ 37,400	\$ 39,522	\$ 33,847	\$ (5,675)
Charges for services:				
Charges for education	\$ 452,021	\$ 457,913	\$ 448,071	\$ (9,842)
Tuition and payments from other divisions	372,218	439,773	264,869	(174,904)
Total charges for services	\$ 824,239	\$ 897,686	\$ 712,940	\$ (184,746)
Miscellaneous revenue:				
Other miscellaneous	\$ 661,505	\$ 712,593	\$ 820,413	\$ 107,820
Total revenue from local sources	\$ 1,523,144	\$ 1,649,801	\$ 1,567,200	\$ (82,601)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 31,865,816	\$ 31,865,816	\$ 31,825,763	\$ (40,053)
Total revenues from local governments	\$ 31,865,816	\$ 31,865,816	\$ 31,825,763	\$ (40,053)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,550,000	\$ 10,912,014	\$ 10,927,614	\$ 15,600
Basic school aid	27,897,330	27,861,951	27,898,821	36,870
Remedial summer education	64,230	-	-	-
Regular foster care	53,439	90,431	74,629	(15,802)
Adult secondary education	70,347	97,442	105,547	8,105
Gifted and talented	305,168	306,946	308,290	1,344
Remedial education	569,648	572,966	575,475	2,509
Special education	2,000,548	2,012,202	2,021,014	8,812
Textbook payment	275,058	276,661	347,362	70,701
Standards of learning-project graduation	-	-	36,525	36,525
Vocational standards of quality payments	1,363,086	1,371,026	1,377,030	6,004
Vocational adult education	19,790	21,087	21,192	105
Social security fringe benefits	1,668,254	1,677,972	1,685,320	7,348
Retirement fringe benefits	1,512,279	1,521,088	1,527,750	6,662
Group life insurance instructional	61,034	61,389	61,658	269
Early reading intervention	90,022	114,028	114,028	-
State lottery payments	890,286	-	-	-
Homebound education	43,650	39,784	39,784	-
Regional program tuition	655,669	688,561	698,300	9,739
Vocational education - equipment	32,983	29,077	29,387	310
Vocational occupational preparedness	143,352	161,352	177,312	15,960
Mentor teacher program	7,810	7,810	7,036	(774)
Special education - foster children	32,262	54,595	72,758	18,163
At risk payments	317,279	319,248	320,654	1,406
Primary class size	302,711	322,040	322,040	-
Technology	596,000	596,000	596,000	-
Standards of Learning algebra readiness	73,809	73,809	73,809	-
At risk four-year olds	466,147	466,147	466,147	-
English as a second language	94,252	98,602	98,602	-
Race to GED	-	53,870	53,870	-
Supplemental school operating construction costs	-	885,233	888,013	2,780
Other state funds	179,394	121,695	138,297	16,602
Total categorical aid	\$ 50,335,837	\$ 50,815,026	\$ 51,064,264	\$ 249,238

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 200,778	\$ 185,054	\$ 185,054	\$ -
Adult literacy	143,420	155,887	146,553	(9,334)
Title I	1,223,363	1,343,579	1,361,100	17,521
Title VI-B, special education flow-through	2,406,570	2,359,597	2,344,819	(14,778)
Vocational education	134,938	134,393	136,123	1,730
Title VI-B, special education pre-school	64,460	66,608	65,291	(1,317)
Drug free schools	-	3,648	2,448	(1,200)
21st century grant	47,382	67,441	67,442	1
Enhancing education through technology	11,000	6,883	6,883	-
Language acquisition	18,000	16,564	21,139	4,575
Title II Part A	352,449	292,674	297,901	5,227
ITCV grant	-	93,911	93,911	-
ARRA-Title I grant	13,534	171,245	158,415	(12,830)
ARRA-IDEA Part B	247,019	371,730	264,067	(107,663)
ARRA-IDEA Part B preschool grant	694	104	-	(104)
ARRA-State fiscal stabilization funds	264,007	779,563	768,583	(10,980)
ARRA-Education jobs fund	-	1,407,557	184,513	(1,223,044)
ARRA-ITCV grant	-	19,878	19,878	-
Total categorical aid	\$ 5,127,614	\$ 7,476,316	\$ 6,124,120	\$ (1,352,196)
Total School Operating Fund	\$ 88,852,411	\$ 91,806,959	\$ 90,581,347	\$ (1,225,612)
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 23,000	\$ 15,000	\$ 11,606	\$ (3,394)
Charges for services:				
Cafeteria sales	\$ 2,563,134	\$ 2,360,545	\$ 2,238,244	\$ (122,301)
Total revenue from local sources	\$ 2,586,134	\$ 2,375,545	\$ 2,249,850	\$ (125,695)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 77,418	\$ 76,552	\$ 76,551	\$ (1)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,150,000	\$ 2,221,608	\$ 2,173,739	\$ (47,869)
USDA donated food	-	-	281,000	281,000
Total categorical aid	\$ 2,150,000	\$ 2,221,608	\$ 2,454,739	\$ 233,131
Total revenue from the federal government	\$ 2,150,000	\$ 2,221,608	\$ 2,454,739	\$ 233,131
Total School Cafeteria Fund	\$ 4,813,552	\$ 4,673,705	\$ 4,781,140	\$ 107,435

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>Head Start Fund:</b>				
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 2,026,951	\$ 2,217,643	\$ 2,098,001	\$ (119,642)
Intergovernmental revenues:				
ARRA	11,032	27,103	27,103	-
Total categorical aid	\$ 2,037,983	\$ 2,244,746	\$ 2,125,104	\$ (119,642)
Total revenue from the federal government	\$ 2,037,983	\$ 2,244,746	\$ 2,125,104	\$ (119,642)
Total Head Start Fund	\$ 2,037,983	\$ 2,244,746	\$ 2,125,104	\$ (119,642)
<b>Governor's School Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 646,818	\$ 673,995	\$ 674,229	\$ 234
Total charges for services	\$ 646,818	\$ 673,995	\$ 674,229	\$ 234
Miscellaneous revenue:				
Other miscellaneous	\$ 10,000	\$ 10,000	\$ 11,593	\$ 1,593
Total miscellaneous revenue	\$ 10,000	\$ 10,000	\$ 11,593	\$ 1,593
Total revenue from local sources	\$ 656,818	\$ 683,995	\$ 685,822	\$ 1,827
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 63,000	\$ 64,999	\$ -	\$ (64,999)
Total revenues from local governments	\$ 63,000	\$ 64,999	\$ -	\$ (64,999)
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 463,841	\$ 461,483	\$ 482,018	\$ 20,535
Technology funds	26,000	26,000	26,000	-
Total categorical aid	\$ 489,841	\$ 487,483	\$ 508,018	\$ 20,535
Total revenue from the Commonwealth	\$ 489,841	\$ 487,483	\$ 508,018	\$ 20,535
Total Governor's School Fund	\$ 1,209,659	\$ 1,236,477	\$ 1,193,840	\$ (42,637)
Total Discretely Presented Component Unit - School Board	\$ 96,913,605	\$ 99,961,887	\$ 98,681,431	\$ (1,280,456)

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 166,490	\$ 167,290	\$ 152,629	\$ 14,661
General and financial administration:				
County administrator	\$ 602,970	\$ 611,750	\$ 607,760	\$ 3,990
Personnel	172,625	172,745	170,217	2,528
Legal services	231,740	233,855	219,753	14,102
Commissioner of revenue	753,725	771,795	767,377	4,418
Treasurer	542,405	545,430	543,594	1,836
Central accounting	321,870	326,295	323,844	2,451
Management information systems	505,850	508,090	474,305	33,785
Other general and financial administration	532,600	489,260	552,586	(63,326)
Total general and financial administration	\$ 3,663,785	\$ 3,659,220	\$ 3,659,436	\$ (216)
Board of elections:				
Electoral board and officials	\$ 361,645	\$ 257,715	\$ 263,322	\$ (5,607)
Total board of elections	\$ 361,645	\$ 257,715	\$ 263,322	\$ (5,607)
Total general government administration	\$ 4,191,920	\$ 4,084,225	\$ 4,075,387	\$ 8,838
Judicial administration:				
Courts:				
Circuit court	\$ 85,585	\$ 89,150	\$ 83,134	\$ 6,016
General district court	5,600	5,600	3,956	1,644
Special magistrates	5,525	3,025	2,731	294
Clerk of the circuit court	755,355	720,605	706,845	13,760
Total courts	\$ 852,065	\$ 818,380	\$ 796,666	\$ 21,714
Commonwealth's attorney:				
Commonwealth's attorney	\$ 894,745	\$ 884,770	\$ 889,196	\$ (4,426)
Total commonwealth's attorney	\$ 894,745	\$ 884,770	\$ 889,196	\$ (4,426)
Total judicial administration	\$ 1,746,810	\$ 1,703,150	\$ 1,685,862	\$ 17,288
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,076,420	\$ 5,159,080	\$ 5,127,712	\$ 31,368
Emergency operations center	1,554,765	1,562,515	1,467,246	95,269
Total law enforcement and traffic control	\$ 6,631,185	\$ 6,721,595	\$ 6,594,958	\$ 126,637
Fire and rescue services:				
Fire department	\$ 3,664,573	\$ 3,770,156	\$ 3,700,459	\$ 69,697
Volunteer emergency operations	1,728,876	1,742,556	1,644,791	97,765
Fire training center	259,225	262,225	246,383	15,842
Fire revolving fund loan disbursements	400,000	-	-	-
EMS transport service	563,200	553,800	570,105	(16,505)
Total fire and rescue services	\$ 6,615,874	\$ 6,328,537	\$ 6,161,738	\$ 166,799
Correction and detention:				
Probation and detention	\$ 1,401,775	\$ 1,399,175	\$ 1,397,820	\$ 1,355
Total correction and detention	\$ 1,401,775	\$ 1,399,175	\$ 1,397,820	\$ 1,355

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 410,795	\$ 408,865	\$ 403,087	\$ 5,778
Total inspections	\$ 410,795	\$ 408,865	\$ 403,087	\$ 5,778
Other protection:				
Animal control	\$ 364,030	\$ 358,625	\$ 385,501	\$ (26,876)
Drug enforcement funds	88,430	184,005	155,405	28,600
Total other protection	\$ 452,460	\$ 542,630	\$ 540,906	\$ 1,724
Total public safety	\$ 15,512,089	\$ 15,400,802	\$ 15,098,509	\$ 302,293
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 12,000	\$ 12,000	\$ 11,963	\$ 37
Streetlights	124,000	114,000	114,814	(814)
Total maintenance of highways, streets, bridges & sidewalks	\$ 136,000	\$ 126,000	\$ 126,777	\$ (777)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,803,780	\$ 1,808,570	\$ 1,703,264	\$ 105,306
Recycling program	142,000	141,750	141,567	183
Total sanitation and waste removal	\$ 1,945,780	\$ 1,950,320	\$ 1,844,831	\$ 105,489
Maintenance of general buildings and grounds:				
General properties	\$ 1,321,965	\$ 1,279,440	\$ 1,188,105	\$ 91,335
Total maintenance of general buildings and grounds	\$ 1,321,965	\$ 1,279,440	\$ 1,188,105	\$ 91,335
Total public works	\$ 3,403,745	\$ 3,355,760	\$ 3,159,713	\$ 196,047
Health and welfare:				
Health:				
Supplement of local health department	\$ 514,510	\$ 501,000	\$ 492,720	\$ 8,280
Total health	\$ 514,510	\$ 501,000	\$ 492,720	\$ 8,280
Mental health and mental retardation:				
Community services board	\$ 117,860	\$ 117,860	\$ 117,860	\$ -
Total mental health and mental retardation	\$ 117,860	\$ 117,860	\$ 117,860	\$ -
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Valley Program for the Aging	15,404	15,404	15,404	-
Coordinated Area Transportation Services	31,750	31,750	31,750	-
Community Centers	11,250	11,250	11,250	-
Verona Food Pantry	39,540	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,130	3,130	3,126	4
CAPSAW	34,232	34,232	34,232	-
Craigsville personal property	19,960	21,860	21,857	3
Tax relief for the elderly	250,000	263,000	245,186	17,814
Total welfare	\$ 406,266	\$ 421,166	\$ 403,345	\$ 17,821
Total health and welfare	\$ 1,038,636	\$ 1,040,026	\$ 1,013,925	\$ 26,101



Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2012 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	31,865,816	31,865,816	31,816,633	49,183
Total education	<u>\$ 31,870,816</u>	<u>\$ 31,870,816</u>	<u>\$ 31,821,633</u>	<u>\$ 49,183</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,589,565	\$ 1,540,905	\$ 1,500,614	\$ 40,291
Total parks and recreation	<u>\$ 1,589,565</u>	<u>\$ 1,540,905</u>	<u>\$ 1,500,614</u>	<u>\$ 40,291</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,040,702	\$ 1,086,330	\$ 1,071,539	\$ 14,791
Churchville library	103,635	102,115	102,694	(579)
Total library	<u>\$ 1,144,337</u>	<u>\$ 1,188,445</u>	<u>\$ 1,174,233</u>	<u>\$ 14,212</u>
Total parks, recreation, and cultural	<u>\$ 2,743,902</u>	<u>\$ 2,739,350</u>	<u>\$ 2,684,847</u>	<u>\$ 54,503</u>
Community development:				
Planning and community development:				
Community development	\$ 915,300	\$ 883,760	\$ 851,988	\$ 31,772
Tourism development	62,860	63,055	60,879	2,176
Economic development	175,000	180,610	180,714	(104)
Contribution to Industrial Development Authority	95,000	88,000	87,421	579
Total planning and community development	<u>\$ 1,248,160</u>	<u>\$ 1,215,425</u>	<u>\$ 1,181,002</u>	<u>\$ 34,423</u>
Environmental management:				
Contribution to soil and water district	\$ 40,654	\$ 41,187	\$ 40,876	\$ 311
Other environmental management	61,710	61,565	60,220	1,345
Total environmental management	<u>\$ 102,364</u>	<u>\$ 102,752</u>	<u>\$ 101,096</u>	<u>\$ 1,656</u>
Cooperative extension program:				
Extension office	\$ 93,934	\$ 97,950	\$ 91,419	\$ 6,531
Agricultural development	3,000	3,000	704	2,296
Total cooperative extension program	<u>\$ 96,934</u>	<u>\$ 100,950</u>	<u>\$ 92,123</u>	<u>\$ 8,827</u>
Total community development	<u>\$ 1,447,458</u>	<u>\$ 1,419,127</u>	<u>\$ 1,374,221</u>	<u>\$ 44,906</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	\$ -
Contingencies	327,939	55,000	98,215	(43,215)
Total nondepartmental	<u>\$ 452,344</u>	<u>\$ 179,405</u>	<u>\$ 222,620</u>	<u>\$ (43,215)</u>
Total General Fund	<u>\$ 62,407,720</u>	<u>\$ 61,792,661</u>	<u>\$ 61,136,717</u>	<u>\$ 655,944</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 7,081,500	\$ 7,181,500	\$ 7,098,087	\$ 83,413
Public assistance	3,105,000	3,005,000	2,828,012	176,988
Comprehensive services	3,300,000	3,390,000	3,389,975	25
Family resource center	220,000	220,000	201,195	18,805
Total welfare and social services	\$ 13,706,500	\$ 13,796,500	\$ 13,517,269	\$ 279,231
Total health and welfare	\$ 13,706,500	\$ 13,796,500	\$ 13,517,269	\$ 279,231
Total Virginia Public Assistance Fund	\$ 13,706,500	\$ 13,796,500	\$ 13,517,269	\$ 279,231
<b>Debt Service Fund:</b>				
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 5,434,025	\$ 5,802,775	\$ 5,802,775	\$ -
Interest and other fiscal charges	2,935,450	3,052,528	2,740,438	312,090
Total School Debt Service Fund	\$ 8,369,475	\$ 8,855,303	\$ 8,543,213	\$ 312,090
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
Landfill	\$ 340,000	\$ 964,000	\$ 172,445	\$ 791,555
Recreation facilities	-	107,800	341,109	(233,309)
County schools	-	304,299	-	304,299
Secondary roads	500,000	500,000	1,379,247	(879,247)
Programs	485,000	536,775	853,360	(316,585)
Equipment replacement	314,087	2,221,886	748,709	1,473,177
Building renovations and construction	246,000	465,792	1,505,687	(1,039,895)
Economic development	160,000	200,000	508,048	(308,048)
Community contributions	-	204,050	675,402	(471,352)
Grants	-	-	15,999	(15,999)
Total capital projects	\$ 2,045,087	\$ 5,504,602	\$ 6,200,006	\$ (695,404)
Total Capital Projects Fund	\$ 2,045,087	\$ 5,504,602	\$ 6,200,006	\$ (695,404)
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
WES Renovations	\$ 6,956,054	\$ 7,491,894	\$ 8,778,204	\$ (1,286,310)
Building renovations	-	245,079	254,289	(9,210)
Total capital projects	\$ 6,956,054	\$ 7,736,973	\$ 9,032,493	\$ (1,295,520)
Total School Capital Projects Fund	\$ 6,956,054	\$ 7,736,973	\$ 9,032,493	\$ (1,295,520)
Total Primary Government	\$ 93,484,836	\$ 97,686,039	\$ 98,429,698	\$ (743,659)



Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2012 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board	\$ 170,820	\$ 175,091	\$ 170,505	\$ 4,586
Executive administration services	535,844	524,939	505,555	19,384
Personnel	266,307	268,634	261,597	7,037
Fiscal services	432,791	437,407	428,026	9,381
Data processing services	319,999	348,254	341,543	6,711
Total administration of schools	<u>\$ 1,725,761</u>	<u>\$ 1,754,325</u>	<u>\$ 1,707,226</u>	<u>\$ 47,099</u>
Instruction costs:				
Elementary and secondary schools	\$ 57,408,618	\$ 58,650,664	\$ 58,241,841	\$ 408,823
Guidance services	2,333,752	2,348,157	2,288,745	59,412
Social worker services	346,511	401,428	401,104	324
Other instructional costs	1,480,850	1,629,865	1,539,862	90,003
Media services	1,742,820	1,739,465	1,722,894	16,571
Technology services	2,490,608	2,615,134	2,691,088	(75,954)
Office of the principal	5,569,078	5,646,040	5,622,131	23,909
Total instruction costs	<u>\$ 71,372,237</u>	<u>\$ 73,030,753</u>	<u>\$ 72,507,665</u>	<u>\$ 523,088</u>
Operating costs:				
Attendance and health services	\$ 1,108,303	\$ 1,168,080	\$ 1,171,499	\$ (3,419)
Pupil transportation	5,808,215	5,832,222	5,938,537	(106,315)
Operation and maintenance of school plant	8,837,895	10,021,579	9,256,420	765,159
Total operating costs	<u>\$ 15,754,413</u>	<u>\$ 17,021,881</u>	<u>\$ 16,366,456</u>	<u>\$ 655,425</u>
Total education	<u>\$ 88,852,411</u>	<u>\$ 91,806,959</u>	<u>\$ 90,581,347</u>	<u>\$ 1,225,612</u>
Total School Fund	<u>\$ 88,852,411</u>	<u>\$ 91,806,959</u>	<u>\$ 90,581,347</u>	<u>\$ 1,225,612</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 4,813,552	\$ 4,673,705	\$ 4,766,367	\$ (92,662)
Total Cafeteria Fund	<u>\$ 4,813,552</u>	<u>\$ 4,673,705</u>	<u>\$ 4,766,367</u>	<u>\$ (92,662)</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2012 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special revenue funds: (Continued)</b>				
<b>Head Start Fund: (Continued)</b>				
<b>Head Start Fund:</b>				
Education:				
Instruction	\$ 1,561,560	\$ 1,743,856	\$ 1,648,227	\$ 95,629
Administration, attendance, and health	377,186	366,740	356,376	10,364
Transportation services	75,977	90,776	91,067	(291)
Operations and maintenance services	23,260	43,374	29,087	14,287
Contribution to primary government	-	-	347	(347)
Total education	<u>\$ 2,037,983</u>	<u>\$ 2,244,746</u>	<u>\$ 2,125,104</u>	<u>\$ 119,642</u>
Total Head Start Fund	<u>\$ 2,037,983</u>	<u>\$ 2,244,746</u>	<u>\$ 2,125,104</u>	<u>\$ 119,642</u>
<b>Governor's School Fund:</b>				
Education:				
Instruction	\$ 1,178,459	\$ 1,205,277	\$ 1,158,706	\$ 46,571
Operations and maintenance services	31,200	31,200	26,351	4,849
Contribution to primary government	-	-	8,783	(8,783)
Total education	<u>\$ 1,209,659</u>	<u>\$ 1,236,477</u>	<u>\$ 1,193,840</u>	<u>\$ 42,637</u>
Total Governor's School Fund	<u>\$ 1,209,659</u>	<u>\$ 1,236,477</u>	<u>\$ 1,193,840</u>	<u>\$ 42,637</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 96,913,605</u>	<u>\$ 99,961,887</u>	<u>\$ 98,666,658</u>	<u>\$ 1,295,229</u>

# **STATISTICAL SECTION**

## STATISTICAL SECTION

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

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

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#### Debt Capacity

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

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#### Demographic and Economic Information

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

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#### Operating Information

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

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#### Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 5,700,181	\$ 8,436,443	\$ 4,137,028	\$ 18,782,488
Restricted	-	-	-	-
Unrestricted	35,701,010	36,014,503	48,379,253	38,592,768
Total governmental activities net assets	<u>\$ 41,401,191</u>	<u>\$ 44,450,946</u>	<u>\$ 52,516,281</u>	<u>\$ 57,375,256</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 56,493,705	\$ 58,257,453	\$ -	\$ -
Restricted	3,571,068	3,769,136	-	-
Unrestricted	10,433,957	11,340,625	-	-
Total business-type activities net assets	<u>\$ 70,498,730</u>	<u>\$ 73,367,214</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Invested in capital assets, net of related debt	\$ 62,193,886	\$ 66,693,896	\$ 4,137,028	\$ 18,782,488
Restricted	3,571,068	3,769,136	-	-
Unrestricted	46,134,967	47,355,128	48,379,253	38,592,768
Total primary government net assets	<u>\$ 111,899,921</u>	<u>\$ 117,818,160</u>	<u>\$ 52,516,281</u>	<u>\$ 57,375,256</u>

Note: In fiscal year 2005, the Augusta County Service Authority was no longer required to be a component unit of the County, therefore business type activities were not included in the audit report.

Table 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950
-	-	-	-	-	1,700,541
50,066,709	55,895,205	55,696,593	53,752,359	59,575,180	46,866,214
<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	<u>\$ 66,080,818</u>	<u>\$ 62,617,705</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950
-	-	-	-	-	1,700,541
50,066,709	55,895,205	55,696,593	53,752,359	59,575,180	46,866,214
<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	<u>\$ 66,080,818</u>	<u>\$ 62,617,705</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,706,869	\$ 3,839,477	\$ 2,478,683	\$ 4,079,044	\$ 4,311,447
Judicial administration	1,004,482	1,094,059	2,679,389	1,240,876	1,594,317
Public safety	10,939,395	11,938,546	15,189,283	16,101,838	13,644,513
Public works	6,788,951	4,852,479	5,034,373	6,895,780	5,247,249
Health and welfare	7,667,058	9,478,679	10,821,758	11,961,725	11,680,282
Education	30,205,596	32,275,983	32,680,676	35,060,055	37,298,801
Parks, recreation and cultural	1,920,357	1,899,918	1,956,779	2,375,514	2,501,010
Community development	1,094,698	1,284,739	1,095,394	2,047,389	1,628,788
Interest on long-term debt	2,207,537	2,027,895	2,348,501	2,314,508	2,653,362
Total governmental activities expenses	\$ 65,534,943	\$ 68,691,775	\$ 74,284,836	\$ 82,076,729	\$ 80,559,769
Business-type activities:					
Service Authority	\$ 9,328,399	\$ 9,843,983	\$ -	\$ -	\$ -
Total primary government expenses	\$ 74,863,342	\$ 78,535,758	\$ 74,284,836	\$ 82,076,729	\$ 80,559,769
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 32,047	\$ 29,817	\$ 201,308	\$ 38,174	\$ 723,199
Judicial administration	416,746	484,901	358,190	525,703	614,220
Public safety	36,733	46,749	1,818,693	1,963,916	50,341
Public works	1,381,470	1,032,628	1,218,967	1,210,912	2,257,679
Health and welfare	29,145	58,451	789,387	796,865	188,485
Parks, recreation and cultural	438,010	491,250	552,890	564,861	649,233
Community development	-	805,954	794,058	747,914	-
Operating grants and contributions	12,140,771	13,902,305	14,256,910	15,401,030	13,542,540
Capital grants and contributions	325,056	547,745	2,747,769	2,777,194	2,227,600
Total governmental activities program revenues	\$ 14,799,978	\$ 17,399,800	\$ 22,738,172	\$ 24,026,569	\$ 20,253,297
Business-type activities:					
Charges for services:					
Service Authority	\$ 8,851,965	\$ 9,165,628	\$ -	\$ -	\$ -
Capital grants and contributions	4,480,576	3,333,111	-	-	-
Total business-type activities program revenues	\$ 13,332,541	\$ 12,498,739	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 28,132,519	\$ 29,898,539	\$ 22,738,172	\$ 24,026,569	\$ 20,253,297
Net (expense) / revenue					
Governmental activities	\$ (50,734,965)	\$ (51,291,975)	\$ (51,546,664)	\$ (58,050,160)	\$ (60,306,472)
Business-type activities	4,004,142	2,654,756	-	-	-
Total primary government net expense	\$ (46,730,823)	\$ (48,637,219)	\$ (51,546,664)	\$ (58,050,160)	\$ (60,306,472)

Table 2

Fiscal Year				
2008	2009	2010	2011	2012
\$ 5,509,093	\$ 5,065,770	\$ 4,184,974	\$ 4,692,239	\$ 5,596,300
1,851,046	1,842,573	1,757,348	1,708,402	1,679,718
15,262,308	15,832,972	15,364,669	15,980,626	16,383,625
5,696,530	7,711,226	4,314,949	3,612,340	4,913,232
12,994,411	11,340,693	13,092,468	12,853,535	13,531,460
42,733,092	39,022,157	37,563,872	39,017,924	39,414,225
3,291,280	3,604,760	3,029,700	3,488,980	3,686,421
2,213,214	1,944,793	1,777,548	1,575,691	1,987,718
3,353,767	3,445,502	3,058,358	2,771,393	2,506,373
<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	<u>\$ 85,701,130</u>	<u>\$ 89,699,072</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	<u>\$ 85,701,130</u>	<u>\$ 89,699,072</u>
\$ 744,154	\$ 662,395	\$ 570,568	\$ 666,334	\$ 566,517
433,807	371,909	299,426	298,686	238,266
226,257	237,223	405,743	879,276	831,899
1,332,972	1,111,324	1,149,190	987,779	947,668
326,113	361,690	382,719	352,321	388,108
654,110	722,807	749,885	722,413	791,546
-	-	-	-	-
15,423,055	15,777,283	15,052,450	15,042,625	15,109,815
2,769,821	3,241,550	197,886	432,880	1,319,142
<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	<u>\$ 19,382,314</u>	<u>\$ 20,192,961</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	<u>\$ 19,382,314</u>	<u>\$ 20,192,961</u>
\$ (70,994,452)	\$ (67,324,265)	\$ (65,336,019)	\$ (66,318,816)	\$ (69,506,111)
-	-	-	-	-
<u>\$ (70,994,452)</u>	<u>\$ (67,324,265)</u>	<u>\$ (65,336,019)</u>	<u>\$ (66,318,816)</u>	<u>\$ (69,506,111)</u>



COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 30,086,807	\$ 31,126,142	\$ 35,098,887	\$ 36,591,540	\$ 40,998,297
Local sales and use taxes	3,647,816	3,974,946	4,387,914	4,738,044	4,846,918
Motor vehicle licenses taxes	1,682,703	1,741,200	1,785,822	1,823,862	1,823,630
Consumer utility taxes	2,577,327	2,657,186	2,688,223	3,600,361	4,281,024
Business licenses taxes	2,122,349	2,338,263	2,662,780	2,879,209	3,009,798
Restaurant food taxes	1,800,881	1,875,801	1,990,184	2,128,691	2,255,343
Other local taxes	3,394,826	2,796,657	3,287,426	2,786,138	2,000,072
Unrestricted grants and contributions	4,840,236	5,851,264	5,030,068	5,338,644	5,209,278
Unrestricted revenues from use of money and property	1,382,843	645,491	1,461,575	2,263,684	3,554,050
Gain on disposal of capital assets	-	998,142	-	-	-
Miscellaneous	451,721	229,622	1,219,120	758,962	475,137
Loss on disposal of assets	-	-	-	-	(622,633)
Transfers	(698,733)	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 51,288,776</b>	<b>\$ 54,234,714</b>	<b>\$ 59,611,999</b>	<b>\$ 62,909,135</b>	<b>\$ 67,830,914</b>
Business-type activities:					
Unrestricted grants and contributions					
Unrestricted revenues from use of money and property	\$ 218,783	\$ 188,833	\$ -	\$ -	\$ -
Gain on disposal of capital assets	3,630	24,895	-	-	-
Transfers	698,733	-	-	-	-
<b>Total business-type activities</b>	<b>\$ 921,146</b>	<b>\$ 213,728</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total primary government</b>	<b>\$ 52,209,922</b>	<b>\$ 54,448,442</b>	<b>\$ 59,611,999</b>	<b>\$ 62,909,135</b>	<b>\$ 67,830,914</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 553,811	\$ 2,942,739	\$ 8,065,335	\$ 4,858,975	\$ 7,524,442
Business-type activities	4,925,288	2,868,484	-	-	-
<b>Total primary government</b>	<b>\$ 5,479,099</b>	<b>\$ 5,811,223</b>	<b>\$ 8,065,335</b>	<b>\$ 4,858,975</b>	<b>\$ 7,524,442</b>

Note: In fiscal year 2005, the Augusta County Service Authority was no longer required to be a component unit of County, therefore business type activities were not included in the audit report.

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	
\$ 41,016,853	\$ 43,396,769	\$ 42,723,198	\$ 44,520,421	\$ 44,920,894	
5,016,195	4,477,956	4,384,864	4,493,294	4,532,643	
1,798,392	55,167	-	-	-	
4,532,958	4,278,675	4,295,733	4,298,171	4,236,210	
3,142,260	3,141,510	2,655,872	3,034,935	3,241,549	
2,294,098	2,250,640	2,169,738	2,169,324	2,193,920	
1,871,161	1,656,024	1,638,634	1,594,562	1,557,871	
5,012,362	4,905,684	4,639,546	4,614,673	4,601,015	
2,817,589	1,822,584	883,653	773,458	594,536	
-	-	-	-	-	
1,948,943	493,157	1,832,444	31,706	164,360	
-	-	-	-	-	
<u>\$ 69,450,811</u>	<u>\$ 66,478,166</u>	<u>\$ 65,223,682</u>	<u>\$ 65,530,544</u>	<u>\$ 66,042,998</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ 69,450,811</u>	<u>\$ 66,478,166</u>	<u>\$ 65,223,682</u>	<u>\$ 65,530,544</u>	<u>\$ 66,042,998</u>	
\$ (1,543,641)	\$ (846,099)	\$ (112,337)	\$ (788,272)	\$ (3,463,113)	
-	-	-	-	-	
<u>\$ (1,543,641)</u>	<u>\$ (846,099)</u>	<u>\$ (112,337)</u>	<u>\$ (788,272)</u>	<u>\$ (3,463,113)</u>	

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax <sup>(1)</sup>	Restaurant Tax	Business License Tax	Total
2012	\$ 44,920,894	\$ 4,532,643	\$ 4,236,210	\$ -	\$ 2,193,920	\$ 3,241,549	\$ 59,125,216
2011	44,520,421	4,493,294	4,298,171	-	2,169,324	3,034,935	58,516,145
2010	42,723,198	4,384,864	4,295,733	-	2,169,738	2,655,872	56,229,405
2009	43,396,769	4,477,956	4,278,675	55,167	2,250,640	3,141,510	57,600,717
2008	41,016,853	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,800,756
2007	40,998,297	4,846,918	4,281,024	1,823,630	2,255,343	3,009,798	57,215,010
2006	36,591,540	4,738,044	2,879,209	1,823,862	2,128,691	2,879,209	51,040,555
2005	35,098,887	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,613,810
2004	31,126,142	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,713,538
2003	30,086,807	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,917,883

<sup>(1)</sup> In Fiscal Year 2009 Motor Vehicle License Tax was eliminated. To compensate for the decal elimination, the Personal Property Tax rate for vehicles was increased.

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund					
Reserved	\$ 175,165	\$ 407,538	\$ 407,017	\$ 741,541	\$ 1,085,858
Unreserved	14,138,810	12,800,893	17,598,056	16,263,261	20,592,646
Nonspendable					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ 14,313,975	\$ 13,208,431	\$ 18,005,073	\$ 17,004,802	\$ 21,678,504
All other governmental funds					
Reserved	\$ 19,821,562	\$ 26,779,004	\$ 28,523,195	\$ 25,442,249	\$ 34,275,104
Unreserved, reported in:					
Capital projects funds	1,665	-	-	-	(7,541,836)
Debt services funds	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	\$ 19,823,227	\$ 26,779,004	\$ 28,523,195	\$ 25,442,249	\$ 26,733,268

<sup>(1)</sup> Effective in Fiscal Year 2011, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, changed the reporting requirements of fund balance. The new requirements are shown beginning with Fiscal Year 2011.

Table 4

Fiscal Year				
2008	2009	2010	2011 <sup>(1)</sup>	2012
\$ 1,332,428	\$ 1,135,867	\$ 1,631,079	\$ -	\$ -
17,289,242	13,363,450	12,201,976	-	-
-	-	-	5,000	143,157
-	-	-	1,442,518	1,700,541
-	-	-	645,660	407,722
-	-	-	631,426	199,905
-	-	-	13,416,628	11,940,495
<u>\$ 18,621,670</u>	<u>\$ 14,499,317</u>	<u>\$ 13,833,055</u>	<u>\$ 16,141,232</u>	<u>\$ 14,391,820</u>
\$ 34,894,572	\$ 35,887,286	\$ 35,477,239	\$ -	\$ -
581,874	650,341	644,894	-	-
(500)	(500)	-	-	-
-	-	-	6,572,262	5,374,308
-	-	-	10,250,894	8,134,044
-	-	-	20,820,221	22,294,342
<u>\$ 35,475,946</u>	<u>\$ 36,537,127</u>	<u>\$ 36,122,133</u>	<u>\$ 37,643,377</u>	<u>\$ 35,802,694</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
General property taxes	\$ 30,153,447	\$ 31,292,004	\$ 34,616,279	\$ 37,850,345
Other local taxes	14,541,480	15,384,053	16,802,349	17,956,305
Permits, privilege fees and regulatory licenses	684,422	819,021	794,058	765,606
Fines and forfeitures	113,485	173,891	176,852	186,124
Revenue from use of money and property	1,364,576	623,962	1,445,113	2,224,715
Charges for services	2,220,666	1,956,838	2,307,499	2,456,587
Miscellaneous	220,932	1,343,728	1,237,864	742,133
Recovered costs	1,235,052	1,968,868	2,455,084	2,440,028
Intergovernmental:				
Commonwealth	13,278,030	14,982,073	16,756,534	17,387,178
Federal	4,006,685	5,319,241	5,287,054	6,129,690
<b>Total revenues</b>	<b>\$ 67,818,775</b>	<b>\$ 73,863,679</b>	<b>\$ 81,878,686</b>	<b>\$ 88,138,711</b>
<b>Expenditures</b>				
General government administration	\$ 2,862,360	\$ 3,126,493	\$ 3,210,610	\$ 3,237,610
Judicial administration	981,550	1,034,224	1,117,543	1,268,300
Public safety	11,660,505	12,863,042	14,827,604	15,314,641
Public works	2,281,420	2,296,943	2,515,917	2,886,088
Health and welfare	8,003,424	10,003,750	10,789,063	11,868,923
Education	26,313,785	27,089,804	25,895,416	28,010,867
Parks, recreation and cultural	2,045,094	2,084,593	2,287,135	2,340,685
Community development	999,810	1,068,521	1,325,598	1,495,977
Capital projects	5,427,451	9,597,824	15,182,609	19,805,811
Debt service				
Principal	3,203,641	3,164,847	2,994,266	3,572,479
Interest and other fiscal charges	2,266,735	2,090,813	2,120,675	2,418,547
<b>Total expenditures</b>	<b>\$ 66,045,775</b>	<b>\$ 74,420,854</b>	<b>\$ 82,266,436</b>	<b>\$ 92,219,928</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 1,773,000</b>	<b>\$ (557,175)</b>	<b>\$ (387,750)</b>	<b>\$ (4,081,217)</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 13,271,497	\$ 13,706,738	\$ 13,201,991	\$ 22,610,887
Transfers out	(13,271,497)	(13,706,738)	(13,201,991)	(22,610,887)
Bonds issued	-	6,300,392	6,454,481	-
Premium on bonds issued	-	-	474,102	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ 6,300,392</b>	<b>\$ 6,928,583</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ 1,773,000</b>	<b>\$ 5,743,217</b>	<b>\$ 6,540,833</b>	<b>\$ (4,081,217)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.40%</b>	<b>7.52%</b>	<b>7.04%</b>	<b>7.51%</b>

Table 5

Fiscal Year						
2007	2008	2009	2010	2011	2012	
\$ 40,945,162	\$ 40,856,658	\$ 42,760,266	\$ 42,548,270	\$ 43,846,031	\$ 44,460,692	
18,216,785	18,655,064	15,859,972	15,144,841	15,590,286	15,787,363	
702,238	697,717	590,168	503,698	570,514	487,988	
224,266	195,626	206,887	237,312	268,311	209,963	
3,498,183	2,766,852	1,792,056	876,207	771,283	609,792	
2,521,143	2,824,070	2,670,293	2,816,521	3,067,984	3,066,053	
536,046	1,930,812	437,853	346,108	418,728	322,129	
1,181,549	848,945	841,161	952,433	1,138,069	1,267,077	
14,935,463	17,115,948	17,557,521	12,703,348	14,269,074	15,076,076	
6,043,955	6,089,290	6,366,997	7,186,534	5,665,700	5,870,864	
<u>\$ 88,804,790</u>	<u>\$ 91,980,982</u>	<u>\$ 89,083,174</u>	<u>\$ 83,315,272</u>	<u>\$ 85,605,980</u>	<u>\$ 87,157,997</u>	
\$ 3,515,136	\$ 4,227,869	\$ 4,036,220	\$ 3,343,925	\$ 3,616,106	\$ 4,075,387	
1,502,163	1,885,147	1,789,570	1,699,758	1,684,155	1,685,862	
13,410,881	14,790,155	14,791,170	14,011,363	14,505,659	15,098,509	
3,034,064	3,144,129	3,624,473	3,070,550	3,172,573	3,159,713	
12,395,465	13,686,090	14,605,119	13,843,889	13,822,278	14,531,194	
30,072,708	31,763,370	31,884,595	31,615,617	32,297,967	31,821,633	
2,515,714	2,678,852	2,718,695	2,534,024	2,527,128	2,684,847	
1,635,706	1,743,298	1,721,192	1,552,743	1,535,833	1,374,221	
36,605,957	17,424,291	7,868,417	4,092,663	7,853,227	15,232,499	
3,580,578	4,921,853	5,400,528	5,332,496	5,327,893	5,802,775	
1,973,221	3,446,208	3,704,367	3,299,500	3,019,293	2,740,438	
<u>\$ 110,241,593</u>	<u>\$ 99,711,262</u>	<u>\$ 92,144,346</u>	<u>\$ 84,396,528</u>	<u>\$ 89,362,112</u>	<u>\$ 98,207,078</u>	
<u>\$ (21,436,803)</u>	<u>\$ (7,730,280)</u>	<u>\$ (3,061,172)</u>	<u>\$ (1,081,256)</u>	<u>\$ (3,756,132)</u>	<u>\$ (11,049,081)</u>	
\$ 15,973,349	\$ 20,031,363	\$ 16,999,833	\$ 15,170,842	\$ 13,694,038	\$ 16,250,701	
(15,973,349)	(20,031,363)	(16,999,833)	(15,170,842)	(13,608,485)	(16,250,701)	
26,610,000	12,729,426	-	-	7,500,000	6,600,000	
791,524	686,698	-	-	-	966,694	
<u>\$ 27,401,524</u>	<u>\$ 13,416,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,585,553</u>	<u>\$ 7,566,694</u>	
<u>\$ 5,964,721</u>	<u>\$ 5,685,844</u>	<u>\$ (3,061,172)</u>	<u>\$ (1,081,256)</u>	<u>\$ 3,829,421</u>	<u>\$ (3,482,387)</u>	
<u>7.00%</u>	<u>9.24%</u>	<u>10.16%</u>	<u>10.83%</u>	<u>9.73%</u>	<u>9.73%</u>	



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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax <sup>(1)</sup>	Restaurant Tax	Business License Tax	Total
2012	\$ 44,460,692	\$ 4,532,643	\$ 4,236,210	\$ -	\$ 2,193,920	\$ 3,241,549	\$ 58,665,014
2011	43,846,031	4,493,294	4,298,171	-	2,169,324	3,034,935	57,841,755
2010	42,548,270	4,384,864	4,295,733	-	2,169,738	2,655,872	56,054,477
2009	42,760,266	4,477,956	4,278,675	55,167	2,250,640	3,141,510	56,964,214
2008	40,856,658	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,640,561
2007	40,945,162	4,846,918	3,420,384	1,823,630	2,263,351	3,009,798	56,309,243
2006	37,850,345	4,738,044	2,719,884	1,823,862	2,128,691	2,879,209	52,140,035
2005	34,616,279	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,131,202
2004	31,292,004	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,879,400
2003	30,153,447	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,984,523

<sup>(1)</sup> In Fiscal Year 2009 Motor Vehicle License Tax was eliminated. To compensate for the decal elimination, the Personal Property Tax rate for vehicles was increased.

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

Fiscal Year	Real Estate <sup>(1)</sup>	Personal Property <sup>(2)</sup>	Machinery and Tools	Public Service <sup>(3)</sup>	Total Taxable Assessed Value <sup>(5)</sup>	Estimated Actual Taxable Value	State Sales Assessment Ratio <sup>(4)</sup>
2012	\$ 6,605,841,389	\$ 587,378,990	\$ 163,603,880	\$ 270,112,744	\$ 7,626,937,003	\$ 7,626,937,003	100.00%
2011	6,574,353,920	571,552,370	160,112,380	271,260,646	7,577,279,316	7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	8,016,778,571	92.90%
2009	5,877,675,585	623,193,070	156,511,140	168,363,142	6,825,742,937	8,426,843,132	81.00%
2008	5,206,226,035	597,497,180	150,731,330	172,858,139	6,127,312,684	8,703,569,153	70.40%
2007	5,093,036,897	586,582,760	147,337,390	177,676,959	6,004,634,006	8,305,164,600	72.30%
2006	4,956,905,910	549,490,860	88,306,340	202,847,610	5,797,550,720	7,558,736,271	76.70%
2005	4,383,324,880	521,161,070	133,732,440	172,866,940	5,211,085,330	5,726,467,396	91.00%
2004	3,828,661,520	521,559,370	128,012,550	189,376,250	4,667,609,690	5,923,362,551	78.80%
2003	3,729,409,610	497,578,090	123,908,310	191,713,638	4,542,609,648	5,312,993,740	85.50%

Source: Commissioner of Revenue

<sup>(1)</sup> Real estate is assessed at 100% of fair market value.

<sup>(2)</sup> Includes PPTRA

<sup>(3)</sup> Assessed values are established by the State Corporation Commission.

<sup>(4)</sup> Source: Virginia Department of Taxation.

<sup>(5)</sup> Weighted average of direct rates for Fiscal Year 2012 is \$0.63. In Fiscal Year 2011 and 2010 the weighted average was \$0.63 and \$0.62 respectively. This is calculated by the Total Tax Levy (Table 10) divided by the Total Taxable Assessed Value (Table 7.) See Table 8 for Direct Rates.

Property Tax Rates <sup>(1)</sup>  
 Direct and Overlapping Governments  
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property Vehicle	Other	Mobile Homes	Machinery and Tools
2012	\$ 0.48	\$ 2.25	\$ 1.90	\$ 0.48	\$ 1.90
2011	0.48	2.25	1.90	0.48	1.90
2010	0.48	2.25	1.90	0.48	1.90
2009	0.48	2.25	1.90	0.48	1.90
2008	0.58	1.90	1.90	0.58	1.90
2007	0.58	1.90	1.90	0.58	1.90
2006	0.58	1.90	1.90	0.58	1.90
2005	0.58	1.90	1.90	0.58	1.90
2004	0.58	1.90	1.90	0.58	1.90
2003	0.58	1.90	1.90	0.58	1.90

<sup>(1)</sup> Per \$100 of assessed value

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2012		Fiscal Year 2003	
		2011 Assessed Valuation	% of Total Assessed Valuation	2002 Assessed Valuation	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 162,209,830	2.13%	\$ 74,626,291	1.64%
Hershey Foods Corporation	Food Manufacturer	93,998,100	1.23%	85,796,960	1.89%
McKee Baking Company	Food Manufacturer	62,889,402	0.82%	68,570,140	1.51%
Shenandoah Valley Electric	Public Utility	49,582,801	0.65%	28,175,521	0.62%
Target Corporation	Distribution Center	41,230,224	0.54%	42,798,070	0.94%
Verizon	Public Utility	21,901,050	0.29%	27,044,660	0.60%
MeadWestvaco <sup>(1)</sup>	Paper Mfg. Warehouse	20,540,400	0.27%	-	0.00%
Staunton Mall Realty Management <sup>(1)</sup>	Real Estate	17,066,800	0.22%	-	0.00%
Hollister, Inc	Medical Supplies Mfg.	16,868,115	0.22%	11,062,039	0.24%
Reynolds Metals	Flexible Packaging	15,553,826	0.20%	15,723,780	0.35%
		<u>\$ 501,840,548</u>	<u>6.58%</u>	<u>\$ 353,797,461</u>	<u>7.79%</u>

Source: Commissioner of Revenue

<sup>(1)</sup> New principal taxpayer in Fiscal Year 2009.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year <sup>(2)</sup>	Collected within the Fiscal Year of the Levy <sup>(1)</sup>		Collections in Subsequent Years <sup>(3)</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 48,328,560	\$ 47,506,720	98.30%	\$ -	\$ 47,506,720	98.30%
2011	47,793,052	46,770,536	97.86%	805,313	47,575,849	99.55%
2010	46,713,547	45,481,724	97.36%	926,649	46,408,373	99.35%
2009	47,600,593	46,038,275	96.72%	728,351	46,766,626	98.25%
2008	44,831,962	44,100,666	98.37%	535,444	44,636,110	99.56%
2007	43,889,074	43,610,632	99.37%	313,836	43,924,468	100.08%
2006	41,591,742	41,074,320	98.76%	1,140,638	42,214,958	101.50%
2005	38,126,417	37,394,807	98.08%	480,276	37,875,083	99.34%
2004	34,964,974	34,102,933	97.53%	864,373	34,967,306	100.01%
2003	33,867,550	33,163,348	97.92%	501,398	33,664,746	99.40%

Source: Commissioner of Revenue, County Treasurer's office

Note:

<sup>(1)</sup> Includes PPTRA collections from the Commonwealth of Virginia.

<sup>(2)</sup> The total tax levy for the fiscal year represent half of each calendar year levy.

<sup>(3)</sup> Subsequent year collections is the total amount of delinquent taxes collected on prior year levies.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2012	\$ 65,729,609	\$ -	\$ -	\$ -	\$ -	\$ 65,729,609	2.67%	\$ 894
2011	64,932,384	-	-	-	-	64,932,384	2.64%	883
2010	62,760,277	-	-	-	-	62,760,277	2.54%	851
2009	68,092,773	-	-	-	-	68,092,773	2.89%	945
2008	73,493,301	-	-	-	-	73,493,301	3.04%	1,027
2007	65,685,728	-	-	-	-	65,685,728	2.82%	928
2006	42,656,306	-	-	-	-	42,656,306	1.94%	609
2005	46,228,785	-	-	-	-	46,228,785	2.23%	671
2004	42,768,570	-	-	33,375,167	84,235	76,227,972	3.90%	1,128
2003	40,058,417	-	-	29,731,295	90,026	69,879,738	3.79%	1,041

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year		Gross Bonded Debt	Less: Amounts Reserved for Debt Service		Net Bonded Debt <sup>(3)</sup>	Ratio of Net General Obligation Debt to Assessed Value <sup>(2)</sup>	Net Bonded Debt per Capita <sup>(1)</sup>
2012	\$	65,729,609	\$	-	\$ 65,729,609	0.86%	\$ 894
2011		64,932,384		-	64,932,384	0.86%	883
2010		62,760,277		-	62,760,277	0.84%	851
2009		68,092,773		-	68,092,773	1.00%	945
2008		73,493,301		-	73,493,301	1.20%	1,027
2007		65,685,728		-	65,685,728	1.09%	928
2006		42,656,306		-	42,656,306	0.74%	609
2005		46,228,785		-	46,228,785	0.89%	671
2004		42,768,570		-	42,768,570	0.92%	633
2003		40,058,417		-	40,058,417	0.88%	597

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

<sup>(2)</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

<sup>(3)</sup> Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2012	73,549	\$ 33,502	45.55%	50-54	10,405	5.70%
2011	73,549	33,502	45.55%	50-54	10,457	6.20%
2010	73,750	33,502	45.43%	45-49	10,515	6.60%
2009	72,020	32,764	45.49%	45-49	10,688	6.60%
2008	71,586	33,776	47.18%	45-49	10,716	3.60%
2007	70,747	32,877	46.47%	45-49	10,798	2.60%
2006	70,034	31,453	44.91%	40	10,769	2.60%
2005	68,900	30,146	43.75%	40	10,691	2.90%
2004	67,600	28,918	42.78%	N/A	10,662	2.90%
2003	67,100	27,469	40.94%	N/A	10,624	3.10%

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

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



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Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2012			Fiscal Year 2003		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	3.84%	1000+	1	4.33%
Augusta Medical Center	1000+	2	3.84%	1000+	2	4.33%
Hershey Chocolate of Virginia	500-999	3	1.92%	500-999	6	2.16%
McKee Foods Corporation	500-999	4	1.92%	1000+	3	4.33%
Target Corp.	500-999	5	1.92%	500-999	4	2.16%
AAF McQuay, Inc.	500-999	6	1.92%	250-499	10	1.08%
Hollister, Inc.	250-499	7	0.96%	250-499	8	1.08%
Blue Ridge Community College	250-499	8	0.96%			
Augusta Correctional Center	250-499	9	0.96%	250-499	9	1.08%
County of Augusta	250-499	10	0.96%			
Ply Gem Siding Group (Alcoa Building Products)	250-499		0.96%	250-499	7	1.08%
Western State Hospital				500-999	5	2.16%
Totals-average	<u>7,875</u>		<u>20.17%</u>	<u>8,250</u>		<u>23.79%</u>
Total County Employment	<u>39,028</u>			<u>34,668</u>		

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

# COUNTY OF AUGUSTA, VIRGINIA

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

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General government	53	51	53	48	52	52
Judicial administration	21	21	19	22	22	22
Public safety						
Sheriffs department (1)	122	129	129	85	81	81
Emergency communication center	14	17	18	18	21	20
Fire & rescue	20	27	27	37	44	44
Building inspections	7	7	8	9	9	9
Animal control	2	2	2	2	3	3
Public works						
General maintenance	22	22	21	20	19	18
Health and welfare						
Department of social services (2)	83	110	116	118	121	120
Culture and recreation						
Parks and recreation	7	7	8	9	11	11
Library	16	16	16	16	17	16
Community development	10	10	12	13	13	13
Economic development	-	-	-	-	-	-
Totals	<u>377</u>	<u>419</u>	<u>429</u>	<u>397</u>	<u>413</u>	<u>409</u>

Source: Individual county departments

- (1) Reduction in personnel in 2006 is due to opening of Middle River Regional Jail  
(2) Addition of personnel in 2004 due to Waynesboro personnel

Table 15

Fiscal Year			
2009	2010	2011	2012
50	46	46	46
26	26	26	26
76	74	74	74
19	18	19	19
48	47	51	59
7	7	6	6
3	3	3	3
18	17	17	17
121	129	129	129
10	11	11	10
17	15	15	15
12	12	12	12
-	1	1	1
407	406	410	417

COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety					
Sheriffs department:					
Number of police personnel and officers	123	131	131	79	79
Physical arrests	3,559	3,639	3,838	5,899	3,975
Traffic violations	3,423	4,624	4,492	5,980	7,000
Parking violations	11	5	-	-	-
Fire and rescue:					
Number of calls answered	16,121	17,421	16,699	16,716	17,974
Number of volunteers (1)	1,054	1,327	882	912	923
Number of paid fire personnel and officers	26	26	29	37	43
Building inspections:					
Permits issued	1,550	1,528	1,458	1,337	1,241
Animal control:					
Number of calls answered	4,529	4,039	5,007	4,603	4,056
Public works					
General maintenance:					
Trucks/vehicles	7	7	7	7	7
Health and welfare					
Department of Social Services:					
Caseload	N/A	7,390	7,934	8,695	8,734
Culture and recreation					
Parks and recreation:					
After-school program participants	275	276	306	261	323
Community development					
Planning:					
Zoning permits issued	N/A	573	597	512	539
Component Unit - School Board					
Education:					
Number of teachers:					
Instruction	1,050	1,065	1,079	1,098	1,135
Other	446	444	442	453	465
Total	1,496	1,509	1,521	1,551	1,600
Local expenditures per pupil (2)	\$ 2,992	\$ 3,034	\$ 2,901	\$ 3,157	\$ 3,299

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

Table 16

Fiscal Year				
2008	2009	2010	2011	2012
81	76	76	74	74
3,692	3,421	2,203	1,935	1,608
6,434	6,656	6,124	5,608	4,079
-	-	-	-	-
19,401	17,508	18,065	17,800	18,093
1,001	1,003	1,006	802	884
43	48	47	51	59
1,117	868	791	763	N/A
3,866	3,948	3,218	2,858	N/A
7	7	7	7	7
9,034	9,889	11,053	12,148	12,153
377	349	324	300	291
598	565	494	565	N/A
1,140	1,147	1,155	1,136	1,111
478	483	485	481	467
1,618	1,630	1,640	1,617	1,578
\$ 3,745	\$ 3,835	\$ 3,828	\$ 3,887	\$ 3,879

COUNTY OF AUGUSTA, VIRGINIA

Capital Asset Statistics by Function  
Last Ten Fiscal Years

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

Source: Individual county departments

(1) At high and middle schools.

Table 17

	Fiscal Year		
	2010	2011	2012
	17	17	17
	5	5	5
	1	1	1
	71	71	71
	9	11	11
	14	15	15
	8	10	10
	177	166	155
	5	5	4
	3	3	3
	1	1	1
	7	7	7
	10	10	10
	27	27	27
	6	6	6
	13	13	14
	5	5	5
	210	210	210
	2	2	2
	18	18	18
	1	1	1
	4	4	4
	12	12	12
	4	4	4
	5	5	5



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## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia as of and for the year ended June 30, 2012, which collectively comprise the County of Augusta, Virginia's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

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

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

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

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

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

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

We noted certain matters that we reported to management of the County of Augusta, Virginia in a separate letter dated November 30, 2012.

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

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
November 30, 2012

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## **INDEPENDENT AUDITORS' 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**

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

#### Compliance

We have audited County of Augusta, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Augusta, Virginia's major federal programs for the year ended June 30, 2012. County of Augusta, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Augusta, Virginia's management. Our responsibility is to express an opinion on the County of Augusta, Virginia's compliance based on our audit.

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

In our opinion, County of Augusta, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

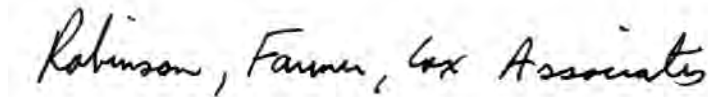
#### Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Robinson, Farmer, & Associates". The signature is written in a cursive, flowing style.

Staunton, Virginia  
November 30, 2012

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Headstart program	93.600	n/a	\$ 2,098,001
ARRA Headstart program	93.708	n/a	27,103
Total Dept. Health & Human Services - direct payments			\$ 2,125,104
Pass Through Payments:			
Administration for Children and Families:			
Voting Access for Individuals with Disabilities-Grants to States	93.617	n/a	\$ 4,681
Department of Social Services:			
Promoting safe and stable families	93.556	n/a	19,391
Temporary assistance to needy families (TANF)	93.558	n/a	1,377,959
Refugee and entrant assistance - State Administered Programs	93.566	n/a	1,738
Low income home energy assistance	93.568	n/a	49,626
Child Care and Development Cluster:			
Child care and development block grant	93.575	n/a	131,820
Child care mandatory and matching funds of the child care and development fund	93.596	n/a	230,387
Chafee education and training vouchers	93.599	n/a	8,074
Stephanie Tubbs Jones child welfare services program	93.645	n/a	3,238
Foster care - Title IV-E	93.658	n/a	598,264
Adoption assistance	93.659	n/a	376,133
Social services block grant	93.667	n/a	632,683
Chafee foster care independence	93.674	n/a	21,300
State children's health insurance program	93.767	n/a	29,989
Medical assistance program (Title XIX)	93.778	n/a	620,739
Total Dept. Health & Human Services - pass-through payments			\$ 4,106,022
Total Department Health and Human Services			\$ 6,231,126
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster Food distribution	10.555	n/a	\$ 281,000
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553	n/a	451,242
National school lunch program	10.555	n/a	1,697,068
Fresh fruit & vegetable program	10.582	n/a	10,419
ARRA NSLP Equipment	10.579	n/a	15,010
Schools and roads - grants to states	10.665	n/a	185,054
Department of Social Services:			
State administration matching grants for the supplemental nutrition assistance program	10.561	n/a	1,023,822
Total Department of Agriculture - pass-through payments			\$ 3,663,615
Total Department of Agriculture			\$ 3,663,615
Department of Energy:			
Direct payments:			
Energy Efficiency and Conservation Block Grant Program	81.128	n/a	\$ 22,000
Department of Housing and Urban Development:			
Pass through payments:			
Office of Community Planning and Development:			
Community Development Block Grants-Fields of Gold	14.228	n/a	\$ 19,500

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Interior: Direct payments: Bureau of Land Management: Payments in lieu of taxes	15.226	n/a	\$ 242,672
Department of Justice: Direct payments: Asset forfeiture proceeds	16.000	n/a	\$ 9,504
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2496	12,417
Total Department of Justice - direct payments			\$ 21,921
Department of Justice: Pass Through Payments: Department of Criminal Justice Services: Violence against women (SANE)	16.588	11-G4704VA10	\$ 11,489
Violence against women	16.588	11-M3161VA10	10,535
Violence against women	16.588	12-N3161VA11	22,172
Total Department of Justice - pass-through payments			\$ 44,196
Total Department of Justice			\$ 66,117
Environmental Protection Agency: Pass Through Payments: Department of Environmental Quality: DEQ royalty grants	66.000	n/a	\$ 775
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	154AL-2011-51111-4053	\$ 12,295
Alcohol Open Container Requirements	20.607	154AL-2012-52004-5382	20,882
Department of Transportation: Highway Planning and Construction	20.205	EN08-007-123	36,695
Total Department of Transportation - pass-through payments			\$ 69,872
U.S. Department of Homeland Security: Pass Through Payments: Department of Emergency Services: Assistance to firefighters grant-Toughbooks	97.044	n/a	\$ 182,360
Homeland security-Regional Radio Project	97.067	n/a	57,864
State homeland security grant-Haz-Mat Team Equipment & Training	97.067	n/a	7,297
State homeland security grant-Haz-Mat Team Equipment & Training	97.067	n/a	14,638
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	015-99015-00	4,667
Cooperating technical Partners-Back Creek Study	97.045	EMP-2011-GR-7007	50,000
Department of Criminal Justice Services: State homeland security grant-Crime Records Network	97.067	11-A2278HS10	3,258
Total Department of Homeland Security - pass-through payments			\$ 320,084
Department of Education: Pass Through Payments: Department of Education: Adult education - basic grants to states	84.002	n/a	\$ 146,553
Title I Cluster: Title I: Grants to Local Educational Agencies	84.010	n/a	1,361,100
ARRA Title I: Grants to Local Educational Agencies	84.389	n/a	158,415
Special Education Cluster: Title VI-B: Special Education-Grants to States	84.027	n/a	2,344,819
Career and technology Education: basic grants to states	84.048	n/a	136,123
Title VI-B: special education preschool grant	84.173	n/a	65,291
ARRA Special education grants to states	84.391	n/a	264,067
Safe and drug free schools and communities	84.186	n/a	2,448
Twenty-First century community learning centers	84.287	n/a	67,442



County of Augusta, Virginia

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education (continued):			
Pass Through Payments:			
Department of Education:			
Education technology state grants	84.318	n/a	\$ 6,883
English language acquisition grants	84.365	n/a	21,139
Special Education - grants for infants and families	84.181	n/a	93,911
ARRA-Special Education - grants for infants and families	84.393	n/a	19,878
Title II Part A - Improving teacher quality	84.367	n/a	297,901
ARRA-State fiscal stabilization funds	84.394	n/a	768,583
ARRA-Education Jobs Fund	84.410	n/a	184,513
Total Department of Education pass-through payments			\$ 5,939,066
Total Expenditures of Federal Awards			\$ 16,574,827

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Augusta, Virginia under programs of the federal government for the year ended June 30, 2012. 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 Augusta, Virginia, it not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Augusta, Virginia.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, 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 C-FOOD DISTRIBUTION

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

NOTE D-RELATIONSHIP TO 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:	
Governmental funds	\$ 5,870,864
Total primary government	\$ 5,870,864
Discretely presented component unit - School Board:	
School operating fund	\$ 6,124,120
School cafeteria fund	2,454,739
Head start fund	2,125,104
Total discretely presented component unit - School Board	\$ 10,703,963
Total federal expenditures per basic financial statements	\$ 16,574,827
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 16,574,827

County of Augusta, Virginia

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weakness(es) identified?      yes   x   no  
- Significant deficiency(ies) identified?      yes   x   none reported

Noncompliance material to financial statements noted?      yes   x   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?      yes   x   no  
- Significant deficiency(ies) identified?      yes   x   none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133?      yes   x   no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.394	.....	ARRA State Fiscal Stabilization Fund
84.410	.....	ARRA Education Jobs Fund
93.558	.....	Temporary Assistance to Needy Families
84.389	.....	ARRA Title I: Grants to Local Educational Agencies
84.010	.....	Title I-Grants to local education agencies
		<b>Nutrition Cluster:</b>
10.553	.....	School Breakfast Program
10.555	.....	National School Lunch Program
10.555	.....	Food Distribution

Dollar threshold used to distinguish between type A and type B programs: \$497,245

Auditee qualified as low-risk auditee?   x   yes      no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.