

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

Prepared by

Jennifer M. Whetzel, Director of Finance

Melissa Meyerhoeffer, Assistant Director of Finance

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-4
GFOA Certificate of Achievement.....	5
Organizational Chart	6
List of Elected and Appointed Officials	7

FINANCIAL SECTION

Independent Auditors' Report		9-10
Management's Discussion and Analysis		11-19

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	25
Statement of Activities	2	26-27
Fund Financial Statements:		
Balance Sheet—Governmental Funds	3	31
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	32
Statement of Revenues, Expenditures and Change in Fund Balances— Governmental Funds	5	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6	34
Statement of Net Assets—Proprietary Funds	7	35
Statement of Revenues, Expenses, and Changes In Fund Net Assets— Proprietary Funds	8	36
Statement of Cash Flows—Proprietary Funds.....	9	37
Statement of Fiduciary Net Assets—Fiduciary Funds	10	38
Notes to the Financial Statements.....		39-63

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual:		
General Fund	11	66
Special Revenue Fund	12	67
Schedule of Pension Funding Progress.....	13	68

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual:		
School Debt Service Fund	14	70
County Capital Projects Fund.....	15	71
School Capital Projects Fund.....	16	72
Combining and Individual Fund Statements and Schedules:		
Combining Statement of Fiduciary Net Assets—Fiduciary Funds.....	17	75
Combining Statement of Changes in Assets and Liabilities—Agency Funds	18	76-77
Combining Statement of Net Assets—Internal Service Funds	19	78
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds.....	20	79
Combining Statement of Cash Flows—Internal Service Funds.....	21	80
Capital Assets - Used in the Operation of Governmental Funds:		
Comparative Schedules by Source	22	82
Schedule by Function and Activity	23	83
Schedule of Changes by Function and Activity.....	24	84
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet.....	25	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	26	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	27	88-89
Statement of Fiduciary Net Assets—Fiduciary Fund	28	90
Statement of Changes in Fiduciary Net Assets—Fiduciary Funds.....	29	91
Nonmajor Special Revenue Funds:		
Combining Balance Sheet.....	30	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	31	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	32	94-95
Capital Assets Used in the Operation of Governmental Funds		
Comparative Schedules by Source	33	96
Schedule of by Function and Activity	34	97
Schedule of Changes by Function and Activity.....	35	98
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues—Budget and Actual—Governmental Funds	1	100-106
Schedule of Expenditures—Budget and Actual—Governmental Funds	2	107-112

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	115-116
Changes in Net Assets	2	117-120
Governmental Activities Tax Revenues by Source	3	122
Fund Balances of Governmental Funds	4	123-124
Changes in Fund Balances of Governmental Funds	5	125-126
General Governmental Tax Revenues by Source.....	6	127
Assessed Value and Estimated Actual Value of Taxable Property.....	7	128
Property Tax Rates – Direct and Overlapping Governments	8	129
Principal Property Taxpayers.....	9	130
Property Tax Levies and Collections	10	132
Ratios of Outstanding Debt by Type.....	11	133-134
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita ...	12	136
Demographic and Economic Statistics	13	137
Principal Employers	14	138
Full-time Equivalent County Government Employees by Function	15	139-140
Operating Indicators by Function	16	141
Capital Asset Statistics by Function.....	17	142

COMPLIANCE SECTION

Compliance:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	145-146
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	147-148
Schedule of Expenditures of Federal Awards.....	149-151
Schedule of Findings and Questioned Costs	152

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 25, 2008

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, 2008 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Augusta issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the County of Augusta. All disclosures necessary to enable the reader to gain an understanding of the County of Augusta's activities have been included.

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

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

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

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

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

Although primarily a rural county, Augusta County's 2007 population was 70,747. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 25.6% of the jobs in the County. Agriculture accounts for less than 1% of the jobs in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. The ten largest manufacturers employ approximately 7,875 of 36,000 plus workers in the County's labor force and make-up 6.26% of the total local property taxes. Augusta County, like most localities in the Shenandoah Valley, had a stable economy. With unemployment remaining below the State average for another year, personal spending increased. Total taxable sales were nearly \$405 million in 2007.

The County has spent a great deal of time over the past two years updating its Comprehensive Plan. Included in the Plan is a detailed Implementation Strategy that identifies specific tasks that need to be completed in order to fully implement the Plan. One item found in the Implementation Strategy, which is also found in several of the goals, objectives, and policies in the Plan relating to economic development, is the preparation of a strategic plan for the County's economic development.

The strategic plan is the primary focus of the economic development section of the Comprehensive Plan, which calls for the adoption of a plan that includes strategies for retaining and expanding the businesses currently in the County, including specific recommendations on items such as an existing industry program, a workforce training program, and a financial incentive program. It also calls for the strategic plan to identify the County's strengths and weaknesses and prepare an action plan for attracting compatible new businesses and industries to the County, including specific recommendations on target industries, recruitment strategies, suitable industrial sites, the establishment of an office of economic development, marketing strategies, and a training program.

The County hired Moran, Stahl & Boyer (MS&B) to prepare a strategic plan for the County's economic development. MS&B subcontracted with E. M. Pemrick & Company and Laberge Group to assist with specific areas of the project. The consulting team has conducted on-site interviews with key stakeholders, conducted public workshops and presented findings to the public and County government. MS&B plans to complete the project in the near future, at which time a plan document will be presented.

□ **Major Initiatives and Goals** □

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

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

□ **Financial Information** □

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

Single Audit

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

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2008 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

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

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

Debt Administration

At June 30, 2008, the County had a number of debt issues outstanding. These issues totaled \$73,493,301 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 1 to 7 percent. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

Risk Management

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

□ OTHER INFORMATION □

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This is the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

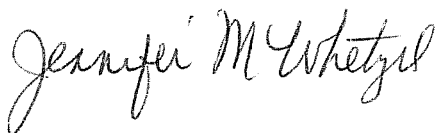
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

Sincerely,



Jennifer M. Whetzel
Director of Finance



Melissa Meyerhoeffer
Assistant Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Augusta
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Oliver S. Cox

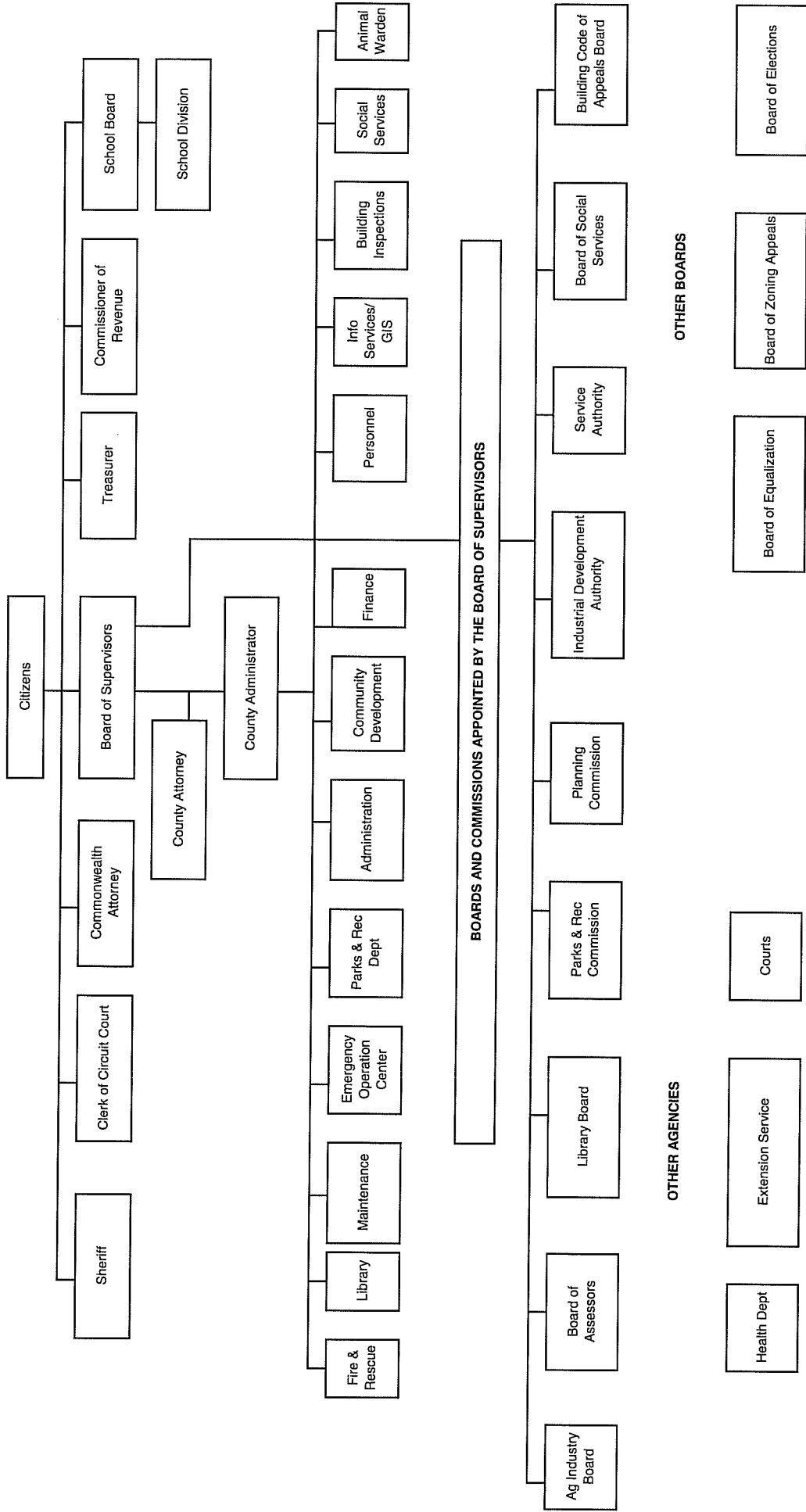
President

Jeffrey R. Emer

Executive Director

County of Augusta, Virginia

Organizational Chart



COUNTY OF AUGUSTA, VIRGINIA

BOARD OF SUPERVISORS

David R. Beyeler, Chairman
Tracy C. Pyles, Jr., Vice-Chairman

Wendell L. Coleman
Gerald W. Garber
Larry C. Howdyshell

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

COUNTY SCHOOL BOARD

Chad D. Shomo, Chairman
David R. Shifflett, Vice-Chairman

Jeff A. Moore
John L. Ocheltree
Nicholas T. Collins

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

OTHER OFFICIALS

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

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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia, as of and for the year ended June 30, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2008 on our consideration of the County of Augusta, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Augusta, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Augusta, Virginia. Other supplementary information, supporting schedules, budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Verona, Virginia
November 3, 2008

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, 2008. 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 \$67,827,526 (net assets). Of this amount, \$19,668,205 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$63,066,356 of which \$(80,333) is unrestricted. (See Exhibit 1.)
- The County's total net assets decreased by \$1,543,641. The School Board's total net assets increased by \$8,780,868. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$91,361,100 and \$114,020,833 respectively for fiscal year 2008. (See Exhibit 2.)
- Expenses were \$92,904,741 for governmental activities and \$105,239,965 for School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unreserved fund balance for the general fund was \$17,289,242, or 28 percent of the total general fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2009 budget as well as funds allocated to the School Board (fund balance re-appropriated) and the funding for County Capital Improvement Projects in fiscal year 2009.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$54,097,616, an increase of \$5,685,844 in comparison with the prior year. Approximately 33 percent of this total amount, or \$17,870,616, is available for spending at the government's discretion (unreserved fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development.

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

Fund Financial Statements

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

Governmental funds

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to the financial statements

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

Other information

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

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

Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the County of Augusta, assets exceeded liabilities by \$67,827,526 at the end of the fiscal year.

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

County of Augusta's Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 69,727,439	\$ 68,561,532
Capital assets	87,613,128	85,569,984
Total assets	<u>\$ 157,340,567</u>	<u>\$ 154,131,516</u>
Long-term liabilities	\$ 71,586,434	\$ 63,637,338
Other liabilities	17,926,607	21,123,011
Total liabilities	<u>\$ 89,513,041</u>	<u>\$ 84,760,349</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 11,932,321	\$ 19,304,458
Restricted	36,227,000	35,360,962
Unrestricted	19,668,205	14,705,747
Total net assets	<u>\$ 67,827,526</u>	<u>\$ 69,371,167</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 18 percent of total net assets. The County uses these capital assets to provide services to citizens, therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The majority of these net assets are to be used for landfill closure and post-closure expenditures, public safety equipment replacement, and general government renovations. The County's restricted net assets account for 53 percent of total net assets.

The remaining balance of unrestricted net assets, which is \$19,668,205 or 29 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors.

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

During the current fiscal year, the government's net assets decreased by \$1,543,641. This decrease represents the degree to which actual collections did not meet revenue budget projections due to the downturn in the economy.

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

Governmental Activities

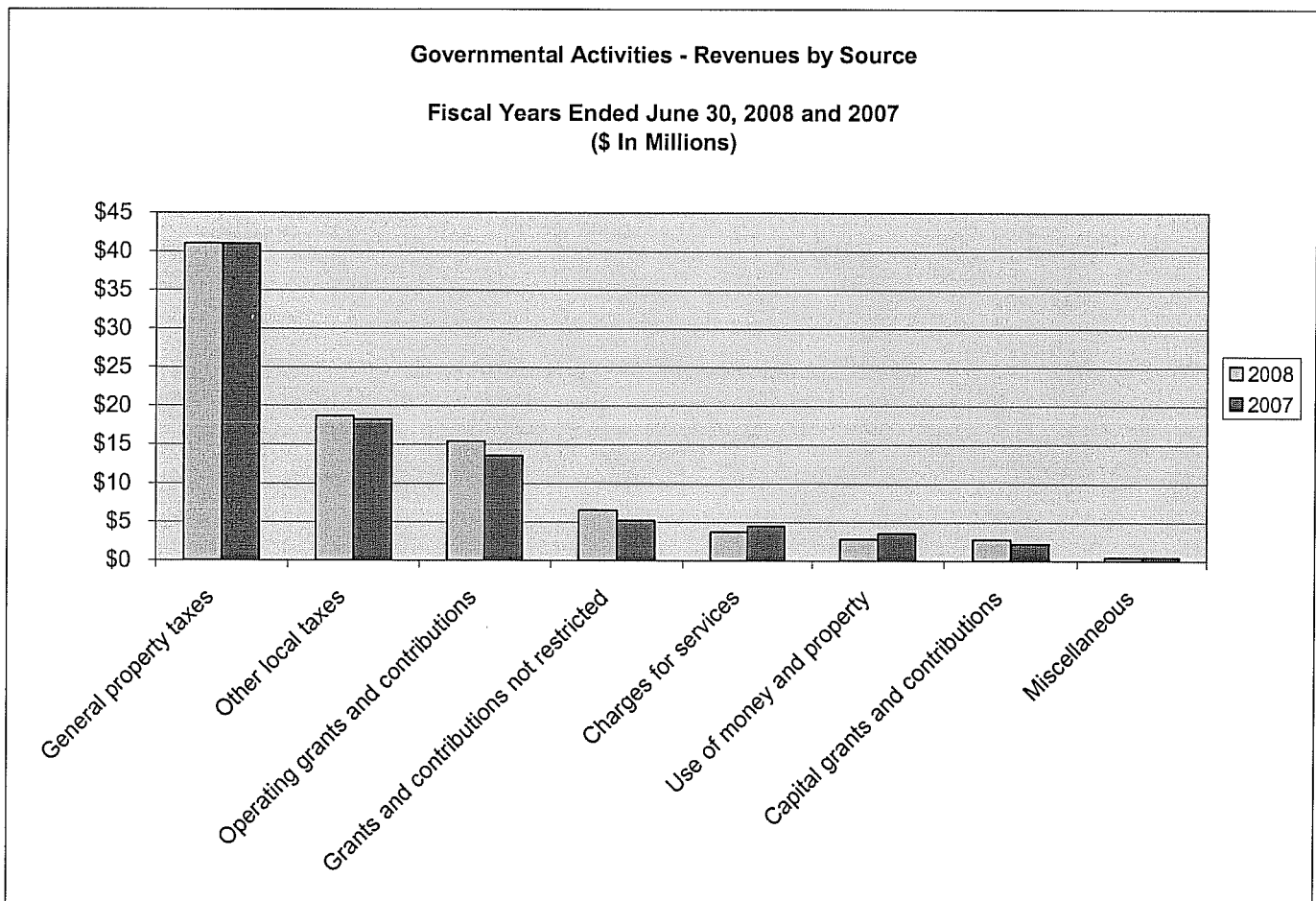
Governmental activities decreased the County's net assets by \$1,543,641. Key elements of this decrease are as follows:

County of Augusta's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,717,413	\$ 4,483,157
Operating grants and contributions	15,423,055	13,542,540
Capital grants and contributions	2,769,821	2,227,600
General revenues:		
General property taxes	41,016,853	40,998,297
Other local taxes	18,655,064	18,216,785
Use of money and property	2,817,589	3,554,050
Miscellaneous	433,429	475,137
Loss on disposal of assets	-	(622,633)
Grants and contributions not restricted to specific programs	6,527,876	5,209,278
Total revenues	<u>\$ 91,361,100</u>	<u>\$ 88,084,211</u>
Expenses:		
General government	\$ 5,509,093	\$ 4,311,447
Judicial administration	1,851,046	1,594,317
Public safety	15,262,308	13,644,513
Public works	5,696,530	5,247,249
Health and welfare	12,994,411	11,680,282
Education	42,733,092	37,298,801
Parks, recreation and cultural	3,291,280	2,501,010
Community development	2,213,214	1,628,788
Interest on long-term debt	3,353,767	2,653,362
Total expenses	<u>\$ 92,904,741</u>	<u>\$ 80,559,769</u>
Increase in net assets	\$ (1,543,641)	\$ 7,524,442
Net assets, July 1, 2007	69,371,167	61,846,725
Net assets, June 30, 2008	<u>\$ 67,827,526</u>	<u>\$ 69,371,167</u>

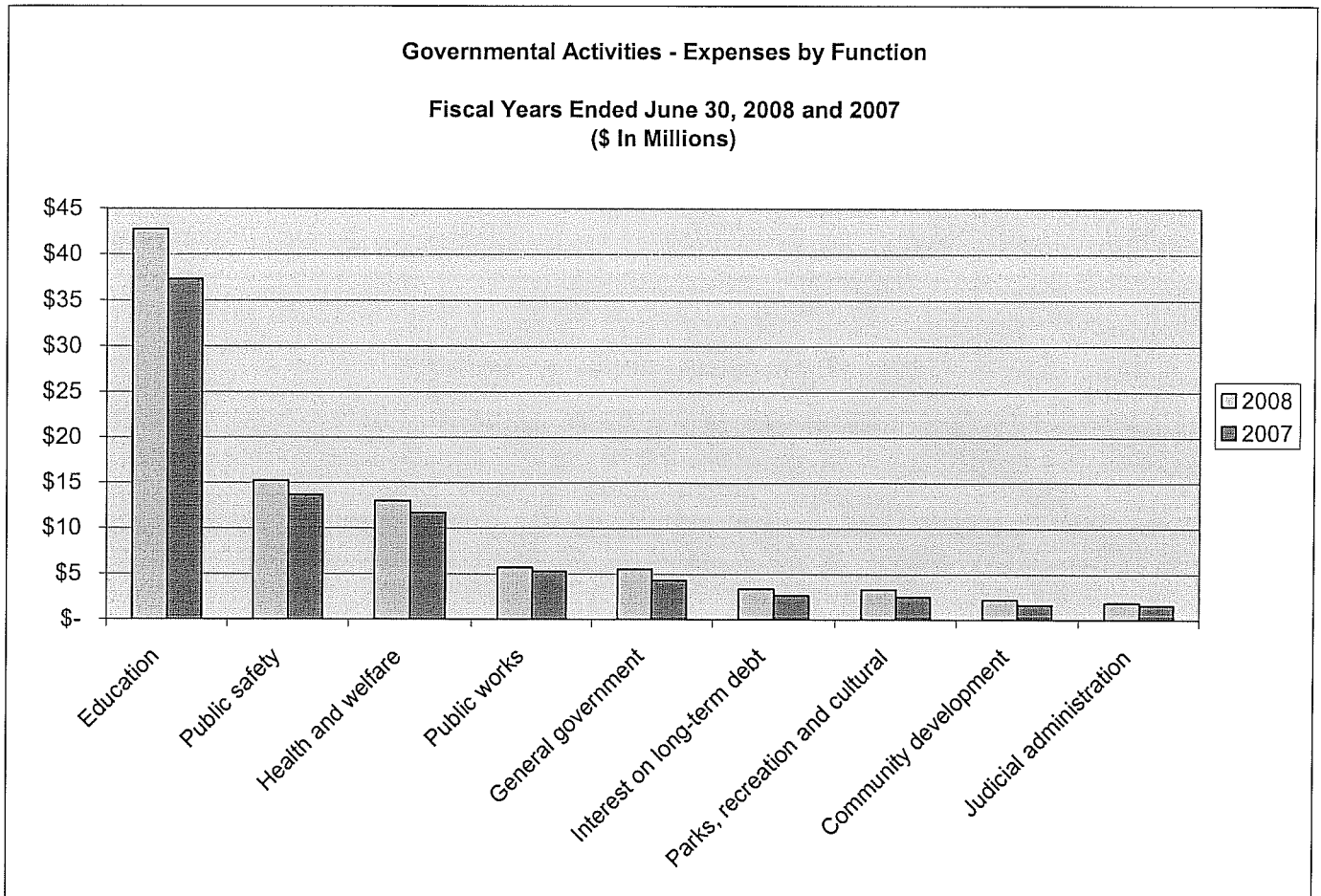
Governmental Activities – Revenues

- General property tax revenues remained steady from the previous fiscal year.
- Revenue from other local taxes was flat due to the decline in the economy.
- Increases in operating grants and contributions are due in part to an increase in case loads for Virginia Public Assistance.
- Decreases in charges for services are due in part to the final local jail reimbursement from fiscal year 2006 made in fiscal year 2007. The jail was removed from the County's audit in fiscal year 2007 due to the opening of a Regional Jail. The Regional Jail prepares its' own audit report.
- Revenue from the use of money and property decreased due to declining interest rates directly related to economic factors.
- Increases in capital grants and contributions are due in part to a Watershed grant for construction of the Robinson Hollow Dam and a State Literary grant for education which funded the renovations for two local high schools.



Governmental Activities – Expenses

- Public safety expenses increased due to the opening of a fire training center, money loaned to a volunteer agency through the fire revolving loan fund, and an increase in the Regional Jail contribution which included the first debt principal payment.
- Increases in general government are partly due to expenses related to the real estate reassessment, which will take effect January 1, 2009. This process takes place every 4 years.
- Other increases in expenses closely paralleled inflation and growth in demand for services.



Financial Analysis of the Government's Funds

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

Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$54,097,616. Approximately 33 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to various County capital projects, as well as, issuing fire revolving loans, and work in drug enforcement operations. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The general fund is the chief operating fund of the County. As of June 30, 2008, total fund balance of the general fund was \$18,621,670, of which \$17,289,242 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 28 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$31,758,370.

The fund balance of the County's general fund decreased by \$3,056,834 during the current fiscal year. The key factors in this decrease are as follows:

- An increase in school debt service payments for the high school renovation bond issues.
- Expenses related to the real estate reassessment.
- Increases in expenses in judicial administration for electronic imaging made possible through a Technology Trust Fund grant.
- Addition of one new position in the commonwealth attorney's office.
- Revenues remained flat due to a downturn in the economy.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, School Debt Service Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2008, total fund balances of these funds were \$0, \$(500), \$34,894,572 and \$581,874, respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The School Debt Service Fund accounts for repayments of principal and interest for bonds issued by the County for the school board. The deficit fund balance of \$(500) shown in Exhibit 3 reflects an accounts payable for trustee expenses. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or the school capital projects funds, if applicable. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system. The change in fund balance of \$8,123,710 shown in Exhibit 5 reflects receipt of bond proceeds for high school renovations.

Proprietary funds

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

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$289,802 decrease, due in part to a refund from the Regional Jail on surplus funds distributed to participating localities and a delay in payment on the ordinance review and economic strategic plan. Budgeted revenues increased by \$1,121,850, partly due to growth in the second half of real estate taxes, judicial administration Technology Trust Fund grant, and federal seized funds on a house that was sold. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year. The largest variance between the final budget appropriation and actual results is the contribution to County School Board of \$1,282,354, which represents an excess of revenues over expenditures in the School Board budget. This excess, upon approval, may be transferred to the School line item in the County Capital Improvement Fund which will offset future capital project costs.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2008 is \$87,613,128 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress.

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

- Purchase of equipment for various public safety departments including Sheriff in-car video systems, computers, and software (\$177,835), Emergency Operations Center equipment (\$188,788), and a training mannequin (\$7,655).
- Software installation for Building Inspections (\$17,450) and County wide website development and programming (\$49,830).
- Building improvements to the Fire Training Center garage roof (\$198,858).
- Completion of several construction in progress projects including Fire Training Classrooms (\$202,537), Fire Training Center (\$1,448,750), Fishersville Library addition (\$1,105,257), and completion of renovations to the General Court building (\$1,535,702).
- Construction in progress also completed were the renovations for Stuarts Draft High School (\$20,829,233) and Wilson Memorial High School (\$20,407,512). These assets will remain in the County's capital asset balance and will become the capital assets of the school board as debt payments are made.
- Construction in progress for Heavy Rescue Squad (\$244,673), Verona Park (\$21,894), and Crimora Park (\$145,750).

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 5,069,847	\$ 4,737,843
Buildings and system	80,245,391	42,570,104
Machinery and equipment	1,885,574	1,987,531
Construction in progress	412,316	37,274,506
Total	<u>\$ 87,613,128</u>	<u>\$ 86,569,984</u>

Additional information on the County's capital assets can be found in Note 11 to the financial statements.

Long-term debt

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

County of Augusta's Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 73,493,301	\$ 65,685,728
Premium on bond issue	2,187,506	1,579,798
Compensated absences	1,435,335	1,406,155
Total	<u>\$ 77,116,142</u>	<u>\$ 68,671,681</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 November 8, 2007, the County issued \$12,729,426 in 2007A Series Virginia Public School Authority Bonds for the renovations of Stuarts Draft High School and Wilson Memorial High School. The bond was issued at a premium of \$686,698. 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 2007 was 2.6 percent. The County's rate compares favorable to the state's average unemployment rate of 3.0 percent and the national average rate of 4.6 percent.
- It is expected that funding from the Commonwealth of Virginia will decrease due to State budget adjustments.
- Growth is expected to remain slow, which will cause general property taxes and other local taxes to have little or no growth.
- Earnings on investments, in general, continue to remain low therefore the County budgeted less than in prior year.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

During fiscal year 2008, unreserved fund balance in the general fund decreased by \$3,056,834. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund. It is not anticipated that fund balance will be used to finance daily operations for the 2009 budget year, although as in the some previous fiscal years, it is a possibility.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2008

	Primary Government		Component
	Governmental	Total	Unit
	Activities		School Board
ASSETS			
Cash and cash equivalents	\$ 22,542,328	\$ 22,542,328	\$ 719,069
Cash in custody of others	1,195,780	1,195,780	3,000
Investments	36,121,702	36,121,702	1,389,183
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,164,034	2,164,034	-
Accounts receivable	1,727,402	1,727,402	280,015
Notes receivable	737,393	737,393	-
Due from primary government	-	-	7,312,627
Due from component unit	127,892	127,892	-
Due from other governmental units	2,968,954	2,968,954	2,603,903
Inventories	21,015	21,015	-
Prepaid expenses	16,051	16,051	-
Equity interest in joint venture	2,104,888	2,104,888	-
Capital assets (net of accumulated depreciation):			
Land	5,069,847	5,069,847	2,090,973
Buildings and system	80,245,391	80,245,391	56,199,610
Machinery and equipment	1,885,574	1,885,574	4,856,106
Construction in progress	412,316	412,316	-
Total assets	<u>\$ 157,340,567</u>	<u>\$ 157,340,567</u>	<u>\$ 75,454,486</u>
LIABILITIES			
Accounts payable	\$ 1,261,593	\$ 1,261,593	\$ 5,000,794
Accrued liabilities	-	-	5,345,651
Retainage payable	200,000	200,000	-
Accrued interest payable	1,686,058	1,686,058	-
Due to primary government	-	-	127,892
Due to component unit	7,312,627	7,312,627	-
Unearned revenue	1,601,721	1,601,721	21,836
Deposits held in escrow	334,900	334,900	121
Long-term liabilities:			
Due within one year	5,529,708	5,529,708	361,703
Due in more than one year	71,586,434	71,586,434	1,530,133
Total liabilities	<u>\$ 89,513,041</u>	<u>\$ 89,513,041</u>	<u>\$ 12,388,130</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,932,321	\$ 11,932,321	\$ 63,146,689
Restricted for:			
Fire revolving loans	1,040,057	1,040,057	-
Construction	34,894,572	34,894,572	-
Drug enforcement	292,371	292,371	-
Unrestricted (deficit)	19,668,205	19,668,205	(80,333)
Total net assets	<u>\$ 67,827,526</u>	<u>\$ 67,827,526</u>	<u>\$ 63,066,356</u>

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

County of Augusta, Virginia

Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,509,093	\$ 744,154	\$ 750,247	\$ 246,759
Judicial administration	1,851,046	433,807	994,126	-
Public safety	15,262,308	226,257	3,469,492	476,624
Public works	5,696,530	1,332,972	18,374	36,640
Health and welfare	12,994,411	326,113	9,988,086	963,837
Education	42,733,092	-	-	1,045,961
Parks, recreation, and cultural	3,291,280	654,110	202,730	-
Community development	2,213,214	-	-	-
Interest on long-term debt	3,353,767	-	-	-
Total governmental activities	\$ 92,904,741	\$ 3,717,413	\$ 15,423,055	\$ 2,769,821
Total primary government	\$ 92,904,741	\$ 3,717,413	\$ 15,423,055	\$ 2,769,821
COMPONENT UNITS:				
School Board	\$ 105,239,965	\$ 3,987,435	\$ 66,916,249	\$ 797,446
Total component units	\$ 105,239,965	\$ 3,987,435	\$ 66,916,249	\$ 797,446

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government		Component Unit	
Governmental		School	
Activities	Total	Board	
\$ (3,767,933)	\$ (3,767,933)	\$ -	-
(423,113)	(423,113)	-	-
(11,089,935)	(11,089,935)	-	-
(4,308,544)	(4,308,544)	-	-
(1,716,375)	(1,716,375)	-	-
(41,687,131)	(41,687,131)	-	-
(2,434,440)	(2,434,440)	-	-
(2,213,214)	(2,213,214)	-	-
(3,353,767)	(3,353,767)	-	-
<u>\$ (70,994,452)</u>	<u>\$ (70,994,452)</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (70,994,452)</u>	<u>\$ (70,994,452)</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ -	\$ (33,538,835)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,538,835)</u>	<u>-</u>
\$ 41,016,853	\$ 41,016,853	\$ -	-
5,016,195	5,016,195	-	-
4,532,958	4,532,958	-	-
3,142,260	3,142,260	-	-
1,798,392	1,798,392	-	-
2,294,098	2,294,098	-	-
1,871,161	1,871,161	-	-
2,817,589	2,817,589	115,541	-
433,429	433,429	1,171,091	-
6,527,876	6,527,876	41,033,071	-
<u>\$ 69,450,811</u>	<u>\$ 69,450,811</u>	<u>\$ 42,319,703</u>	<u>-</u>
(1,543,641)	(1,543,641)	8,780,868	-
69,371,167	69,371,167	54,285,488	-
<u>\$ 67,827,526</u>	<u>\$ 67,827,526</u>	<u>\$ 63,066,356</u>	<u>-</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2008

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements	School Capital Projects Fund	Total
ASSETS						
Cash and cash equivalents	\$ 21,844,265	\$ 8,630	\$ -	\$ 18,820	\$ 817,107	\$ 22,688,822
Cash in custody of others	1,191,480	4,300	-	-	-	1,195,780
Investments	-	-	-	35,141,882	-	35,141,882
Receivables (net of allowance for uncollectibles):						
Taxes receivable	2,164,034	-	-	-	-	2,164,034
Accounts receivable	1,626,798	-	-	-	-	1,626,798
Notes receivable	737,393	-	-	-	-	737,393
Due from other funds	1,156,235	-	-	-	-	1,156,235
Due from component unit	127,892	-	-	-	-	127,892
Due from other governmental units	1,825,804	1,121,938	-	21,212	-	2,968,954
Total assets	<u>\$ 30,673,901</u>	<u>\$ 1,134,868</u>	<u>\$ -</u>	<u>\$ 35,181,914</u>	<u>\$ 817,107</u>	<u>\$ 67,807,790</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 920,438	\$ -	\$ 500	\$ 287,342	\$ 35,233	\$ 1,243,513
Retainage payable	-	-	-	-	200,000	200,000
Due to other funds	-	1,126,235	-	-	-	1,126,235
Due to component unit	7,312,627	-	-	-	-	7,312,627
Deferred revenue	3,512,719	-	-	-	-	3,512,719
Deposits held in escrow	306,447	8,633	-	-	-	315,080
Total liabilities	<u>\$ 12,052,231</u>	<u>\$ 1,134,868</u>	<u>\$ 500</u>	<u>\$ 287,342</u>	<u>\$ 235,233</u>	<u>\$ 13,710,174</u>
Fund balances:						
Reserved for:						
Fire revolving loans	\$ 1,040,057	\$ -	\$ -	\$ -	\$ -	\$ 1,040,057
Construction	-	-	-	34,894,572	-	34,894,572
Drug enforcement	292,371	-	-	-	-	292,371
Unreserved, reported in:						
General fund	17,289,242	-	-	-	-	17,289,242
Debt service funds	-	-	(500)	-	-	(500)
Capital projects funds	-	-	-	-	581,874	581,874
Total fund balances	<u>\$ 18,621,670</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ 34,894,572</u>	<u>\$ 581,874</u>	<u>\$ 54,097,616</u>
Total liabilities and fund balances	<u>\$ 30,673,901</u>	<u>\$ 1,134,868</u>	<u>\$ -</u>	<u>\$ 35,181,914</u>	<u>\$ 817,107</u>	<u>\$ 67,807,790</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, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 54,097,616
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	87,613,128
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,910,994
Equity interest in joint venture not reported in the funds.	2,104,888
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	903,100
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(78,802,200)</u>
Net assets of governmental activities	<u>\$ 67,827,526</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2008

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements	School Capital Projects Fund	Total
REVENUES						
General property taxes	\$ 40,856,658	\$ -	\$ -	\$ -	\$ -	\$ 40,856,658
Other local taxes	18,655,064	-	-	-	-	18,655,064
Permits, privilege fees, and regulatory licenses	697,717	-	-	-	-	697,717
Fines and forfeitures	195,626	-	-	-	-	195,626
Revenue from the use of money and property	2,761,153	-	-	-	5,699	2,766,852
Charges for services	2,497,957	326,113	-	-	-	2,824,070
Miscellaneous	415,298	-	-	-	-	415,298
Recovered costs	144,928	704,017	-	-	-	848,945
Intergovernmental revenues:						
Commonwealth	10,082,348	4,987,114	248,514	1,000,525	2,312,961	18,631,462
Federal	434,060	4,931,895	-	723,335	-	6,089,290
Total revenues	<u>\$ 76,740,809</u>	<u>\$ 10,949,139</u>	<u>\$ 248,514</u>	<u>\$ 1,723,860</u>	<u>\$ 2,318,660</u>	<u>\$ 91,980,982</u>
EXPENDITURES						
Current:						
General government administration	\$ 4,227,869	\$ -	\$ -	\$ -	\$ -	\$ 4,227,869
Judicial administration	1,885,147	-	-	-	-	1,885,147
Public safety	14,790,155	-	-	-	-	14,790,155
Public works	3,144,129	-	-	-	-	3,144,129
Health and welfare	995,880	12,690,210	-	-	-	13,686,090
Education	31,763,370	-	-	-	-	31,763,370
Parks, recreation, and cultural	2,678,852	-	-	-	-	2,678,852
Community development	1,597,917	-	-	-	-	1,597,917
Nondepartmental	145,381	-	-	-	-	145,381
Capital projects	-	-	-	8,350,797	9,073,494	17,424,291
Debt service:						
Principal retirement	-	-	4,921,853	-	-	4,921,853
Interest and other fiscal charges	-	-	3,446,208	-	-	3,446,208
Total expenditures	<u>\$ 61,228,700</u>	<u>\$ 12,690,210</u>	<u>\$ 8,368,061</u>	<u>\$ 8,350,797</u>	<u>\$ 9,073,494</u>	<u>\$ 99,711,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,512,109</u>	<u>\$ (1,741,071)</u>	<u>\$ (8,119,547)</u>	<u>\$ (6,626,937)</u>	<u>\$ (6,754,834)</u>	<u>\$ (7,730,280)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 1,741,071	\$ 8,119,047	\$ 8,708,825	\$ 1,462,420	\$ 20,031,363
Transfers out	(18,568,943)	-	-	(1,462,420)	-	(20,031,363)
Issuance of general obligation bonds	-	-	-	-	12,729,426	12,729,426
Premium on general obligation bonds	-	-	-	-	686,698	686,698
Total other financing sources (uses)	<u>\$ (18,568,943)</u>	<u>\$ 1,741,071</u>	<u>\$ 8,119,047</u>	<u>\$ 7,246,405</u>	<u>\$ 14,878,544</u>	<u>\$ 13,416,124</u>
Net change in fund balances	\$ (3,056,834)	\$ -	\$ (500)	\$ 619,468	\$ 8,123,710	\$ 5,685,844
Fund balances - beginning	21,678,504	-	-	34,275,104	(7,541,836)	48,411,772
Fund balances - ending	<u>\$ 18,621,670</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ 34,894,572</u>	<u>\$ 581,874</u>	<u>\$ 54,097,616</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds \$ 5,685,844

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. 1,043,143

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 160,192

Expenses related to the equity interest in joint venture not reported as revenues in the funds. (13,449)

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. (8,494,271)

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. 63,261

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 11,639

Change in net assets of governmental activities \$ (1,543,641)

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2008

	Internal Service Funds
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 58,876
Investments	2,369,003
Accounts receivables, net of allowances for uncollectibles	114,519
Inventories	21,015
Prepaid expenses	16,051
Total current assets	<u>\$ 2,579,464</u>
LIABILITIES	
Current liabilities:	
Reconciled overdraft	\$ 496,532
Accounts payable	18,264
Due to other funds	30,000
Deposits held in escrow	19,941
Total current liabilities	<u>\$ 564,737</u>
NET ASSETS	
Unrestricted	<u>\$ 2,014,727</u>
Total net assets	<u><u>\$ 2,014,727</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2008

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services:	
Materials and supplies	\$ 141,266
Insurance premiums	251,759
Total operating revenues	<u>\$ 393,025</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 81,464
Insurance claims and expenses	718,904
Total operating expenses	<u>\$ 800,368</u>
Operating income (loss)	<u>\$ (407,343)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 122,672
Total nonoperating revenues (expenses)	<u>\$ 122,672</u>
Change in net assets	<u>\$ (284,671)</u>
Total net assets - beginning	2,299,398
Total net assets - ending	<u><u>\$ 2,014,727</u></u>

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2008

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for materials and supplies	\$ 58,751
Receipts for insurance premiums	248,679
Payments to suppliers	(21,930)
Payments for premiums	(719,127)
Net cash provided (used) by operating activities	<u>\$ (433,627)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Negative cash balance implicitly financed	<u>\$ 496,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	\$ (147,349)
Interest and dividends received	121,265
Net cash provided (used) by investing activities	<u>\$ (26,084)</u>
Net increase (decrease) in cash and cash equivalents	\$ 36,821
Cash and cash equivalents - beginning	22,055
Cash and cash equivalents - ending	<u>\$ 58,876</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (407,343)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(81,457)
(Increase) decrease in inventories	6,333
(Increase) decrease in prepaid expenses	38,523
Increase (decrease) in accounts payable	14,455
Increase (decrease) in deferred revenue	(4,138)
Total adjustments	<u>\$ (26,284)</u>
Net cash provided (used) by operating activities	<u>\$ (433,627)</u>
Noncash investing, capital, and financing activities:	
Increase in fair value of investments	<u>\$ 1,407</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,943,435
Other receivables	26,950
Total assets	<u>\$ 1,970,385</u>
LIABILITIES	
Accounts payable	\$ 589,781
Accrued liabilities	213,178
Amounts held for social services clients	147,470
Amounts held for Shenandoah Valley Regional Program	862,245
Amounts held for Valley Alcohol Safety Action Program	157,711
Total liabilities	<u>\$ 1,970,385</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1—Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Blended component units - There are no blended component units for the year ended June 30, 2008.

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

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

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Augusta County Industrial Development Authority.

Undivided Interests - The Augusta Regional Landfill is an undivided interest contractually formed by the Cities of Staunton and Waynesboro and the County of Augusta, Virginia. The purposes for which the Landfill is formed are to develop regional garbage and refuse disposal, including development of systems and facilities for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, construction, and/or operating and maintaining regional solid waste disposal areas, systems and facilities. The Landfill began operations on December 11, 1970. For the year ended June 30, 2008, the County contributed \$540,949 to the Landfill for capital expenses.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 (CONTINUED)

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

A. Reporting Entity: (Continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of operations for the Augusta Regional Landfill for the year ended June 30, 2008 is as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 2,436,091	\$ 983,038	\$ 969,433
% of Total Revenues	55.51%	22.40%	22.09%

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, 2008 as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 3,406,413	\$ 594,646	\$ 729,555
% of Total Revenues	72.01%	12.57%	15.42%

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

Jointly Governed Organizations - The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Upper Valley Regional Park Authority, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$43,000 for operations to the Upper Valley Regional Park Authority, \$120,750 to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, and \$235,908 to the Shenandoah Valley Juvenile Detention Home.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the fire revolving loan, drug enforcement, and industrial development funds.

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

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

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

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

Additionally, the government reports the following fund types:

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

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Shenandoah Valley Regional Program, Valley Alcohol Safety Action Program, and Valley Vocational Technical Education Center.

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

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.

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

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

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

3. Inventory

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$523,161 at June 30, 2008 and is composed solely of property taxes. This allowance represents .22% 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, 2008 (CONTINUED)

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

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

7. *Capital Assets (continued)*

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

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

8. *Compensated Absences*

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

9. *Long-term Obligations*

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

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

10. *Fund Equity*

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 (CONTINUED)

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

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

11. Net Assets

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net assets governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$78,802,200 and \$1,891,836 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ 75,680,807	\$ -
Accrued interest payable	1,686,058	-
Compensated absences	<u>1,435,335</u>	<u>1,891,836</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 78,802,200</u>	<u>\$ 1,891,836</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 (CONTINUED)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$1,043,143 and \$9,469,906 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 9,146,289	\$ 7,441,037
Depreciation expense	(3,181,293)	(2,892,984)
Allocation of debt financed school assets based on current year repayments	<u>(4,921,853)</u>	<u>4,921,853</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>\$ 1,043,143</u>	<u>\$ 9,469,906</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 \$(8,494,271) difference in the primary government are as follows:

Principal repayments:	
General obligation debt	\$ 4,921,853
Other:	
Issuance of long term debt	<u>(13,416,124)</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>\$ (8,494,271)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 (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 \$63,261 and (\$393,155) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (29,180)	\$ (393,155)
Accrued interest	13,451	-
Amortization of bond premium	78,990	-
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>\$ 63,261</u>	<u>\$ (393,155)</u>

Note 3—Stewardship, Compliance, and Accountability

A. Budgetary information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, School Operating Fund, School Cafeteria Fund, School Capital Projects Fund, School Debt Fund, Head Start Fund, 21st Century Learning 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, 2008 (CONTINUED)

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

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project.
7. All budget data presented in the accompanying financial statements is the 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, 2008, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2008, the debt service fund had a deficit fund balance of (\$500).

Note 4—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (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, 2008 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, 2008 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values

	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
U.S. Agencies	\$ 9,140,291	\$ -	\$ -	\$ -	\$ -
Corporate Debt	1,914,103	14,109,245	2,381,947	2,490,155	-
Local Government					
Investment Pool	21,352,386	-	-	-	-
Money Market Mutual Fund	4,232,046	-	-	-	-
Commercial Paper	2,490,155	-	-	-	-
Municipal Public Bonds	552,030	200,912	-	-	-
Total	<u>\$ 39,681,011</u>	<u>\$ 14,310,157</u>	<u>\$ 2,381,947</u>	<u>\$ 2,490,155</u>	<u>\$ -</u>

Concentration of Credit Risk

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

The County had investments at June 30, 2008, with more than 5 percent of the total in securities of the Federal Home Loan Bank and the Federal National Mortgage Corporation.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Municipal Bonds	\$ 552,030	\$ 552,030	\$ -	\$ -	-
Corporate Debt	18,405,295	13,578,518	4,826,777	-	-
U.S. Agencies	9,140,291	6,405,608	2,734,683	-	-
Commercial Paper	2,490,155	2,490,155	-	-	-
Total	\$ 30,587,771	\$ 23,026,311	\$ 7,561,460	\$ -	\$ -

External Investment Pools

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

Note 5—Due from Other Governmental Units:

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

	Primary Government	Component Unit
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 997,703	\$ -
State sales tax	-	1,879,830
Motor vehicle carrier's tax	72,718	-
State recordation tax	64,943	-
Reimbursement of shared services	441,232	-
Other	135,441	-
Auto rental tax	10,420	-
Comprehensive services act	367,274	-
Virginia public assistance	249,299	-
PPTRA	214,800	-
<u>Federal Government:</u>		
Virginia public assistance	398,333	-
Criminal justice	16,791	-
School grants	-	370,679
Headstart	-	353,394
Totals	\$ 2,968,954	\$ 2,603,903

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 6—Interfund Obligations:

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 1,156,235	\$ -	\$ 7,312,627	\$ 127,892
Central Stores Fund	-	30,000	-	-
VPA Fund	-	1,126,235	-	-
Total	<u>\$ 1,156,235</u>	<u>\$ 1,156,235</u>	<u>\$ 7,312,627</u>	<u>\$ 127,892</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 7,312,627
General Fund	-	-	127,892	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,892</u>	<u>\$ 7,312,627</u>

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

Note 7—Interfund Transfers:

Interfund transfer for the year ended June 30, 2008, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 18,568,943
Virginia Public Assistance Fund	1,741,071	-
School Debt Service Fund	8,119,047	-
County Capital Improvements Fund	8,708,825	1,462,420
School Capital Projects Fund	1,462,420	-
Total	<u>\$ 20,031,363</u>	<u>\$ 20,031,363</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, 2008 (CONTINUED)

Note 8—Long-Term Debt:

Primary Government-Governmental activity Indebtedness:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2009	\$ 5,400,528	\$ 3,696,917
2010	5,332,496	3,293,050
2011	5,327,893	3,012,343
2012	5,334,025	2,732,838
2013	5,271,130	2,455,220
2014	5,149,841	2,182,150
2015	4,557,755	1,928,935
2016	4,604,925	1,691,299
2017	3,723,130	1,474,595
2018	3,761,957	1,285,111
2019	3,802,918	1,098,480
2020	3,088,054	928,097
2021	2,629,254	791,697
2022	2,644,031	668,864
2023	2,657,861	546,645
2024	2,673,072	423,874
2025	2,691,655	297,232
2026	2,043,112	184,907
2027	2,057,344	86,996
2028	742,320	18,929
Total	\$ <u>73,493,301</u>	\$ <u>28,798,181</u>

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2008.

	Balance July 1, 2007	Issuances	Retirements	Balance June 30, 2008
General obligation bonds	\$ 65,685,728	\$ 12,729,426	\$ 4,921,853	\$ 73,493,301
Premium on bond issue	1,579,798	686,698	78,990	2,187,506
Compensated absences	1,406,155	29,180	-	1,435,335
Total Long-Term Liabilities	\$ <u>68,671,681</u>	\$ <u>13,445,304</u>	\$ <u>5,000,843</u>	\$ <u>77,116,142</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction):</u>		
\$3,660,000 Refunding 1994A Series, issued October 8, 1987, Virginia Public School Authority Bonds, due in annual installments from \$230,000 to \$240,000 through December 15, 2004 and \$60,000 through December 15, 2007, plus interest at 7.1% to 8.1%	\$ 70,000	\$ 70,000
\$679,262 1991B Series, issued July 31, 1991, Virginia Public School Authority Bonds, due in annual installments from \$28,001 to \$4,119 through July 15, 2011, plus interest at 5.35% to 6.6%	167,785	39,867
\$2,330,000 1992A Series, issued December 17, 1992, Virginia Public School Authority Bonds, due in annual installments from \$70,000 to \$120,000 through December 15, 2012 plus interest at 5.1% to 5.5%	445,000	100,000
\$3,000,000 1993A Series, issued April 29, 1993, Virginia Public School Authority Bonds, due in annual installments from \$15,000 to \$265,000 through July 15, 2013, plus interest at 6.1% to 6.3%	595,000	140,000
\$3,000,000 1993B Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$15,000 to \$265,000 through July 15, 2013, plus interest at 6.1% to 6.3%	305,000	105,000
\$12,000,000 1994A Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$40,000 to \$620,000 through July 15, 2013, plus interest at 6.1% to 6.3%	3,700,000	620,000
\$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% to 6.1%	2,400,000	300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$457,256 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1% to 6.1%	4,632,036	543,244
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$590,985 to \$742,320 through July 15, 2018, plus semi-annual interest at 3.6% to 5.1%	7,508,079	638,517

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term-indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General obligation bonds (issued for school construction): (continued)		
\$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 5.1% to 6.1%	1,200,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$257,705 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.1% to 6.1%	3,854,787	284,655
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through January 15, 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will amortized over the life of the bond.	4,990,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$267,322 to \$372,067 through January 2025, plus semi-annual interest at varying rates. The bond was issued at a premium of \$474,102 which will amortized over the life of the bond.	5,621,188	289,775
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments from \$1,360,590 to \$2,803,391 through July 2027, plus semi-annual interest at varying rates. The bond was issued at a premium of \$791,524 which will amortized over the life of the bond.	25,275,000	1,335,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$781,249 to \$1,289,715 through July 2028, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$686,698 which will amortized over the life of the bond.	<u>12,729,426</u>	<u>539,470</u>
Sub-total General obligation bonds payable	\$ <u>73,493,301</u>	\$ <u>5,400,528</u>
Unamortized premium on general obligation bonds	\$ <u>2,187,506</u>	\$ <u>-</u>
Compensated absences (payable from the general fund)	\$ <u>1,435,335</u>	\$ <u>129,180</u>
Total	<u>\$ 77,116,142</u>	<u>\$ 5,529,708</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 8—Long-Term Debt: (Continued)

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2008:

	Balance July 1, 2007	Issuances	Retirements	Balance June 30, 2008
Compensated absences	\$ 1,498,681	\$ 393,155	\$ -	\$ 1,891,836
Total Long-Term Liabilities	<u>\$ 1,498,681</u>	<u>\$ 393,155</u>	<u>\$ -</u>	<u>\$ 1,891,836</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	<u>\$ 1,891,836</u>	<u>\$ 361,703</u>

Note 9—Employee Retirement System and Pension Plans:

A. Plan Description

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

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from our web site at <http://www.varetire.org/PDF/2007AnnuRept.pdf> obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 9—Employee Retirement System and Pension Plans: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2008 were 7.82% and 4.99% of annual covered payroll.

The School Board's contributions for professional employees were \$5,455,762, \$4,731,932, and \$7,714,992, to the teacher cost—sharing pool for the fiscal years ended June 30, 2008, 2007 and 2006, respectively and these contributions represented 10.30%, 9.20%, and 6.62%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2008, the County's annual pension cost of \$1,130,276 was equal to the County's required and actual contributions.

For fiscal year 2008, the County School Board's annual pension cost for the Board's non-professional employees was \$238,208 which was equal to the Board's required and actual contributions.

Three-Year Trend Information for the County and School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2008	\$ 1,130,276	100.00%	\$ -
June 30, 2007	1,243,822	100.00%	-
June 30, 2006	1,204,387	100.00%	-
School Board Non-Professional			
June 30, 2008	\$ 238,208	100.00%	\$ -
June 30, 2007	236,741	100.00%	-
June 30, 2006	65,582	100.00%	-

¹Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 9—Employee Retirement System and Pension Plans: (Continued)

D. Funded Status and Funding Progress:

As of June 30, 2007, the most recent actuarial valuation date, the County's plan was 93.78% funded. The actuarial accrued liability for benefits was \$55,341,773, and the actuarial value of assets was \$51,901,499, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,440,274. The covered payroll (annual payroll of active employees covered by the plan) was \$14,236,700, and ratio of the UAAL to the covered payroll was 24.16%.

As of June 30, 2007, the most recent actuarial valuation date, the County School Board's plan was 95.24% funded. The actuarial accrued liability for benefits was \$7,951,877, and the actuarial value of assets was \$7,573,012, resulting in an unfunded actuarial accrued liability (UAAL) of \$378,865. The covered payroll (annual payroll of active employees covered by the plan) was \$2,346,119, and ratio of the UAAL to the covered payroll was 16.15%.

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

Note 10—Unearned Revenue:

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 \$1,601,721 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2008, but paid in advance by the taxpayers totaled \$640,861 at June 30, 2008.
- B. Deferred loan payments – Amounts deferred for the repayment of loans from County fire departments totaled \$738,393 at June 30, 2008.
- C. Payments in lieu of taxes – Revenue deferred in the amount of \$222,467 paid in advance by the federal government.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 11—Capital Assets:

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,737,843	\$ 332,004	\$ -	\$ 5,069,847
Construction in Progress	<u>37,274,506</u>	<u>32,935</u>	<u>(36,895,125)</u>	<u>412,316</u>
Total capital assets not being depreciated	<u>\$ 42,012,349</u>	<u>\$ 364,939</u>	<u>\$ (36,895,125)</u>	<u>\$ 5,482,163</u>
Capital assets being depreciated:				
Buildings	\$ 57,270,626	\$ 38,944,339	\$ -	\$ 96,214,965
Machinery & Equipment	<u>7,897,380</u>	<u>1,161,270</u>	<u>(736,572)</u>	<u>8,322,078</u>
Total capital assets being depreciated	<u>\$ 65,168,006</u>	<u>\$ 40,105,609</u>	<u>\$ (736,572)</u>	<u>\$ 104,537,043</u>
Less Accumulated depreciation for:				
Buildings	\$ (14,700,522)	\$ (2,105,646)	\$ 836,594	\$ (15,969,574)
Machinery & Equipment	<u>(5,909,849)</u>	<u>(1,075,647)</u>	<u>548,992</u>	<u>(6,436,504)</u>
Total Accumulated depreciation	<u>(20,610,371)</u>	<u>(3,181,293)</u>	<u>1,385,586</u>	<u>(22,406,078)</u>
Total capital assets being depreciated, net	<u>\$ 44,557,635</u>	<u>\$ 36,924,316</u>	<u>\$ 649,014</u>	<u>\$ 82,130,965</u>
Governmental activities capital assets, net	<u>\$ 86,569,984</u>	<u>\$ 37,289,255</u>	<u>\$ (36,246,111)</u>	<u>\$ 87,613,128</u>

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

Governmental activities:	
General government	\$ 743,508
Judicial administration	6,764
Public safety	719,637
Public works	33,936
Health and welfare	72,008
Education	1,519,098
Parks, recreation, and cultural	72,526
Community development	<u>13,816</u>
Total depreciation expenses-governmental activities	<u>\$ 3,181,293</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 11—Capital Assets: (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,300,973	\$ 790,000	\$ -	\$ 2,090,973
Total capital assets not being depreciated	<u>\$ 1,300,973</u>	<u>\$ 790,000</u>	<u>\$ -</u>	<u>\$ 2,090,973</u>
Capital assets being depreciated:				
Buildings	\$ 77,581,666	\$ 9,682,072	\$ -	\$ 87,263,738
Machinery & Equipment	17,880,889	1,896,073	(390,137)	19,386,825
Total capital assets being depreciated	<u>\$ 95,462,555</u>	<u>\$ 11,578,145</u>	<u>\$ (390,137)</u>	<u>\$ 106,650,563</u>
Less Accumulated depreciation for:				
Buildings	\$ (29,301,895)	\$ (3,281,331)	\$ 1,519,098	\$ (31,064,128)
Machinery & Equipment	(13,784,850)	(1,142,686)	396,817	(14,530,719)
Total Accumulated depreciation	<u>\$ (43,086,745)</u>	<u>\$ (4,424,017)</u>	<u>\$ 1,915,915</u>	<u>\$ (45,594,847)</u>
Total capital assets being depreciated, net	<u>\$ 52,375,810</u>	<u>\$ 7,154,128</u>	<u>\$ 1,525,778</u>	<u>\$ 61,055,716</u>
School Board Capital assets, net	<u>\$ 53,676,783</u>	<u>\$ 7,944,128</u>	<u>\$ 1,525,778</u>	<u>\$ 63,146,689</u>

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$ 3,587,423
Transfer of accumulated depreciation from primary government for corresponding debt financed assets	<u>836,594</u>
Net increases in accumulated depreciation	<u>\$ 4,424,017</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta, Virginia for the year ended June 30, 2008, is that school financed assets in the amount of \$73,493,301 are reported in the Primary Government for financial reporting purposes.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 (CONTINUED)

Note 12—Risk Management

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

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

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

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

Note 13—Contingent Liabilities:

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

Note 14—Other Post Employment Benefits:

The County and Discretely Presented Component Unit - School Board offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms as follows:

- The School Board will pay the monthly premium for the individual subscriber coverage less the maximum allowable health care credit provided by the Commonwealth of Virginia, not to exceed \$2,500 per year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)

Note 14—Other Post Employment Benefits: (Continued)

- 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.
- For the School Board, 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.
- 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.

For the year ended June 30, 2008 this post-employment healthcare benefit resulted in a cost of \$373,327 to the School Board and \$313,331 to the retirees. The employer's contributions are financed on a pay-as-you-go basis. At June 30, 2008, of the retirees of the School Board eligible to participate in this benefit, 153 elected to participate.

For the year ended June 30, 2008, this post-employment healthcare benefit resulted in a cost of \$53,045 to the County and \$52,473 to the retirees. Of these totals, \$9,985 and \$8,866, respectively, were for Shenandoah Valley Social Service employees. Middle River Regional Jail Authority also participates in the post-employment healthcare benefits provided through the County. Of the County totals, \$3,120 was the cost to the County and \$5,478 to the retirees for Middle River Regional Jail Authority employees. The employer's contributions are financed on a pay-as-you-go-basis. At June 30, 2008, of the retirees of the County eligible to participate in this benefit, 23 elected to participate.

Note 15—Reconciliation of Internal Service Fund Net Assets:

Internal Service Fund net assets were allocated as follows:

Total internal service fund net assets per Exhibit 7	\$ <u>2,014,727</u>
Total internal service fund net assets allocated to primary government per Exhibit 4	\$ 903,100
Total internal service fund net assets allocated to discretely presented component unit school board per Exhibit 25	<u>1,111,627</u>
Total	\$ <u>2,014,727</u>

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 (CONTINUED)**

Note 16—Landfill Closure and Postclosure Costs:

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

At June 30, 2008 the Augusta Regional Landfill reported as its landfill closure liability \$3,249,762 which represents the cumulative amount reported to date based on the use of 76% of the estimated capacity of the Permit #585 (Phases 1-3) landfill. The Augusta Regional Landfill reported a postclosure monitoring liability of \$3,046,457 at June 30, 2008. 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 76% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.98% responsible. Total closure and postclosure care costs and postclosure monitoring costs accrued at June 30, 2008 for both landfill permits are \$6,296,219. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 40,388,000	\$ 40,999,000	\$ 40,856,658	\$ (142,342)
Other local taxes	18,574,780	18,529,780	18,655,064	125,284
Permits, privilege fees, and regulatory licenses	683,300	661,800	697,717	35,917
Fines and forfeitures	210,000	214,000	195,626	(18,374)
Revenue from the use of money and property	2,878,000	2,897,500	2,761,153	(136,347)
Charges for services	2,233,000	2,331,200	2,497,957	166,757
Miscellaneous	435,000	412,200	415,298	3,098
Recovered costs	133,400	144,650	144,928	278
Intergovernmental revenues:				
Commonwealth	9,826,300	10,171,500	10,082,348	(89,152)
Federal	240,300	362,300	434,060	71,760
Total revenues	<u>\$ 75,602,080</u>	<u>\$ 76,723,930</u>	<u>\$ 76,740,809</u>	<u>\$ 16,879</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,824,390	\$ 4,362,605	\$ 4,227,869	\$ 134,736
Judicial administration	1,582,690	1,976,180	1,885,147	91,033
Public safety	14,974,148	15,034,805	14,790,155	244,650
Public works	3,374,700	3,205,330	3,144,129	61,201
Health and welfare	777,117	775,017	995,880	(220,863)
Education	33,045,724	33,045,724	31,763,370	1,282,354
Parks, recreation, and cultural	2,659,640	2,729,761	2,678,852	50,909
Community development	1,816,475	1,760,660	1,597,917	162,743
Nondepartmental	274,405	149,405	145,381	4,024
Total expenditures	<u>\$ 63,329,289</u>	<u>\$ 63,039,487</u>	<u>\$ 61,228,700</u>	<u>\$ 1,810,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,272,791</u>	<u>\$ 13,684,443</u>	<u>\$ 15,512,109</u>	<u>\$ 1,827,666</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (18,326,927)</u>	<u>\$ (18,781,535)</u>	<u>\$ (18,568,943)</u>	<u>\$ 212,592</u>
Total other financing sources and uses	<u>\$ (18,326,927)</u>	<u>\$ (18,781,535)</u>	<u>\$ (18,568,943)</u>	<u>\$ 212,592</u>
Net change in fund balances	\$ (6,054,136)	\$ (5,097,092)	\$ (3,056,834)	\$ 2,040,258
Fund balances - beginning	<u>\$ 6,054,136</u>	<u>\$ 5,097,092</u>	<u>\$ 21,678,504</u>	<u>\$ 16,581,412</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,621,670</u>	<u>\$ 18,621,670</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 188,485	\$ 188,485	\$ 326,113	\$ 137,628
Recovered costs	728,548	728,548	704,017	(24,531)
Intergovernmental revenues:				
Commonwealth	4,214,098	4,607,032	4,987,114	380,082
Federal	5,764,761	5,371,827	4,931,895	(439,932)
Total revenues	<u>\$ 10,895,892</u>	<u>\$ 10,895,892</u>	<u>\$ 10,949,139</u>	<u>\$ 53,247</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 12,829,000	\$ 12,829,000	\$ 12,690,210	\$ 138,790
Total expenditures	<u>\$ 12,829,000</u>	<u>\$ 12,829,000</u>	<u>\$ 12,690,210</u>	<u>\$ 138,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,933,108)</u>	<u>\$ (1,933,108)</u>	<u>\$ (1,741,071)</u>	<u>\$ 192,037</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,933,108	\$ 1,933,108	\$ 1,741,071	\$ (192,037)
Total other financing sources and uses	<u>\$ 1,933,108</u>	<u>\$ 1,933,108</u>	<u>\$ 1,741,071</u>	<u>\$ (192,037)</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, 2008

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)
06/30/07	\$ 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%
06/30/03	40,850,389	41,161,175	310,786	99.24%	9,638,245	3.21%

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)
06/30/07	\$ 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%
06/30/03	6,302,297	5,892,764	(409,533)	106.95%	1,710,408	-23.94%

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 248,681	\$ 229,398	\$ 248,514	\$ 19,116
Total revenues	\$ 248,681	\$ 229,398	\$ 248,514	\$ 19,116
EXPENDITURES				
Debt service:				
Principal retirement	\$ 4,921,853	\$ 4,921,853	\$ 4,921,853	\$ -
Interest and other fiscal charges	3,672,147	3,447,147	3,446,208	939
Total expenditures	\$ 8,594,000	\$ 8,369,000	\$ 8,368,061	\$ 939
Excess (deficiency) of revenues over (under) expenditures	\$ (8,345,319)	\$ (8,139,602)	\$ (8,119,547)	\$ 20,055
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,345,319	\$ 8,139,602	\$ 8,119,047	\$ (20,555)
Total other financing sources and uses	\$ 8,345,319	\$ 8,139,602	\$ 8,119,047	\$ (20,555)
Net change in fund balances	\$ -	\$ -	\$ (500)	\$ (500)
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -
Fund balances - ending	\$ -	\$ -	\$ (500)	\$ (500)

County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ 1,000,525	\$ 1,000,525
Federal	-	-	723,335	723,335
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,860</u>	<u>\$ 1,723,860</u>
EXPENDITURES				
Current:				
Capital projects	\$ 8,048,500	\$ 8,708,825	\$ 8,350,797	\$ 358,028
Total expenditures	<u>\$ 8,048,500</u>	<u>\$ 8,708,825</u>	<u>\$ 8,350,797</u>	<u>\$ 358,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,048,500)</u>	<u>\$ (8,708,825)</u>	<u>\$ (6,626,937)</u>	<u>\$ 2,081,888</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,048,500	\$ 8,708,825	\$ 8,708,825	\$ -
Transfers out	-	-	(1,462,420)	(1,462,420)
Total other financing sources and uses	<u>\$ 8,048,500</u>	<u>\$ 8,708,825</u>	<u>\$ 7,246,405</u>	<u>\$ (1,462,420)</u>
Net change in fund balances	\$ -	\$ -	\$ 619,468	\$ 619,468
Fund balances - beginning	-	-	34,275,104	34,275,104
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,894,572</u>	<u>\$ 34,894,572</u>

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 96,250	\$ 5,698	\$ 5,699	\$ 1
Intergovernmental revenues:				
Commonwealth	795,310	2,387,041	2,312,961	(74,080)
Total revenues	<u>\$ 891,560</u>	<u>\$ 2,392,739</u>	<u>\$ 2,318,660</u>	<u>\$ (74,079)</u>
EXPENDITURES				
Current:				
Capital projects	\$ 6,657,007	\$ 13,123,964	\$ 9,073,494	\$ 4,050,470
Total expenditures	<u>\$ 6,657,007</u>	<u>\$ 13,123,964</u>	<u>\$ 9,073,494</u>	<u>\$ 4,050,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,765,447)</u>	<u>\$ (10,731,225)</u>	<u>\$ (6,754,834)</u>	<u>\$ 3,976,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 40,000	\$ 941,982	\$ 1,462,420	\$ (520,438)
Issuance of general obligation bonds	15,000,000	-	12,729,426	12,729,426
Premium on general obligation bonds	-	-	686,698	686,698
Total other financing sources and uses	<u>\$ 15,040,000</u>	<u>\$ 941,982</u>	<u>\$ 14,878,544</u>	<u>\$ 12,895,686</u>
Net change in fund balances	\$ 9,274,553	\$ (9,789,243)	\$ 8,123,710	\$ 17,912,953
Fund balances - beginning	(9,274,553)	9,789,243	(7,541,836)	(17,331,079)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,874</u>	<u>\$ 581,874</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	Agency Funds				Total
	Special Welfare	Shenandoah Valley Regional Program	Valley Alcohol Safety Action Program	Valley Vocational Technical Education Center	
ASSETS					
Cash and cash equivalents	\$ 147,470	\$ 1,161,325	\$ 165,658	\$ 468,982	\$ 1,943,435
Other receivables	-	-	-	26,950	26,950
Total assets	<u>\$ 147,470</u>	<u>\$ 1,161,325</u>	<u>\$ 165,658</u>	<u>\$ 495,932</u>	<u>\$ 1,970,385</u>
LIABILITIES					
Accounts payable	\$ -	\$ 223,198	\$ 7,947	\$ 358,636	\$ 589,781
Accrued liabilities	-	75,882	-	137,296	213,178
Amounts held for social services clients	147,470	-	-	-	147,470
Amounts held for Shenandoah Valley Regional Program	-	862,245	-	-	862,245
Amounts held for Valley Alcohol Safety Action Program	-	-	157,711	-	157,711
Total liabilities	<u>\$ 147,470</u>	<u>\$ 1,161,325</u>	<u>\$ 165,658</u>	<u>\$ 495,932</u>	<u>\$ 1,970,385</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 278,935	\$ 290,753	\$ 422,218	\$ 147,470
Total assets	<u>\$ 278,935</u>	<u>\$ 290,753</u>	<u>\$ 422,218</u>	<u>\$ 147,470</u>
LIABILITIES				
Amounts held for social services clients	\$ 278,935	\$ 290,753	\$ 422,218	\$ 147,470
Total liabilities	<u>\$ 278,935</u>	<u>\$ 290,753</u>	<u>\$ 422,218</u>	<u>\$ 147,470</u>
Shenandoah Valley Regional Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 1,258,221	\$ 6,953,329	\$ 7,050,225	\$ 1,161,325
Total assets	<u>\$ 1,258,221</u>	<u>\$ 6,953,329</u>	<u>\$ 7,050,225</u>	<u>\$ 1,161,325</u>
LIABILITIES				
Accounts payable	\$ 216,248	\$ 223,198	\$ 216,248	\$ 223,198
Accrued liabilities	77,799	75,882	77,799	75,882
Amounts held for Shenandoah Valley Regional Program	964,174	6,654,249	6,756,178	862,245
Total liabilities	<u>\$ 1,258,221</u>	<u>\$ 6,953,329</u>	<u>\$ 7,050,225</u>	<u>\$ 1,161,325</u>
Valley Alcohol Safety Action Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 122,913	\$ 306,585	\$ 263,840	\$ 165,658
Total assets	<u>\$ 122,913</u>	<u>\$ 306,585</u>	<u>\$ 263,840</u>	<u>\$ 165,658</u>
LIABILITIES				
Accounts payable	\$ 3,790	\$ 7,947	\$ 3,790	\$ 7,947
Amounts held for Valley Alcohol Safety Action Program	119,123	306,585	267,997	157,711
Total liabilities	<u>\$ 122,913</u>	<u>\$ 314,532</u>	<u>\$ 271,787</u>	<u>\$ 165,658</u>
Valley Vocational Technical Education Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 480,198	\$ 4,755,576	\$ 4,766,792	\$ 468,982
Other receivables	-	26,950	-	26,950
Total assets	<u>\$ 480,198</u>	<u>\$ 4,782,526</u>	<u>\$ 4,766,792</u>	<u>\$ 495,932</u>
LIABILITIES				
Accounts payable	\$ 347,711	\$ 358,636	\$ 347,711	\$ 358,636
Accrued liabilities	132,487	137,296	132,487	137,296
Total liabilities	<u>\$ 480,198</u>	<u>\$ 495,932</u>	<u>\$ 480,198</u>	<u>\$ 495,932</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2008 (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 2,140,267	\$ 12,306,243	\$ 12,503,075	\$ 1,943,435
Other receivables	-	26,950	-	26,950
Total assets	<u>\$ 2,140,267</u>	<u>\$ 12,333,193</u>	<u>\$ 12,503,075</u>	<u>\$ 1,970,385</u>
LIABILITIES				
Accounts payable	\$ 567,749	\$ 589,781	\$ 567,749	\$ 589,781
Accrued liabilities	210,286	213,178	210,286	213,178
Amounts held for social services clients	278,935	290,753	422,218	147,470
Amounts held for Shenandoah Valley Regional Program	964,174	6,654,249	6,756,178	862,245
Amounts held for Valley Alcohol Safety Action Program	119,123	306,585	267,997	157,711
Total liabilities	<u>\$ 2,140,267</u>	<u>\$ 8,054,546</u>	<u>\$ 8,224,428</u>	<u>\$ 1,970,385</u>

Combining Statement of Net Assets
 Internal Service Funds
 June 30, 2008

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 58,876	\$ -	\$ 58,876
Investments	-	2,369,003	2,369,003
Accounts receivables, net of allowances for uncollectibles	90,790	23,729	114,519
Inventories	21,015	-	21,015
Prepaid expense	16,051	-	16,051
Total current assets	<u>\$ 186,732</u>	<u>\$ 2,392,732</u>	<u>\$ 2,579,464</u>
LIABILITIES			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 496,532	\$ 496,532
Accounts payable	17,951	313	18,264
Due to other funds	30,000	-	30,000
Deposits held in escrow	19,735	206	19,941
Total liabilities	<u>\$ 67,686</u>	<u>\$ 497,051</u>	<u>\$ 564,737</u>
NET ASSETS			
Unrestricted	<u>\$ 119,046</u>	<u>\$ 1,895,681</u>	<u>\$ 2,014,727</u>
Total net assets	<u><u>\$ 119,046</u></u>	<u><u>\$ 1,895,681</u></u>	<u><u>\$ 2,014,727</u></u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Funds
 For the Year Ended June 30, 2008

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Materials and supplies	\$ 141,266	\$ -	\$ 141,266
Insurance premiums	-	251,759	251,759
Total operating revenues	<u>\$ 141,266</u>	<u>\$ 251,759</u>	<u>\$ 393,025</u>
OPERATING EXPENSES			
Other supplies and expenses	\$ 81,464	\$ -	\$ 81,464
Insurance claims and expenses	-	718,904	718,904
Total operating expenses	<u>\$ 81,464</u>	<u>\$ 718,904</u>	<u>\$ 800,368</u>
Operating income (loss)	<u>\$ 59,802</u>	<u>\$ (467,145)</u>	<u>\$ (407,343)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ -	\$ 122,672	\$ 122,672
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ 122,672</u>	<u>\$ 122,672</u>
Change in net assets	\$ 59,802	\$ (344,473)	\$ (284,671)
Total net assets - beginning	<u>\$ 59,244</u>	<u>\$ 2,240,154</u>	<u>\$ 2,299,398</u>
Total net assets - ending	<u><u>\$ 119,046</u></u>	<u><u>\$ 1,895,681</u></u>	<u><u>\$ 2,014,727</u></u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	Central Stores Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 58,751	\$ -	\$ 58,751
Receipts for insurance premiums	-	248,679	248,679
Payments to suppliers	(21,930)	-	(21,930)
Payments for premiums	-	(719,127)	(719,127)
Net cash provided (used) by operating activities	<u>\$ 36,821</u>	<u>\$ (470,448)</u>	<u>\$ (433,627)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Negative cash balance implicitly financed	\$ -	\$ 496,532	\$ 496,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	\$ -	\$ (147,349)	\$ (147,349)
Interest and dividends received	-	121,265	121,265
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ (26,084)</u>	<u>\$ (26,084)</u>
Net increase (decrease) in cash and cash equivalents	\$ 36,821	\$ -	\$ 36,821
Cash and cash equivalents - beginning	22,055	-	22,055
Cash and cash equivalents - ending	<u>\$ 58,876</u>	<u>\$ -</u>	<u>\$ 58,876</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 59,802	\$ (467,145)	\$ (407,343)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	\$ (78,377)	\$ (3,080)	\$ (81,457)
(Increase) decrease in inventories	6,333	-	6,333
(Increase) decrease in prepaid items	38,523	-	38,523
Increase (decrease) in accounts payable	14,678	(223)	14,455
Increase (decrease) in deferred revenue	(4,138)	-	(4,138)
Total adjustments	<u>\$ (22,981)</u>	<u>\$ (3,303)</u>	<u>\$ (26,284)</u>
Net cash provided (used) by operating activities	<u>\$ 36,821</u>	<u>\$ (470,448)</u>	<u>\$ (433,627)</u>
Noncash investing, capital, and financing activities:			
Increase in fair value of investments	<u>\$ -</u>	<u>\$ 1,407</u>	<u>\$ 1,407</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, 2008

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 5,069,847	\$ 4,737,843
Buildings	96,214,965	57,270,626
Machinery and equipment	8,322,079	7,897,380
Construction in progress	412,316	37,274,506
Total governmental funds capital assets	<u>\$ 110,019,207</u>	<u>\$ 107,180,355</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 109,816,263	\$ 106,977,411
Special revenue funds	202,944	202,944
Total governmental funds capital assets by source	<u>\$ 110,019,207</u>	<u>\$ 107,180,355</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2008

Function and Activity	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:					
Board of supervisors	\$ 4,646,713	\$ 22,307,749	\$ 393,291	\$ 167,644	\$ 27,515,397
County administrator	-	-	11,048	-	11,048
Commissioner of revenue	-	-	15,128	-	15,128
Central accounting	-	-	22,175	-	22,175
Management information systems	-	-	648,889	-	648,889
Total general government administration	\$ 4,646,713	\$ 22,307,749	\$ 1,090,531	\$ 167,644	\$ 28,212,637
Judicial administration:					
Clerk of Circuit Court	\$ -	\$ -	\$ 193,254	\$ -	\$ 193,254
General District Court	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	5,438	-	5,438
Total judicial administration	\$ -	\$ -	\$ 217,944	\$ -	\$ 217,944
Public safety:					
Sheriff	\$ -	\$ -	\$ 2,246,491	\$ -	\$ 2,246,491
Emergency operations	-	-	1,299,808	-	1,299,808
Fire department	-	202,537	1,713,174	244,672	2,160,383
Emergency services	-	-	99,779	-	99,779
Juvenile detention and probation	-	12,520	5,913	-	18,433
Building inspections	-	-	288,403	-	288,403
Animal control	-	-	59,596	-	59,596
Drug enforcement	-	-	20,602	-	20,602
Total public safety	\$ -	\$ 215,057	\$ 5,733,766	\$ 244,672	\$ 6,193,495
Public works:					
Highways and roads	\$ 175,804	\$ -	\$ -	\$ -	\$ 175,804
Sanitation and waste removal	60,446	-	169,209	-	229,655
Maintenance of buildings and grounds	75,700	198,858	176,026	-	450,584
Total public works	\$ 311,950	\$ 198,858	\$ 345,235	\$ -	\$ 856,043
Education:					
Schools	\$ -	\$ 73,493,301	\$ -	\$ -	\$ 73,493,301
Total education	\$ -	\$ 73,493,301	\$ -	\$ -	\$ 73,493,301
Health and welfare:					
Social services	\$ -	\$ -	\$ 250,234	\$ -	\$ 250,234
Total health and welfare	\$ -	\$ -	\$ 250,234	\$ -	\$ 250,234
Parks, recreation, and cultural:					
Parks and recreation	\$ 111,184	\$ -	\$ 307,979	\$ -	\$ 419,163
Library	-	-	280,755	-	280,755
Total parks, recreation, and cultural	\$ 111,184	\$ -	\$ 588,734	\$ -	\$ 699,918
Community development:					
Community development	\$ -	\$ -	\$ 95,635	\$ -	\$ 95,635
Total community development	\$ -	\$ -	\$ 95,635	\$ -	\$ 95,635
Total governmental funds capital assets	\$ 5,069,847	\$ 96,214,965	\$ 8,322,079	\$ 412,316	\$ 110,019,207

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deductions	Governmental Funds Capital Assets June 30, 2008
General government administration:				
Board of supervisors	\$ 24,762,378	\$ 2,753,019	\$ -	\$ 27,515,397
County administrator	36,048	-	(25,000)	11,048
Commissioner of revenue	15,128	-	-	15,128
Central accounting	9,525	12,650	-	22,175
Management information systems	611,781	62,232	(25,124)	648,889
Total general government administration	<u>\$ 25,434,860</u>	<u>\$ 2,827,901</u>	<u>\$ (50,124)</u>	<u>\$ 28,212,637</u>
Judicial administration:				
Clerk of Circuit Court	\$ 193,254	\$ -	\$ -	\$ 193,254
General District Court	19,252	-	-	19,252
Commonwealth's Attorney	5,438	-	-	5,438
Total judicial administration	<u>\$ 217,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,944</u>
Public safety:				
Sheriff	\$ 2,004,631	\$ 668,531	\$ (426,671)	\$ 2,246,491
Emergency operations	1,120,990	195,858	(17,040)	1,299,808
Fire department	1,985,857	174,526	-	2,160,383
Emergency services	99,779	-	-	99,779
Juvenile detention and probation	18,433	-	-	18,433
Building inspections	242,233	46,170	-	288,403
Animal control	78,501	-	(18,905)	59,596
Drug enforcement	20,602	-	-	20,602
Total public safety	<u>\$ 5,571,026</u>	<u>\$ 1,085,085</u>	<u>\$ (462,616)</u>	<u>\$ 6,193,495</u>
Public works:				
Highways and roads	\$ -	\$ 175,804	\$ -	\$ 175,804
Sanitation and waste removal	229,655	-	-	229,655
Maintenance of buildings and grounds	251,726	198,858	-	450,584
Total public works	<u>\$ 481,381</u>	<u>\$ 374,662</u>	<u>\$ -</u>	<u>\$ 856,043</u>
Education:				
Schools	\$ 74,496,755	\$ 3,918,399	\$ (4,921,853)	\$ 73,493,301
Total education	<u>\$ 74,496,755</u>	<u>\$ 3,918,399</u>	<u>\$ (4,921,853)</u>	<u>\$ 73,493,301</u>
Health and welfare:				
Social services	\$ 202,944	\$ 77,428	\$ (30,138)	\$ 250,234
Total health and welfare	<u>\$ 202,944</u>	<u>\$ 77,428</u>	<u>\$ (30,138)</u>	<u>\$ 250,234</u>
Parks, recreation, and cultural:				
Parks and recreation	\$ 409,953	\$ 37,044	\$ (27,834)	\$ 419,163
Library	269,857	10,898	-	280,755
Total parks, recreation, and cultural	<u>\$ 679,810</u>	<u>\$ 47,942</u>	<u>\$ (27,834)</u>	<u>\$ 699,918</u>
Community development:				
Community development	\$ 95,635	\$ -	\$ -	\$ 95,635
Total community development	<u>\$ 95,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,635</u>
Total governmental funds capital assets	<u>\$ 107,180,355</u>	<u>\$ 8,331,417</u>	<u>\$ (5,492,565)</u>	<u>\$ 110,019,207</u>

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2008

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,013,606	\$ 179,333	\$ 1,192,939
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	264,803	277	1,020	266,100
Due from primary government	7,311,860	-	767	7,312,627
Due from other governmental units	2,250,509	-	353,394	2,603,903
Total assets	<u>\$ 9,830,172</u>	<u>\$ 1,013,883</u>	<u>\$ 534,514</u>	<u>\$ 11,378,569</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 182,704	\$ 182,704
Accounts payable	4,761,720	144,128	94,762	5,000,610
Accrued liabilities	5,068,452	148,043	129,156	5,345,651
Due to primary government	-	-	127,892	127,892
Deferred revenue	-	21,836	-	21,836
Total liabilities	<u>\$ 9,830,172</u>	<u>\$ 314,007</u>	<u>\$ 534,514</u>	<u>\$ 10,678,693</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ 699,876	\$ -	\$ 699,876
Total liabilities and fund balances	<u>\$ 9,830,172</u>	<u>\$ 1,013,883</u>	<u>\$ 534,514</u>	<u>\$ 11,378,569</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:				
Total fund balances per above			\$	699,876
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				63,146,689
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.				1,111,627
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(1,891,836)</u>
Net assets of governmental activities			\$	<u>63,066,356</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 13,792	\$ 29,814	\$ -	\$ 43,606
Charges for services	597,111	2,470,158	920,166	3,987,435
Miscellaneous	1,161,000	-	10,091	1,171,091
Intergovernmental revenues:				
Local government	31,791,964	-	752	31,792,716
Commonwealth	58,735,195	75,074	393,440	59,203,709
Federal	4,587,829	1,926,804	1,995,353	8,509,986
Total revenues	<u>\$ 96,886,891</u>	<u>\$ 4,501,850</u>	<u>\$ 3,319,802</u>	<u>\$ 104,708,543</u>
EXPENDITURES				
Current:				
Education	\$ 96,886,891	\$ 4,501,423	\$ 3,285,456	\$ 104,673,770
Contribution to Primary Government	-	-	34,346	34,346
Total expenditures	<u>\$ 96,886,891</u>	<u>\$ 4,501,423</u>	<u>\$ 3,319,802</u>	<u>\$ 104,708,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ -</u>	<u>\$ 427</u>
Net change in fund balances	\$ -	\$ 427	\$ -	\$ 427
Fund balances - beginning	-	699,449	-	699,449
Fund balances - ending	<u>\$ -</u>	<u>\$ 699,876</u>	<u>\$ -</u>	<u>\$ 699,876</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 \$ 427

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. 9,469,906

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. (393,155)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (296,310)

Change in net assets of governmental activities \$ 8,780,868

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, 2008

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 16,500	\$ 14,600	\$ 13,792	\$ (808)
Charges for services	602,004	625,910	597,111	(28,799)
Miscellaneous	742,932	993,074	1,161,000	167,926
Intergovernmental revenues:				
Local government	33,040,724	33,040,724	31,791,964	(1,248,760)
Commonwealth	58,925,958	58,752,030	58,735,195	(16,835)
Federal	4,829,356	4,913,450	4,587,829	(325,621)
Total revenues	<u>\$ 98,157,474</u>	<u>\$ 98,339,788</u>	<u>\$ 96,886,891</u>	<u>\$ (1,452,897)</u>
EXPENDITURES				
Current:				
Education	\$ 98,157,474	\$ 98,339,788	\$ 96,886,891	\$ 1,452,897
Total expenditures	<u>\$ 98,157,474</u>	<u>\$ 98,339,788</u>	<u>\$ 96,886,891</u>	<u>\$ 1,452,897</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 27

School Cafeteria Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 42,004	\$ 42,004	\$ 29,814	\$ (12,190)
2,485,270	2,649,525	2,470,158	(179,367)
-	-	-	-
-	-	-	-
77,587	75,074	75,074	-
1,584,706	1,554,119	1,926,804	372,685
<u>\$ 4,189,567</u>	<u>\$ 4,320,722</u>	<u>\$ 4,501,850</u>	<u>\$ 181,128</u>
<u>\$ 4,189,567</u>	<u>\$ 4,320,722</u>	<u>\$ 4,501,423</u>	<u>\$ (180,701)</u>
<u>\$ 4,189,567</u>	<u>\$ 4,320,722</u>	<u>\$ 4,501,423</u>	<u>\$ (180,701)</u>
\$ -	\$ -	\$ 427	\$ 427
\$ -	\$ -	\$ 427	\$ 427
-	-	699,449	699,449
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699,876</u>	<u>\$ 699,876</u>

Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2008

	<u>Matthews Training Private- Purpose Trust</u>
ASSETS	
Cash and cash equivalents	\$ <u>66,442</u>
NET ASSETS	
Held in trust for scholarships	\$ <u>66,442</u>

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2008

	Matthews Training Private- Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 2,442
Total additions	<u>\$ 2,442</u>
DEDUCTIONS	
Scholarships	\$ -
Total deductions	<u>\$ -</u>
Change in net assets	\$ 2,442
Net assets - beginning	<u>64,000</u>
Net assets - ending	<u><u>\$ 66,442</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 June 30, 2008

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 179,333	\$ 179,333
Receivables (net of allowance for uncollectibles):	-	1,020	1,020
Due from primary government	767	-	767
Due from other governmental units	353,394	-	353,394
Total assets	<u>\$ 354,161</u>	<u>\$ 180,353</u>	<u>\$ 534,514</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Reconciled overdraft	\$ 182,704	\$ -	\$ 182,704
Accounts payable	70,564	24,198	94,762
Accrued liabilities	100,893	28,263	129,156
Due to primary government	-	127,892	127,892
Total liabilities	<u>\$ 354,161</u>	<u>\$ 180,353</u>	<u>\$ 534,514</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ -	\$ -
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 354,161</u>	<u>\$ 180,353</u>	<u>\$ 534,514</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, 2008

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 78,502	\$ 841,664	\$ 920,166
Miscellaneous	-	10,091	10,091
Intergovernmental revenues:			
Local government	752	-	752
Commonwealth	-	393,440	393,440
Federal	1,995,353	-	1,995,353
Total revenues	<u>\$ 2,074,607</u>	<u>\$ 1,245,195</u>	<u>\$ 3,319,802</u>
EXPENDITURES			
Current:			
Education	\$ 2,074,607	\$ 1,210,849	\$ 3,285,456
Contribution to Augusta County	-	34,346	34,346
Total expenditures	<u>\$ 2,074,607</u>	<u>\$ 1,245,195</u>	<u>\$ 3,319,802</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 222,865	\$ 78,502	\$ 78,502	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	752	752
Commonwealth	-	-	-	-
Federal	1,933,841	2,070,883	1,995,353	(75,530)
Total revenues	<u>\$ 2,156,706</u>	<u>\$ 2,149,385</u>	<u>\$ 2,074,607</u>	<u>\$ (74,778)</u>
EXPENDITURES				
Current:				
Education	\$ 2,156,706	\$ 2,149,385	\$ 2,074,607	\$ 74,778
Contribution to County of Augusta, Virginia	-	-	-	-
Total expenditures	<u>\$ 2,156,706</u>	<u>\$ 2,149,385</u>	<u>\$ 2,074,607</u>	<u>\$ 74,778</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 32

Governor's School Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 828,788	\$ 854,980	\$ 841,664	\$ (13,316)
10,000	10,000	10,091	91
-	-	-	-
414,836	376,312	393,440	17,128
-	-	-	-
<u>\$ 1,253,624</u>	<u>\$ 1,241,292</u>	<u>\$ 1,245,195</u>	<u>\$ 3,903</u>
\$ 1,253,624	\$ 1,241,292	\$ 1,210,849	\$ 30,443
-	-	34,346	(34,346)
<u>\$ 1,253,624</u>	<u>\$ 1,241,292</u>	<u>\$ 1,245,195</u>	<u>\$ (3,903)</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, 2008

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 2,090,973	\$ 1,300,973
Buildings	87,263,738	77,581,666
Machinery and equipment	19,386,825	17,880,889
Total governmental funds capital assets	<u>\$ 108,741,536</u>	<u>\$ 96,763,528</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 108,741,536	\$ 96,763,528
Total governmental funds capital assets	<u>\$ 108,741,536</u>	<u>\$ 96,763,528</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2008

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Education:				
Schools	\$ 2,090,973	\$ 87,263,738	\$ 19,386,825	\$ 108,741,536
Total governmental funds capital assets	<u>\$ 2,090,973</u>	<u>\$ 87,263,738</u>	<u>\$ 19,386,825</u>	<u>\$ 108,741,536</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deductions	Governmental Funds Capital Assets June 30, 2008
Education:				
Schools	\$ 96,763,528	\$ 12,368,325	\$ (390,317)	\$ 108,741,536
Total governmental funds capital assets	<u>\$ 96,763,528</u>	<u>\$ 12,368,325</u>	<u>\$ (390,317)</u>	<u>\$ 108,741,536</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 29,590,000	\$ 30,338,000	\$ 30,092,513	\$ (245,487)
Real and personal public service corporation taxes	938,000	956,000	955,237	(763)
Personal property taxes	6,240,000	6,060,000	6,210,722	150,722
Mobile home taxes	260,000	255,000	250,598	(4,402)
Machinery and tools taxes	2,800,000	2,830,000	2,831,529	1,529
Penalties	340,000	340,000	272,953	(67,047)
Interest	220,000	220,000	243,106	23,106
Total general property taxes	<u>\$ 40,388,000</u>	<u>\$ 40,999,000</u>	<u>\$ 40,856,658</u>	<u>\$ (142,342)</u>
Other local taxes:				
Local sales and use taxes	\$ 5,000,000	\$ 5,000,000	\$ 5,016,195	\$ 16,195
Consumers' utility taxes	4,400,000	4,410,000	4,532,958	122,958
Business license taxes	3,100,000	3,050,000	3,142,260	92,260
Utility license taxes	260,000	270,000	272,958	2,958
Motor vehicle licenses	1,890,000	1,825,000	1,798,392	(26,608)
Bank stock taxes	130,000	175,000	199,752	24,752
Taxes on recordation and wills	965,000	945,000	873,122	(71,878)
Hotel and motel room taxes	490,000	490,000	464,581	(25,419)
Restaurant food taxes	2,289,780	2,314,780	2,294,098	(20,682)
Interest on local taxes	50,000	50,000	60,748	10,748
Total other local taxes	<u>\$ 18,574,780</u>	<u>\$ 18,529,780</u>	<u>\$ 18,655,064</u>	<u>\$ 125,284</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 20,000	\$ 26,852	\$ 6,852
Land use application fees	30,000	30,000	15,868	(14,132)
Transfer fees	3,000	3,000	2,148	(852)
Cellular tower fees	10,000	7,700	15,500	7,800
Permits and other licenses	625,300	601,100	637,349	36,249
Total permits, privilege fees, and regulatory licenses	<u>\$ 683,300</u>	<u>\$ 661,800</u>	<u>\$ 697,717</u>	<u>\$ 35,917</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 200,000	\$ 200,000	\$ 182,604	\$ (17,396)
Dog violation fines	10,000	14,000	13,022	(978)
Total fines and forfeitures	<u>\$ 210,000</u>	<u>\$ 214,000</u>	<u>\$ 195,626</u>	<u>\$ (18,374)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,400,000	\$ 2,400,000	\$ 2,270,369	\$ (129,631)
Revenue from use of property	478,000	497,500	490,784	(6,716)
Total revenue from use of money and property	<u>\$ 2,878,000</u>	<u>\$ 2,897,500</u>	<u>\$ 2,761,153</u>	<u>\$ (136,347)</u>
Charges for services:				
Excess fees of clerk	\$ 270,000	\$ 230,000	\$ 222,633	\$ (7,367)
Charges for law enforcement and traffic control	4,000	6,100	9,657	3,557
Charges for courthouse maintenance	40,000	40,000	46,718	6,718
Treasurer's collection fees	34,000	39,000	46,437	7,437
Concealed weapons permits	4,000	7,000	8,284	1,284
Courthouse security fees	80,000	140,000	161,674	21,674
Charges for Commonwealth's Attorney	1,500	2,000	2,782	782
Miscellaneous jail and inmate fees	10,000	15,000	12,690	(2,310)
Charges for streetlights	50,000	7,000	6,647	(353)
Charges for sanitation and waste removal	1,150,000	1,250,000	1,326,325	76,325

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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)				
Charges for services: (Continued)				
Charges for parks and recreation	\$ 227,000	\$ 227,000	\$ 240,627	\$ 13,627
Charges for after school programs	248,000	248,000	281,641	33,641
Charges for day care	90,000	90,000	101,861	11,861
Charges for summer playground	10,500	10,500	14,103	3,603
Charges for library	14,000	19,600	15,878	(3,722)
Total charges for services	<u>\$ 2,233,000</u>	<u>\$ 2,331,200</u>	<u>\$ 2,497,957</u>	<u>\$ 166,757</u>
Miscellaneous revenue:				
Miscellaneous	\$ 275,000	\$ 250,000	\$ 250,639	\$ 639
Repayment of loans from fire companies	160,000	160,000	161,558	1,558
Seized funds	-	2,200	3,101	901
Total miscellaneous revenue	<u>\$ 435,000</u>	<u>\$ 412,200</u>	<u>\$ 415,298</u>	<u>\$ 3,098</u>
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 93,900	\$ 93,900	\$ 93,900	\$ -
Juvenile and domestic relations court costs	30,000	44,000	41,397	(2,603)
Other recovered costs	9,500	6,750	9,631	2,881
Total recovered costs	<u>\$ 133,400</u>	<u>\$ 144,650</u>	<u>\$ 144,928</u>	<u>\$ 278</u>
Total revenue from local sources	<u>\$ 65,535,480</u>	<u>\$ 66,190,130</u>	<u>\$ 66,224,401</u>	<u>\$ 34,271</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 38,000	\$ 38,000	\$ -	\$ (38,000)
Wine taxes	40,000	40,000	-	(40,000)
Motor vehicle carriers' tax	90,000	100,000	72,718	(27,282)
Mobile home titling tax	192,000	200,000	158,238	(41,762)
Timber sales	44,000	10,000	-	(10,000)
Motor vehicle rental tax	37,000	45,000	43,123	(1,877)
State recordation tax	190,000	170,000	218,581	48,581
Personal property tax relief funds	4,300,000	4,296,000	4,295,993	(7)
Total noncategorical aid	<u>\$ 4,931,000</u>	<u>\$ 4,899,000</u>	<u>\$ 4,788,653</u>	<u>\$ (110,347)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 485,000	\$ 552,000	\$ 544,504	\$ (7,496)
Sheriff	2,886,000	2,918,000	2,901,545	(16,455)
Commissioner of revenue	245,000	244,000	245,696	1,696
Treasurer	184,000	187,000	194,656	7,656
Medical examiner	1,500	1,000	-	(1,000)
Registrar/electoral board	59,000	62,000	56,489	(5,511)
Clerk of the Circuit Court	355,000	357,000	366,280	9,280
Total shared expenses	<u>\$ 4,215,500</u>	<u>\$ 4,321,000</u>	<u>\$ 4,309,170</u>	<u>\$ (11,830)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Emergency medical services	\$ 62,000	\$ 69,000	\$ 118,270	\$ 49,270
Hazardous materials grant	-	-	1,289	1,289
Litter control grant	15,000	18,000	18,286	286
Library grant	204,800	192,000	193,216	1,216
Grant for restoration of records	-	4,500	4,514	14
Victim-witness grant	70,000	70,000	83,342	13,342
Performing arts grant	5,000	5,000	5,000	-
Primary election reimbursement	-	-	31,437	31,437
Fireman's insurance fund	160,000	170,000	170,376	376
Technology trust fund	86,000	311,000	221,969	(89,031)
Seized funds	20,000	55,000	67,749	12,749
Valley Children's Center	57,000	57,000	69,077	12,077
Total other categorical aid	<u>\$ 679,800</u>	<u>\$ 951,500</u>	<u>\$ 984,525</u>	<u>\$ 33,025</u>
Total categorical aid	<u>\$ 4,895,300</u>	<u>\$ 5,272,500</u>	<u>\$ 5,293,695</u>	<u>\$ 21,195</u>
Total revenue from the Commonwealth	<u>\$ 9,826,300</u>	<u>\$ 10,171,500</u>	<u>\$ 10,082,348</u>	<u>\$ (89,152)</u>
Revenue from the federal government:				
Payments in lieu of taxes				
	<u>\$ 189,000</u>	<u>\$ 189,000</u>	<u>\$ 223,709</u>	<u>\$ 34,709</u>
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 24,505	\$ 24,505
Domestic violence grant	36,000	36,000	31,480	(4,520)
Sane grant	15,300	15,300	9,301	(5,999)
Seized funds	-	122,000	121,888	(112)
Byrne grant	-	-	1,889	1,889
DEQ royalty grant	-	-	88	88
Homeland security grant	-	-	21,200	21,200
Total categorical aid	<u>\$ 51,300</u>	<u>\$ 173,300</u>	<u>\$ 210,351</u>	<u>\$ 37,051</u>
Total revenue from the federal government	<u>\$ 240,300</u>	<u>\$ 362,300</u>	<u>\$ 434,060</u>	<u>\$ 71,760</u>
Total General Fund	<u>\$ 75,602,080</u>	<u>\$ 76,723,930</u>	<u>\$ 76,740,809</u>	<u>\$ 16,879</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	<u>\$ 188,485</u>	<u>\$ 188,485</u>	<u>\$ 326,113</u>	<u>\$ 137,628</u>
Recovered costs:				
City of Staunton, Virginia	\$ 361,162	\$ 361,162	\$ 350,902	\$ (10,260)
City of Waynesboro, Virginia	367,386	367,386	353,115	(14,271)
Total recovered costs	<u>\$ 728,548</u>	<u>\$ 728,548</u>	<u>\$ 704,017</u>	<u>\$ (24,531)</u>
Total revenue from local sources	<u>\$ 917,033</u>	<u>\$ 917,033</u>	<u>\$ 1,030,130</u>	<u>\$ 113,097</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,246,776	\$ 2,798,372	\$ 2,592,159	\$ (206,213)
Other grants and programs	125,000	125,000	123,545	(1,455)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Virginia Public Assistance Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Comprehensive Services Act program	\$ 1,842,322	\$ 1,683,660	\$ 2,271,410	\$ 587,750
Total categorical aid	<u>\$ 4,214,098</u>	<u>\$ 4,607,032</u>	<u>\$ 4,987,114</u>	<u>\$ 380,082</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,764,761	\$ 5,371,827	\$ 4,931,895	\$ (439,932)
Total Virginia Public Assistance Fund	<u>\$ 10,895,892</u>	<u>\$ 10,895,892</u>	<u>\$ 10,949,139</u>	<u>\$ 53,247</u>
Debt Service Fund:				
School Debt Service Fund:				
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School construction payments	\$ 248,681	\$ 229,398	\$ 248,514	\$ 19,116
Total School Debt Service Fund	<u>\$ 248,681</u>	<u>\$ 229,398</u>	<u>\$ 248,514</u>	<u>\$ 19,116</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
E-911 wireless funding	\$ -	\$ -	\$ 126,624	\$ 126,624
Governor's opportunity fund	-	-	200,000	200,000
Other	-	-	46,759	46,759
Emergency watershed	-	-	277,142	277,142
Burn building grant	-	-	200,000	200,000
Emergency grant	-	-	150,000	150,000
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,525</u>	<u>\$ 1,000,525</u>
Revenue from the federal government:				
Categorical aid:				
Assistance to firefighters grant	\$ -	\$ -	\$ 36,640	\$ 36,640
Watershed grant	-	-	686,695	686,695
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,335</u>	<u>\$ 723,335</u>
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,860</u>	<u>\$ 1,723,860</u>
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 96,250	\$ 5,698	\$ 5,699	\$ 1
Total revenue from use of money and property	<u>96,250</u>	<u>5,698</u>	<u>5,699</u>	<u>1</u>
Total revenue from local sources	<u>\$ 96,250</u>	<u>\$ 5,698</u>	<u>\$ 5,699</u>	<u>\$ 1</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
State literary grant	\$ -	\$ 1,590,376	\$ 1,515,514	\$ (74,862)
Total noncategorical aid	<u>-</u>	<u>1,590,376</u>	<u>1,515,514</u>	<u>(74,862)</u>
Categorical aid:				
State lottery funds	\$ 795,310	\$ 796,665	\$ 797,447	\$ 782
Total revenue from the Commonwealth	<u>\$ 795,310</u>	<u>\$ 2,387,041</u>	<u>\$ 2,312,961</u>	<u>\$ (74,080)</u>
Total School Capital Improvements Fund	<u>\$ 891,560</u>	<u>\$ 2,392,739</u>	<u>\$ 2,318,660</u>	<u>\$ (74,079)</u>
Total Primary Government	<u>\$ 87,638,213</u>	<u>\$ 90,241,959</u>	<u>\$ 91,980,982</u>	<u>\$ 1,739,023</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 15,639	\$ -	\$ -	\$ -
Revenue from the use of property	16,500	14,600	13,792	(808)
Total revenue from use of money and property	<u>\$ 32,139</u>	<u>\$ 14,600</u>	<u>\$ 13,792</u>	<u>\$ (808)</u>
Charges for services:				
Charges for education	\$ 340,807	\$ 341,180	\$ 330,238	\$ (10,942)
Tuition and payments from other divisions	261,197	284,730	266,873	(17,857)
Total charges for services	<u>\$ 602,004</u>	<u>\$ 625,910</u>	<u>\$ 597,111</u>	<u>\$ (28,799)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 749,424	\$ 993,074	\$ 1,161,000	\$ 167,926
Total revenue from local sources	<u>\$ 1,383,567</u>	<u>\$ 1,633,584</u>	<u>\$ 1,771,903</u>	<u>\$ 138,319</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 33,040,724	\$ 33,040,724	\$ 31,791,964	\$ (1,248,760)
Total revenues from local governments	<u>\$ 33,040,724</u>	<u>\$ 33,040,724</u>	<u>\$ 31,791,964</u>	<u>\$ (1,248,760)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 11,363,411	\$ 10,900,000	\$ 10,869,167	\$ (30,833)
Basic school aid	31,104,077	31,180,209	31,233,803	53,594
Remedial summer education	273,175	229,797	229,797	-
Regular foster care	45,103	45,103	64,234	19,131
Adult secondary education	-	90,322	93,464	3,142
Gifted and talented	295,106	293,325	293,495	170
Remedial education	431,862	429,257	429,505	248
Enrollment loss	-	179,570	167,453	(12,117)
Special education	2,684,742	2,668,546	2,670,086	1,540
Textbook payment	721,785	717,431	717,845	414
Standards of learning-project graduation	-	50,000	45,134	(4,866)
Vocational standards of quality payments	1,281,191	1,273,462	1,274,197	735
Vocational adult education	20,378	20,378	19,838	(540)
Social security fringe benefits	1,641,076	1,631,176	1,632,117	941
Retirement fringe benefits	2,454,416	2,439,609	2,441,017	1,408
Group life insurance instructional	86,372	85,851	85,901	50

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Early reading intervention	\$ 115,558	\$ 137,570	\$ 137,570	\$ -
State lottery payments	795,310	796,665	797,446	781
Homebound education	48,758	50,965	50,965	-
Regional program tuition	686,876	660,546	619,067	(41,479)
Vocational education - equipment	29,663	33,168	38,475	5,307
Vocational occupational preparedness	192,692	97,657	90,933	(6,724)
Compensation supplement	2,000,961	2,010,353	2,011,513	1,160
Mentor teacher program	7,742	8,459	8,959	500
Special education - foster children	83,762	83,762	67,412	(16,350)
At risk payments	296,082	294,331	294,466	135
Primary class size	769,473	757,282	757,282	-
Technology	596,000	596,000	596,000	-
Standards of Learning algebra readiness	65,811	65,722	65,722	-
At risk four-year olds	449,297	514,026	514,026	-
English as a second language	126,460	144,314	144,314	-
Race to GED	-	14,000	14,000	-
Other state funds	258,819	253,174	259,992	6,818
Total categorical aid	<u>\$ 58,925,958</u>	<u>\$ 58,752,030</u>	<u>\$ 58,735,195</u>	<u>\$ (16,835)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 98,277	\$ 98,076	\$ 98,076	\$ -
Adult literacy	174,150	160,638	191,249	30,611
Title I	1,422,446	1,456,840	1,182,222	(274,618)
Title VI-B, special education flow-through	2,235,180	2,332,458	2,280,204	(52,254)
Vocational education	144,802	147,300	156,463	9,163
Title VI-B, special education pre-school	82,652	72,661	50,447	(22,214)
Drug free schools	33,569	33,569	29,542	(4,027)
21st century grant	134,691	201,509	165,813	(35,696)
Title VI, libraries	10,950	11,560	9,776	(1,784)
American history grant	80,000	16,513	5,726	(10,787)
Enhancing education through technology	11,869	13,104	7,516	(5,588)
Language acquisition	23,616	26,077	26,078	1
Title II Part A	353,983	341,945	384,717	42,772
Advanced placement	1,040	1,200	-	(1,200)
Total categorical aid	<u>\$ 4,807,225</u>	<u>\$ 4,913,450</u>	<u>\$ 4,587,829</u>	<u>\$ (325,621)</u>
Total School Operating Fund	<u>\$ 98,157,474</u>	<u>\$ 98,339,788</u>	<u>\$ 96,886,891</u>	<u>\$ (1,452,897)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 42,004	\$ 42,004	\$ 29,814	\$ (12,190)
Charges for services:				
Cafeteria sales	\$ 2,485,270	\$ 2,649,525	\$ 2,470,158	\$ (179,367)
Total revenue from local sources	<u>\$ 2,527,274</u>	<u>\$ 2,691,529</u>	<u>\$ 2,499,972</u>	<u>\$ (191,557)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 77,587	\$ 75,074	\$ 75,074	\$ -
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,584,706	\$ 1,554,119	\$ 1,598,628	\$ 44,509
USDA donated food	-	-	328,176	328,176
Total categorical aid	\$ 1,584,706	\$ 1,554,119	\$ 1,926,804	\$ 372,685
Total revenue from the federal government	\$ 1,584,706	\$ 1,554,119	\$ 1,926,804	\$ 372,685
Total School Cafeteria Fund	\$ 4,189,567	\$ 4,320,722	\$ 4,501,850	\$ 181,128
Head Start Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 222,865	\$ 78,502	\$ 78,502	\$ -
Total charges for services	\$ 222,865	\$ 78,502	\$ 78,502	\$ -
Total revenue from local sources	\$ 222,865	\$ 78,502	\$ 78,502	\$ -
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ -	\$ -	\$ 752	\$ 752
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 1,933,841	\$ 2,070,883	\$ 1,995,353	\$ (75,530)
Total revenue from the federal government	\$ 1,933,841	\$ 2,070,883	\$ 1,995,353	\$ (75,530)
Total Head Start Fund	\$ 2,156,706	\$ 2,149,385	\$ 2,074,607	\$ (74,778)
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 828,788	\$ 854,980	\$ 841,664	\$ (13,316)
Miscellaneous revenue:				
Other miscellaneous	\$ 10,000	\$ 10,000	\$ 10,091	\$ 91
Total revenue from local sources	\$ 838,788	\$ 864,980	\$ 851,755	\$ (13,225)
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 388,836	\$ 350,312	\$ 367,440	\$ 17,128
Technology funds	26,000	26,000	26,000	-
Total categorical aid	\$ 414,836	\$ 376,312	\$ 393,440	\$ 17,128
Total Governor's School Fund	\$ 1,253,624	\$ 1,241,292	\$ 1,245,195	\$ 3,903
Total Discretely Presented Component Unit - School Board	\$ 105,757,371	\$ 106,051,187	\$ 104,708,543	\$ (1,342,644)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 458,810	\$ 255,190	\$ 238,416	\$ 16,774
General and financial administration:				
County administrator	\$ 596,970	\$ 624,580	\$ 613,858	\$ 10,722
Personnel	194,350	193,650	191,199	2,451
Legal services	221,450	233,070	222,014	11,056
Commissioner of revenue	827,670	822,530	799,648	22,882
Board of Assessors and Equalization	358,600	428,000	425,125	2,875
Treasurer	536,640	566,080	551,219	14,861
Central accounting	350,090	339,420	334,477	4,943
Management information systems	541,040	551,345	548,126	3,219
Other general and financial administration	516,900	78,300	71,250	7,050
Total general and financial administration	<u>\$ 4,143,710</u>	<u>\$ 3,836,975</u>	<u>\$ 3,756,916</u>	<u>\$ 80,059</u>
Board of elections:				
Electoral board and officials	\$ 221,870	\$ 270,440	\$ 232,537	\$ 37,903
Total board of elections	<u>\$ 221,870</u>	<u>\$ 270,440</u>	<u>\$ 232,537</u>	<u>\$ 37,903</u>
Total general government administration	<u>\$ 4,824,390</u>	<u>\$ 4,362,605</u>	<u>\$ 4,227,869</u>	<u>\$ 134,736</u>
Judicial administration:				
Courts:				
Circuit court	\$ 87,190	\$ 90,525	\$ 88,868	\$ 1,657
General district court	4,600	4,600	4,475	125
Special magistrates	7,100	6,850	6,174	676
Clerk of the circuit court	700,990	953,560	858,142	95,418
Total courts	<u>\$ 799,880</u>	<u>\$ 1,055,535</u>	<u>\$ 957,659</u>	<u>\$ 97,876</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 782,810	\$ 920,645	\$ 927,488	\$ (6,843)
Total commonwealth's attorney	<u>\$ 782,810</u>	<u>\$ 920,645</u>	<u>\$ 927,488</u>	<u>\$ (6,843)</u>
Total judicial administration	<u>\$ 1,582,690</u>	<u>\$ 1,976,180</u>	<u>\$ 1,885,147</u>	<u>\$ 91,033</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,648,390	\$ 5,901,820	\$ 6,023,408	\$ (121,588)
Emergency operations center	1,480,860	1,482,970	1,440,925	42,045
Total law enforcement and traffic control	<u>\$ 7,129,250</u>	<u>\$ 7,384,790</u>	<u>\$ 7,464,333</u>	<u>\$ (79,543)</u>
Fire and rescue services:				
Fire department	\$ 2,596,050	\$ 2,595,800	\$ 2,527,766	\$ 68,034
Volunteer emergency operations	2,329,515	2,385,705	2,435,253	(49,548)
Fire training center	297,570	301,285	271,137	30,148
Fire revolving fund loan disbursements	320,000	330,000	200,000	130,000
Total fire and rescue services	<u>\$ 5,543,135</u>	<u>\$ 5,612,790</u>	<u>\$ 5,434,156</u>	<u>\$ 178,634</u>
Correction and detention:				
Probation and detention	\$ 1,421,743	\$ 982,490	\$ 979,602	\$ 2,888
Total correction and detention	<u>\$ 1,421,743</u>	<u>\$ 982,490</u>	<u>\$ 979,602</u>	<u>\$ 2,888</u>
Inspections:				
Building	\$ 545,050	\$ 559,750	\$ 555,815	\$ 3,935
Total inspections	<u>\$ 545,050</u>	<u>\$ 559,750</u>	<u>\$ 555,815</u>	<u>\$ 3,935</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 314,970	\$ 315,785	\$ 318,718	\$ (2,933)
Drug enforcement funds	20,000	179,200	37,531	141,669
Total other protection	<u>\$ 334,970</u>	<u>\$ 494,985</u>	<u>\$ 356,249</u>	<u>\$ 138,736</u>
Total public safety	<u>\$ 14,974,148</u>	<u>\$ 15,034,805</u>	<u>\$ 14,790,155</u>	<u>\$ 244,650</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 85,000	\$ 88,000	\$ 94,596	\$ (6,596)
Streetlights	164,000	95,000	105,522	(10,522)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 249,000</u>	<u>\$ 183,000</u>	<u>\$ 200,118</u>	<u>\$ (17,118)</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,566,300	\$ 1,559,650	\$ 1,523,782	\$ 35,868
Recycling program	133,700	133,500	127,809	5,691
Total sanitation and waste removal	<u>\$ 1,700,000</u>	<u>\$ 1,693,150</u>	<u>\$ 1,651,591</u>	<u>\$ 41,559</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,425,700	\$ 1,329,180	\$ 1,292,420	\$ 36,760
Total maintenance of general buildings and grounds	<u>\$ 1,425,700</u>	<u>\$ 1,329,180</u>	<u>\$ 1,292,420</u>	<u>\$ 36,760</u>
Total public works	<u>\$ 3,374,700</u>	<u>\$ 3,205,330</u>	<u>\$ 3,144,129</u>	<u>\$ 61,201</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 534,750	\$ 532,800	\$ 577,510	\$ (44,710)
Total health	<u>\$ 534,750</u>	<u>\$ 532,800</u>	<u>\$ 577,510</u>	<u>\$ (44,710)</u>
Mental health and mental retardation:				
Community services board	\$ 120,750	\$ 120,750	\$ 120,750	\$ -
Total mental health and mental retardation	<u>\$ 120,750</u>	<u>\$ 120,750</u>	<u>\$ 120,750</u>	<u>\$ -</u>
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Augusta Regional Free Clinic	2,675	2,675	2,675	-
Blue Ridge Legal Services, Inc.	3,832	3,832	3,832	-
Valley Program for the Aging	32,670	32,670	32,670	-
New Directions Center	16,370	16,370	16,370	-
Blue Ridge Court Services	3,800	3,650	3,650	-
Disability Services Board	2,000	2,000	1,982	18
Coordinated Area Transportation Services	32,240	32,240	32,240	-
Court Appointed Special Advocate	2,600	2,600	2,600	-
V.M.S.D.C	1,000	1,000	1,000	-
Verona Food Pantry	20,300	20,300	20,300	-
Lions Sight and Hearing/Oak Grove Theatre	3,130	3,130	3,130	-
Tax relief for the elderly	-	-	176,171	(176,171)
Total welfare	<u>\$ 121,617</u>	<u>\$ 121,467</u>	<u>\$ 297,620</u>	<u>\$ (176,153)</u>
Total health and welfare	<u>\$ 777,117</u>	<u>\$ 775,017</u>	<u>\$ 995,880</u>	<u>\$ (220,863)</u>
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	33,040,724	33,040,724	31,758,370	1,282,354
Total education	<u>\$ 33,045,724</u>	<u>\$ 33,045,724</u>	<u>\$ 31,763,370</u>	<u>\$ 1,282,354</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,341,310	\$ 1,409,220	\$ 1,391,986	\$ 17,234
Upper Valley Regional Park Authority	38,000	43,000	43,000	-
Total parks and recreation	<u>\$ 1,379,310</u>	<u>\$ 1,452,220</u>	<u>\$ 1,434,986</u>	<u>\$ 17,234</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	-
Augusta County Fair	8,000	8,000	8,000	-
Arts & History Alliance	60,000	60,000	60,000	-
Total cultural enrichment	<u>\$ 78,000</u>	<u>\$ 78,000</u>	<u>\$ 78,000</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,091,120	\$ 1,089,841	\$ 1,063,382	\$ 26,459
Churchville library	111,210	109,700	102,484	7,216
Total library	<u>\$ 1,202,330</u>	<u>\$ 1,199,541</u>	<u>\$ 1,165,866</u>	<u>\$ 33,675</u>
Total parks, recreation, and cultural	<u>\$ 2,659,640</u>	<u>\$ 2,729,761</u>	<u>\$ 2,678,852</u>	<u>\$ 50,909</u>
Community development:				
Planning and community development:				
Community development	\$ 986,870	\$ 949,040	\$ 934,940	\$ 14,100
Tourism and economic development	269,165	269,090	132,399	136,691
Contribution to Industrial Development Authority	270,000	245,000	243,878	1,122
Total planning and community development	<u>\$ 1,526,035</u>	<u>\$ 1,463,130</u>	<u>\$ 1,311,217</u>	<u>\$ 151,913</u>
Environmental management:				
Contribution to soil and water district	\$ 34,450	\$ 34,450	\$ 34,450	-
Other environmental management	65,210	65,760	62,176	3,584
Total environmental management	<u>\$ 99,660</u>	<u>\$ 100,210</u>	<u>\$ 96,626</u>	<u>\$ 3,584</u>
Cooperative extension program:				
Extension office	\$ 122,880	\$ 127,880	\$ 123,614	\$ 4,266
Agricultural development	67,900	69,440	66,460	2,980
Total cooperative extension program	<u>\$ 190,780</u>	<u>\$ 197,320</u>	<u>\$ 190,074</u>	<u>\$ 7,246</u>
Total community development	<u>\$ 1,816,475</u>	<u>\$ 1,760,660</u>	<u>\$ 1,597,917</u>	<u>\$ 162,743</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	-
Contingencies	150,000	25,000	20,976	4,024
Total nondepartmental	<u>\$ 274,405</u>	<u>\$ 149,405</u>	<u>\$ 145,381</u>	<u>\$ 4,024</u>
Total General Fund	<u>\$ 63,329,289</u>	<u>\$ 63,039,487</u>	<u>\$ 61,228,700</u>	<u>\$ 1,810,787</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 7,404,000	\$ 7,186,400	\$ 7,043,674	\$ 142,726
Public assistance	2,045,000	1,903,600	1,788,159	115,441
Comprehensive services	3,120,000	3,506,000	3,644,898	(138,898)
Family resource center	260,000	233,000	213,479	19,521
Total welfare and social services	<u>\$ 12,829,000</u>	<u>\$ 12,829,000</u>	<u>\$ 12,690,210</u>	<u>\$ 138,790</u>
Total health and welfare	<u>\$ 12,829,000</u>	<u>\$ 12,829,000</u>	<u>\$ 12,690,210</u>	<u>\$ 138,790</u>
Total Virginia Public Assistance Fund	<u>\$ 12,829,000</u>	<u>\$ 12,829,000</u>	<u>\$ 12,690,210</u>	<u>\$ 138,790</u>
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 4,921,853	\$ 4,921,853	\$ 4,921,853	-
Interest and other fiscal charges	3,672,147	3,447,147	3,446,208	939
Total School Debt Service Fund	<u>\$ 8,594,000</u>	<u>\$ 8,369,000</u>	<u>\$ 8,368,061</u>	<u>\$ 939</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Landfill	\$ -	\$ -	\$ 690,990	\$ (690,990)
Infrastructure	1,610,000	1,610,000	2,084,421	(474,421)
County schools	249,000	931,325	142,509	788,816
Secondary roads	1,150,000	1,150,000	1,115,000	35,000
Programs	2,167,500	2,160,500	(969,968)	3,130,468
Equipment Replacement	510,000	510,000	668,808	(158,808)
Building renovations	1,562,000	1,547,000	2,029,541	(482,541)
Economic development	300,000	300,000	456,486	(156,486)
County courthouse	300,000	300,000	1,117,588	(817,588)
Grants	200,000	200,000	1,015,422	(815,422)
Total capital projects	<u>\$ 8,048,500</u>	<u>\$ 8,708,825</u>	<u>\$ 8,350,797</u>	<u>\$ 358,028</u>
Total Capital Projects Fund	<u>\$ 8,048,500</u>	<u>\$ 8,708,825</u>	<u>\$ 8,350,797</u>	<u>\$ 358,028</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Transportation	\$ 795,310	\$ 794,920	\$ 794,920	-
SDHS renovations	2,737,125	4,582,301	2,544,255	2,038,046
WMHS renovations	2,625,634	4,418,160	2,557,241	1,860,919
Other	40,000	802,953	689,794	113,159
Building renovations	458,938	1,735,630	1,697,284	38,346
Land acquisition	-	790,000	790,000	-
Total capital projects	<u>\$ 6,657,007</u>	<u>\$ 13,123,964</u>	<u>\$ 9,073,494</u>	<u>\$ 4,050,470</u>
Total School Capital Projects Fund	<u>\$ 6,657,007</u>	<u>\$ 13,123,964</u>	<u>\$ 9,073,494</u>	<u>\$ 4,050,470</u>
Total Primary Government	<u>\$ 99,457,796</u>	<u>\$ 106,070,276</u>	<u>\$ 99,711,262</u>	<u>\$ 6,359,014</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 115,615	\$ 122,255	\$ 120,083	\$ 2,172
Executive administration services	716,595	720,311	702,730	17,581
Personnel	245,463	244,781	242,553	2,228
Fiscal services	417,833	416,102	414,983	1,119
Data processing services	290,810	289,661	254,688	34,973
Total administration of schools	<u>\$ 1,786,316</u>	<u>\$ 1,793,110</u>	<u>\$ 1,735,037</u>	<u>\$ 58,073</u>
Instruction costs:				
Elementary and secondary schools	\$ 65,214,253	\$ 65,181,187	\$ 63,999,347	\$ 1,181,840
Guidance services	2,465,993	2,442,613	2,438,884	3,729
Social worker services	260,550	326,303	315,255	11,048
Other instructional costs	1,746,191	1,723,660	1,647,899	75,761
Media services	4,972,302	5,140,451	5,129,693	10,758
Office of the principal	5,770,612	5,761,396	5,723,743	37,653
Total instruction costs	<u>\$ 80,429,901</u>	<u>\$ 80,575,610</u>	<u>\$ 79,254,821</u>	<u>\$ 1,320,789</u>
Operating costs:				
Attendance and health services	\$ 1,325,753	\$ 1,329,053	\$ 1,333,398	\$ (4,345)
Pupil transportation	5,500,148	5,474,171	5,542,995	(68,824)
Operation and maintenance of school plant	9,115,356	9,167,844	9,020,640	147,204
Total operating costs	<u>\$ 15,941,257</u>	<u>\$ 15,971,068</u>	<u>\$ 15,897,033</u>	<u>\$ 74,035</u>
Total education	<u>\$ 98,157,474</u>	<u>\$ 98,339,788</u>	<u>\$ 96,886,891</u>	<u>\$ 1,452,897</u>
Total School Fund	<u>\$ 98,157,474</u>	<u>\$ 98,339,788</u>	<u>\$ 96,886,891</u>	<u>\$ 1,452,897</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,189,567	\$ 4,320,722	\$ 4,501,423	\$ (180,701)
Total Cafeteria Fund	<u>\$ 4,189,567</u>	<u>\$ 4,320,722</u>	<u>\$ 4,501,423</u>	<u>\$ (180,701)</u>
Head Start Fund:				
Education:				
Instruction	\$ 1,833,424	\$ 1,805,159	\$ 1,750,327	\$ 54,832
Administration, attendance, and health	263,726	278,947	258,988	19,959

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
Head Start Fund: (Continued)				
Education: (Continued)				
Transportation services	\$ 58,880	\$ 65,279	\$ 65,292	\$ (13)
Operations and maintenance services	676	-	-	-
Total education	<u>\$ 2,156,706</u>	<u>\$ 2,149,385</u>	<u>\$ 2,074,607</u>	<u>\$ 74,778</u>
Total Head Start Fund	<u>\$ 2,156,706</u>	<u>\$ 2,149,385</u>	<u>\$ 2,074,607</u>	<u>\$ 74,778</u>
Governor's School Fund:				
Education:				
Instruction	\$ 1,219,924	\$ 1,207,592	\$ 1,185,325	\$ 22,267
Operations and maintenance services	33,700	33,700	25,524	8,176
Contribution to County of Augusta, Virginia	0	0	34,346	(34,346)
Total education	<u>\$ 1,253,624</u>	<u>\$ 1,241,292</u>	<u>\$ 1,245,195</u>	<u>\$ (3,903)</u>
Total Governor's School Fund	<u>\$ 1,253,624</u>	<u>\$ 1,241,292</u>	<u>\$ 1,245,195</u>	<u>\$ (3,903)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 105,757,371</u>	<u>\$ 106,051,187</u>	<u>\$ 104,708,116</u>	<u>\$ 1,343,071</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the County of Augusta's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Tables

Financial Trends

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

1-6

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

7-10

Debt Capacity

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

11-12

Demographic and Economic Information

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

13

Operating Information

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

14-17

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,168,130	\$ 5,700,181	\$ 8,436,443	\$ 4,137,028
Restricted	17,827,732	19,996,727	27,186,542	28,930,212
Unrestricted	15,851,518	15,704,283	8,827,961	19,449,041
Total governmental activities net assets	\$ 40,847,380	\$ 41,401,191	\$ 44,450,946	\$ 52,516,281
Business-type activities				
Invested in capital assets, net of related debt	\$ 53,214,057	\$ 56,493,705	\$ 58,257,453	\$ -
Restricted	3,476,843	3,571,068	3,769,136	-
Unrestricted	8,882,542	10,433,957	11,340,625	-
Total business-type activities net assets	\$ 65,573,442	\$ 70,498,730	\$ 73,367,214	\$ -
Primary government				
Invested in capital assets, net of related debt	\$ 60,382,187	\$ 62,193,886	\$ 66,693,896	\$ 4,137,028
Restricted	21,304,575	23,567,795	30,955,678	28,930,212
Unrestricted	24,734,060	26,138,240	20,168,586	19,449,041
Total primary government net assets	\$ 106,420,822	\$ 111,899,921	\$ 117,818,160	\$ 52,516,281

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

Table 1

	2006	2007	2008
\$	18,782,488	\$ 19,304,458	\$ 11,932,321
	26,183,790	35,360,962	36,227,000
	12,408,978	14,705,747	19,668,205
\$	<u>57,375,256</u>	<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>
\$	-	\$ -	\$ -
	-	-	-
	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
\$	18,782,488	\$ 19,304,458	\$ 11,932,321
	26,183,790	35,360,962	36,227,000
	12,408,978	14,705,747	19,668,205
\$	<u>57,375,256</u>	<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	\$ 4,532,842	\$ 3,706,869	\$ 3,839,477	\$ 2,478,683
Judicial administration	935,589	1,004,482	1,094,059	2,679,389
Public safety	10,348,457	10,939,395	11,938,546	15,189,283
Public works	2,264,495	6,788,951	4,852,479	5,034,373
Health and welfare	7,168,889	7,667,058	9,478,679	10,821,758
Education	28,885,170	30,205,596	32,275,983	32,680,676
Parks, recreation and cultural	1,905,821	1,920,357	1,899,918	1,956,779
Community development	1,306,243	1,094,698	1,284,739	1,095,394
Interest on long-term debt	2,385,160	2,207,537	2,027,895	2,348,501
Total governmental activities expenses	<u>\$ 59,732,666</u>	<u>\$ 65,534,943</u>	<u>\$ 68,691,775</u>	<u>\$ 74,284,836</u>
Business-type activities:				
Service Authority	\$ 8,865,022	\$ 9,328,399	\$ 9,843,983	\$ -
Total primary government expenses	<u>\$ 68,597,688</u>	<u>\$ 74,863,342</u>	<u>\$ 78,535,758</u>	<u>\$ 74,284,836</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 29,762	\$ 32,047	\$ 29,817	\$ 201,308
Judicial administration	185,874	416,746	484,901	358,190
Public safety	9,784	36,733	46,749	1,818,693
Public works	1,091,511	1,381,470	1,032,628	1,218,967
Health and welfare	60,145	29,145	58,451	789,387
Parks, recreation and cultural	483,707	438,010	491,250	552,890
Community development	-	-	805,954	794,058
Operating grants and contributions	12,198,791	12,140,771	13,902,305	14,256,910
Capital grants and contributions	381,681	325,056	547,745	2,747,769
Total governmental activities program revenues	<u>\$ 14,441,255</u>	<u>\$ 14,799,978</u>	<u>\$ 17,399,800</u>	<u>\$ 22,738,172</u>
Business-type activities:				
Charges for services:				
Service Authority	\$ 8,289,261	\$ 8,851,965	\$ 9,165,628	\$ -
Capital grants and contributions	6,428,336	4,480,576	3,333,111	-
Total business-type activities program revenues	<u>\$ 14,717,597</u>	<u>\$ 13,332,541</u>	<u>\$ 12,498,739</u>	<u>\$ -</u>
Total primary government program revenues	<u>\$ 29,158,852</u>	<u>\$ 28,132,519</u>	<u>\$ 29,898,539</u>	<u>\$ 22,738,172</u>
Net (expense) / revenue				
Governmental activities	\$ (45,291,411)	\$ (50,734,965)	\$ (51,291,975)	\$ (51,546,664)
Business-type activities	5,852,575	4,004,142	2,654,756	-
Total primary government net expense	<u>\$ (39,438,836)</u>	<u>\$ (46,730,823)</u>	<u>\$ (48,637,219)</u>	<u>\$ (51,546,664)</u>

Table 2

	2006	2007	2008
\$	4,079,044	\$ 4,311,447	\$ 5,509,093
	1,240,876	1,594,317	1,851,046
	16,101,838	13,644,513	15,262,308
	6,895,780	5,247,249	5,696,530
	11,961,725	11,680,282	12,994,411
	35,060,055	37,298,801	42,733,092
	2,375,514	2,501,010	3,291,280
	2,047,389	1,628,788	2,213,214
	2,314,508	2,653,362	3,353,767
\$	<u>82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>
\$	38,174	\$ 723,199	\$ 744,154
	525,703	614,220	433,807
	1,963,916	50,341	226,257
	1,210,912	2,257,679	1,332,972
	796,865	188,485	326,113
	564,861	649,233	654,110
	747,914	-	-
	15,401,030	13,542,540	15,423,055
	2,777,194	2,227,600	2,769,821
\$	<u>24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>
\$	(58,050,160)	\$ (60,306,472)	\$ (70,994,452)
	-	-	-
\$	<u>(58,050,160)</u>	<u>\$ (60,306,472)</u>	<u>\$ (70,994,452)</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 29,235,710	\$ 30,086,807	\$ 31,126,142	\$ 35,098,887
Local sales and use taxes	3,474,194	3,647,816	3,974,946	4,387,914
Motor vehicle licenses taxes	1,709,028	1,682,703	1,741,200	1,785,822
Consumer utility taxes	2,671,531	2,577,327	2,657,186	2,688,223
Business licenses taxes	2,007,787	2,122,349	2,338,263	2,662,780
Restaurant food taxes	1,766,369	1,800,881	1,875,801	1,990,184
Other local taxes	3,265,846	3,394,826	2,796,657	3,287,426
Unrestricted grants and contributions	5,040,773	4,840,236	5,851,264	5,030,068
Unrestricted revenues from use of money and property	1,510,552	1,382,843	645,491	1,461,575
Gain on disposal of capital assets	461,449	-	998,142	-
Miscellaneous	371,016	451,721	229,622	1,219,120
Loss on disposal of assets	-	-	-	-
Transfers	-	(698,733)	-	-
Total governmental activities	\$ 51,514,255	\$ 51,288,776	\$ 54,234,714	\$ 59,611,999
Business-type activities:				
Unrestricted grants and contributions				
Unrestricted revenues from use of money and property	\$ 314,298	\$ 218,783	\$ 188,833	\$ -
Gain on disposal of capital assets	5,669	3,630	24,895	-
Transfers	-	698,733	-	-
Total business-type activities	\$ 319,967	\$ 921,146	\$ 213,728	\$ -
Total primary government	\$ 51,834,222	\$ 52,209,922	\$ 54,448,442	\$ 59,611,999
Change in Net Assets				
Governmental activities	\$ 6,222,844	\$ 553,811	\$ 2,942,739	\$ 8,065,335
Business-type activities	6,172,542	4,925,288	2,868,484	-
Total primary government	\$ 12,395,386	\$ 5,479,099	\$ 5,811,223	\$ 8,065,335

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

Table 2

	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	36,591,540	\$ 40,998,297	\$ 41,016,853
	4,738,044	4,846,918	5,016,195
	1,823,862	1,823,630	1,798,392
	3,600,361	4,281,024	4,532,958
	2,879,209	3,009,798	3,142,260
	2,128,691	2,255,343	2,294,098
	2,786,138	2,000,072	1,871,161
	5,338,644	5,209,278	5,012,362
	2,263,684	3,554,050	2,817,589
	-	-	-
	758,962	475,137	1,948,943
	-	(622,633)	-
	-	-	-
\$	<u>62,909,135</u>	<u>67,830,914</u>	<u>69,450,811</u>
\$	-	\$ -	\$ -
	-	-	-
	-	-	-
\$	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>62,909,135</u>	<u>67,830,914</u>	<u>69,450,811</u>
\$	4,858,975	\$ 7,524,442	\$ (1,543,641)
	-	-	-
\$	<u>4,858,975</u>	<u>7,524,442</u>	<u>(1,543,641)</u>

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	1999	2000	2001	2002	2003
General fund					
Reserved	\$ -	\$ -	\$ -	228,518	175,165
Unreserved	11,677,904	12,684,232	13,570,205	14,363,062	14,138,810
Total general fund	\$ 11,677,904	\$ 12,684,232	\$ 13,570,205	\$ 14,591,580	\$ 14,313,975
All other governmental funds					
Reserved	\$ 4,756	\$ 4,756	\$ -	17,599,214	19,821,562
Unreserved, reported in:					
Capital projects funds	\$ 12,798,694	\$ 12,399,960	\$ 13,886,369	173,408	1,665
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$ 12,803,450	\$ 12,404,716	\$ 13,886,369	\$ 17,772,622	\$ 19,823,227

Table 4

Fiscal Year				
2004	2005	2006	2007	2008
\$ 407,538	\$ 407,017	\$ 741,541	\$ 1,085,858	\$ 1,332,428
<u>12,800,893</u>	<u>17,598,056</u>	<u>16,263,261</u>	<u>20,592,646</u>	<u>17,289,242</u>
<u>\$ 13,208,431</u>	<u>\$ 18,005,073</u>	<u>\$ 17,004,802</u>	<u>\$ 21,678,504</u>	<u>\$ 18,621,670</u>
\$ 26,779,004	\$ 28,523,195	\$ 25,442,249	\$ 34,275,104	\$ 34,894,572
\$ -	\$ -	\$ -	\$ (7,541,836)	\$ 581,874
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
<u>\$ 26,779,004</u>	<u>\$ 28,523,195</u>	<u>\$ 25,442,249</u>	<u>\$ 26,733,268</u>	<u>\$ 35,475,946</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
General property taxes	\$ 26,933,621	\$ 26,683,398	\$ 27,856,151	\$ 29,215,101	\$ 30,153,447
Other local taxes	11,783,330	12,301,808	13,418,872	14,223,702	14,541,480
Permits, privilege fees and regulatory licenses	530,534	529,345	612,099	561,732	684,422
Fines and forfeitures	79,452	62,423	87,139	109,321	113,485
Revenue from use of money and property	1,762,818	1,713,894	2,254,431	1,488,978	1,364,576
Charges for services	1,488,082	2,042,294	2,176,966	1,860,783	2,220,666
Miscellaneous	141,390	127,333	160,365	150,658	220,932
Recovered costs	547,188	607,285	764,388	932,737	1,235,052
Intergovernmental:					
Commonwealth	6,727,719	9,002,890	10,522,280	13,580,803	13,278,030
Federal	1,742,849	2,941,584	3,370,716	4,040,442	4,006,685
Total revenues	\$ 51,736,983	\$ 56,012,254	\$ 61,223,407	\$ 66,164,257	\$ 67,818,775
Expenditures					
General government administration	\$ 2,453,038	\$ 2,772,205	\$ 2,812,242	\$ 2,735,805	\$ 2,862,360
Judicial administration	826,172	929,525	1,056,485	1,016,319	981,550
Public safety	7,875,537	8,863,349	10,095,931	11,205,461	11,660,505
Public works	1,740,358	1,718,170	1,932,275	2,061,756	2,281,420
Health and welfare	4,221,420	5,877,529	6,319,605	7,444,922	8,003,424
Education	3,000	3,000	3,000	24,811,181	26,313,785
Parks, recreation and cultural	1,522,324	1,643,246	1,758,797	1,962,575	2,045,094
Community development	906,923	1,085,357	1,398,281	1,344,008	999,810
Capital projects	4,239,759	5,100,686	4,162,660	3,641,970	5,427,451
Debt service					
Principal	8,626	92,321	92,111	3,278,319	3,203,641
Interest and other fiscal charges	886	12,089	7,543	2,443,479	2,266,735
Total expenditures	\$ 23,798,043	\$ 28,097,477	\$ 29,638,930	\$ 61,945,795	\$ 66,045,775
Excess of revenues over (under) expenditures	\$ 27,938,940	\$ 27,914,777	\$ 31,584,477	\$ 4,218,462	\$ 1,773,000
Other financing sources (uses)					
Transfers in	\$ 7,805,121	\$ 5,073,192	\$ 6,622,420	\$ 12,275,913	\$ 13,271,497
Transfers out	(33,362,682)	(32,643,225)	(36,687,767)	(12,275,913)	(13,271,497)
Bonds issued	-	-	-	227,717	-
Premium on bonds issued	-	-	-	-	-
Capital leases	129,815	262,850	-	-	-
Sale of capital assets	478,470	-	848,496	-	-
Total other financing sources (uses)	\$ (24,949,276)	\$ (27,307,183)	\$ (29,216,851)	\$ 227,717	\$ -
Net change in fund balances	\$ 2,989,664	\$ 607,594	\$ 2,367,626	\$ 4,446,179	\$ 1,773,000
Debt service as a percentage of noncapital expenditures	\$ 0.05%	\$ 0.45%	\$ 0.39%	\$ 9.73%	\$ 8.40%

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

Table 5

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

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Tax	Business License Tax	Total
2008	\$ 40,856,658	\$ 5,016,195	\$ 4,532,958	\$ 1,798,392	\$ 2,294,098	\$ 3,142,260	\$ 57,640,561
2007	40,945,162	4,846,918	3,420,384	1,823,630	2,263,351	3,009,798	56,309,243
2006	37,850,345	4,738,044	2,719,884	1,823,862	2,128,691	2,879,209	52,140,035
2005	34,616,279	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,131,202
2004	31,292,004	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,879,400
2003	30,153,447	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,984,523
2002	29,215,101	3,472,270	2,741,379	1,709,028	1,815,438	2,067,401	41,020,617
2001	27,856,151	3,505,000	2,618,766	1,633,583	1,634,205	1,774,612	39,022,317
2000	26,683,398	3,350,675	2,555,402	1,305,559	1,547,378	1,735,331	37,177,743
1999	26,933,621	3,288,803	2,472,956	1,275,815	1,508,583	1,436,795	36,916,573

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

Fiscal Year	Real Estate (1)	Personal Property (2)	Machinery and Tools	Public Service (3)	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (4)
2008	\$ 5,206,226,035	\$ 597,497,180	\$ 150,731,330	\$ 172,858,139	\$ 6,127,312,684	⁽⁵⁾ \$ 8,703,569,153	70.40%
2007	5,093,036,897	586,582,760	147,337,390	177,676,959	6,004,634,006	8,305,164,600	72.30%
2006	4,956,905,910	549,490,860	88,306,340	202,847,610	5,797,550,720	7,558,736,271	76.70%
2005	4,383,324,880	521,161,070	133,732,440	172,866,940	5,211,085,330	5,726,467,396	91.00%
2004	3,828,661,520	521,559,370	128,012,550	189,376,250	4,667,609,690	5,923,362,551	78.80%
2003	3,729,409,610	497,578,090	123,908,310	191,713,638	4,542,609,648	5,312,993,740	85.50%
2002	3,623,889,980	486,492,230	113,824,640	194,655,330	4,418,862,180	4,680,998,072	94.40%
2001	3,294,646,680	473,381,990	109,159,800	168,416,074	4,045,604,544	4,153,598,094	97.40%
2000	2,978,037,610	426,528,190	103,449,470	170,279,067	3,678,294,337	4,272,118,858	86.10%
1999	2,886,322,830	405,486,430	67,358,950	162,979,164	3,522,147,374	3,957,468,960	89.00%

Source: Commissioner of Revenue

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

(2) Includes PPTRA

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

(4) Source: Virginia Department of Taxation.

(5) Weighted average of direct rates is \$0.73. This is calculated by the Total Tax Levy (Table 10) divided by the Total Taxable Assessed Value (Table 7). See Table 8 for Direct Rates.

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

Fiscal Years	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2008	\$ 0.58	\$ 1.90	\$ 0.58	\$ 1.90
2007	0.58	1.90	0.58	1.90
2006	0.58	1.90	0.58	1.90
2005	0.58	1.90	0.58	1.90
2004	0.58	1.90	0.58	1.90
2003	0.58	1.90	0.58	1.90
2002	0.58	1.90	0.58	1.90
2001	0.58	1.90	0.58	1.90
2000	0.58	1.90	0.58	1.90
1999	0.58	1.90	0.58	1.90

(1) Per \$100 of assessed value

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2008		Fiscal Year 1999	
		2007 Assessed Valuation	% of Total Assessed Valuation	1998 Assessed Valuation	% of Total Assessed Valuation
Hershey Foods Corporation	Food Manufacturer	\$ 86,900,730	1.42%	\$ 73,261,710	2.08%
Virginia Power	Public Utility	71,042,330	1.16%	75,874,360	2.15%
McKee Baking Company	Food Manufacturer	67,533,410	1.10%	63,708,380	1.81%
Dayton Hudson Corporation/Target	Distribution Center	43,933,770	0.72%	43,763,280	1.24%
Shenandoah Valley Electric	Public Utility	33,215,870	0.54%	23,998,221	0.68%
Verizon/Bell Atlantic	Public Utility	19,053,071	0.31%	20,921,820	0.59%
Colonial Realty	Real Estate	16,509,800	0.27%	13,010,500	0.37%
Hollister, Inc	Medical Supplies Mfg.	13,246,680	0.22%	10,183,600	0.29%
Snyder General Corporation/McQuay	Industrial Air Cond. Equip.	12,896,880	0.21%	12,744,840	0.36%
Nibco, Inc.	Copper Pipe Fittings	12,211,621	0.20%	10,730,550	0.30%
		<u>\$ 376,544,162</u>	<u>6.15%</u>	<u>\$ 348,197,261</u>	<u>9.89%</u>

Source: Commissioner of Revenue

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Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 44,831,962	\$ 44,100,666	98.37%	-	\$ 44,100,666	98.37%
2007	43,889,074	43,610,632	99.37%	313,836	43,924,468	100.08%
2006	41,591,742	41,074,320	98.76%	1,140,638	42,214,958	101.50%
2005	38,126,417	37,394,807	98.08%	480,276	37,875,083	99.34%
2004	34,964,974	34,102,933	97.53%	864,373	34,967,306	100.01%
2003	33,867,550	33,163,348	97.92%	501,398	33,664,746	99.40%
2002	32,943,338	31,888,262	96.80%	781,711	32,669,973	99.17%
2001	30,387,660	29,592,256	97.38%	387,997	29,980,253	98.66%
2000	26,176,009	25,857,867	98.78%	369,081	26,226,948	100.19%
1999	26,048,376	26,054,238	100.02%	513,803	26,568,041	101.99%

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA collections from the Commonwealth of Virginia

COUNTY OF AUGUSTA, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities		Total Primary Government
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Capital Leases	
2008	\$ 73,493,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,493,301
2007	65,685,728	-	-	-	-	-	65,685,728
2006	42,656,306	-	-	-	-	-	42,656,306
2005	46,228,785	-	-	-	-	-	46,228,785
2004	42,768,570	-	-	-	33,375,167	84,235	76,227,972
2003	40,058,417	-	-	-	29,731,295	90,026	69,879,738
2002	43,227,261	-	225,642	34,797	28,985,942	95,276	72,568,918
2001	46,378,315	-	-	159,987	-	-	46,538,302
2000	49,526,231	50,000	4,566	279,181	-	-	49,859,978
1999	44,315,632	100,000	275,999	129,815	-	-	44,821,446

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

(1) See the Schedule of Demographic and Economic Statistics - Table 13

Table 11

Percentage of Personal Income (1)	Per Capita (1)
3.50%	1,039
3.12%	928
2.05%	609
2.31%	671
4.06%	1,128
3.96%	1,041
4.30%	1,095
2.76%	700
3.16%	760
3.15%	718

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2008	\$ 73,493,301	\$ -	\$ 73,493,301	1.20%	1,039
2007	65,685,728	-	65,685,728	1.09%	928
2006	42,656,306	-	42,656,306	0.74%	609
2005	46,228,785	-	46,228,785	0.89%	671
2004	42,768,570	-	42,768,570	0.92%	633
2003	40,058,417	-	40,058,417	0.88%	597
2002	43,227,261	-	43,227,261	0.98%	652
2001	46,378,315	-	46,378,315	1.15%	697
2000	49,526,231	4,756	49,521,475	1.35%	755
1999	44,315,632	4,756	44,310,876	1.26%	710

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

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

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

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2008	70,747 \$	29,722 \$	42.01%	39.2	10,716	N/A
2007	70,747	29,722	42.01%	39.2	10,798	2.60%
2006	70,034	29,722	42.44%	40	10,769	2.60%
2005	68,900	29,033	42.14%	40	10,691	2.90%
2004	67,600	27,760	41.07%	N/A	10,662	2.90%
2003	67,100	26,312	39.21%	N/A	10,624	3.10%
2002	66,300	25,438	38.37%	N/A	10,720	3.10%
2001	66,500	25,368	38.15%	N/A	10,704	2.80%
2000	65,615	24,057	36.66%	N/A	10,861	1.70%
1999	62,400	22,800	36.54%	N/A	10,922	2.40%

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.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2008			Fiscal Year 1999		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta Medical Center	1000+	1	4.10%	1000+	2	4.70%
Augusta County School Board	1000+	2	4.10%	1000+	1	4.70%
McKee Foods Corporation	1000+	3	4.10%	500-999	3	2.40%
Hershey Chocolate of Virginia	500-999	4	2.00%	500-999	6	2.40%
Target Corp.	500-999	5	2.00%	500-999	4	2.40%
Hollister, Inc.	250-499	6	1.00%	500-999	9	2.40%
AAF McQuay, Inc.	250-499	7	1.00%	500-999	7	2.40%
American Safety Razor Company	250-499	8	1.00%	500-999	8	2.40%
Alcoa Building Products	250-499	9	1.00%	500-999	10	2.40%
Augusta Correctional Center	250-499	10	1.00%			
Western State Hospital				500-999	5	2.40%
Totals-average	<u>7,875</u>		<u>21.30%</u>	<u>9,000</u>		<u>28.60%</u>
Total County Employment	<u>36,954</u>			<u>31,529</u>		

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

COUNTY OF AUGUSTA, VIRGINIA

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

Function	Fiscal Year					
	1999	2000	2001	2002	2003	2004
General government	47	45	47	48	53	51
Judicial administration	17	23	19	19	21	21
Public safety						
Sheriffs department (1)	107	109	117	121	122	129
Emergency operations center	14	17	17	16	14	17
Fire & rescue	11	10	15	14	20	27
Building inspections	6	7	6	6	7	7
Animal control	2	2	2	2	2	2
Public works						
General maintenance	20	20	20	21	22	22
Health and welfare						
Department of social services (2)	77	79	91	91	83	110
Culture and recreation						
Parks and recreation	6	6	6	6	7	7
Library	17	17	17	15	16	16
Community development	9	8	10	10	10	10
Totals	<u>333</u>	<u>343</u>	<u>367</u>	<u>369</u>	<u>377</u>	<u>419</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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
53	48	52	52
19	22	22	22
129	85	81	81
18	18	21	20
27	37	44	44
8	9	9	9
2	2	3	3
21	20	19	18
116	118	121	120
8	9	11	11
16	16	17	16
12	13	13	13
<u>429</u>	<u>397</u>	<u>413</u>	<u>409</u>

Operating Indicators by Function
Last Seven Fiscal Years

Function	Fiscal Years						
	2002	2003	2004	2005	2006	2007	2008
Public safety							
Sheriffs department:							
Number of police personnel and officers	120	123	131	131	79	79	81
Physical arrests	2,864	3,559	3,639	3,838	5,899	3,975	3,692
Traffic violations	3,420	3,423	4,624	4,492	5,980	7,000	6,434
Parking violations	8	11	5	-	-	-	-
Fire and rescue:							
Number of calls answered	15,084	16,121	17,421	16,699	16,716	17,974	19,401
Number of volunteers (2)	1,080	1,054	1,327	882	912	923	1,001
Number of paid fire personnel and officers	21	26	26	29	37	43	43
Building inspections:							
Permits issued	1,461	1,550	1,528	1,458	1,337	1,241	N/A
Animal control:							
Number of calls answered	4,500	4,529	4,039	5,007	4,603	4,056	N/A
Public works							
General maintenance:							
Trucks/vehicles	6	7	7	7	7	7	7
Health and welfare							
Department of Social Services:							
Caseload	N/A	N/A	7,390	7,934	8,695	8,734	9,034
Culture and recreation							
Parks and recreation:							
After-school program participants	271	275	276	306	261	323	377
Community development							
Planning:							
Zoning permits issued	N/A	N/A	573	597	512	539	N/A
Component Unit - School Board							
Education:							
Number of teachers:							
Instruction	1,075	1,050	1,065	1,079	1,098	1,135	1,140
Other	426	446	444	442	453	465	478
Total	1,501	1,496	1,509	1,521	1,551	1,600	1,618
Local expenditures per pupil (3)	\$ 2,848	\$ 2,992	\$ 3,034	\$ 2,901	\$ 3,157	\$ 3,299	\$ 3,745

Source: Individual county departments

- (1) Data available starting with fiscal year 2002
- (2) All County funded stations
- (3) Includes debt service

Capital Asset Statistics by Function
Last Seven Fiscal Years

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

Source: Individual county departments

- (1) At high and middle schools.
- (2) Data available starting with fiscal year 2002.

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COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia as of and for the year ended June 30, 2008, which collectively comprise the County of Virginia's basic financial statements and have issued our report thereon dated November 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Augusta, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Augusta, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Augusta, Virginia's internal control.

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

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

Compliance and Other Matters:

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

We noted certain matters that we reported to management of the County of Augusta, Virginia in a separate letter dated November 3, 2008.

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 3, 2008

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the compliance of the County of Augusta, Virginia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Augusta, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Augusta, Virginia's management. Our responsibility is to express an opinion on the County of Augusta, Virginia's compliance based on our audit.

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

In our opinion, the County of Augusta, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County of Augusta, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Augusta, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Augusta, Virginia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 3, 2008

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Headstart program	93.600	\$ <u>1,995,353</u>
Pass Through Payments:		
Department of Social Services:		
Family preservation and support	93.556	117,712
Temporary assistance to needy families (TANF)	93.558	969,917
Refugee and entrant assistance - discretionary grants	93.566	3,188
Low income home energy assistance	93.568	14,755
Payments to states for child care assistance	93.575	301,994
Child care and development fund	93.596	286,128
Chafee education	93.599	13,055
Adoption incentive payments program	93.659	232,971
Foster care - Title IV-E	93.658	727,640
State children's insurance program	93.767	27,944
Social services block grant	93.667	901,591
Independent living	93.674	16,520
Medical assistance program (Title XIX)	93.778	555,076
Child welfare services - state grants	93.645	<u>6,118</u>
Total Dept. Health & Human Services-pass through payments		\$ <u>4,174,609</u>
Total Department Health and Human Services		\$ <u>6,169,962</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food distribution	10.555	\$ 328,176
Department of Emergency Services:		
Watershed grant	10.904	686,695
Department of Education:		
National school breakfast program	10.553	317,498
National school lunch program	10.555	1,281,130
Forest reserve payments	10.665	98,076
Department of Social Services:		
State admin matching grants for food stamp program	10.561	<u>757,286</u>
Total Department of Agriculture - pass-through payments		\$ <u>3,468,861</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in lieu of taxes	12.112	\$ <u>223,709</u>

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Pass Through Payments:		
Department of Criminal Justice Service:		
SANE nurse training program	16.588	\$ 9,301
Byrne anti-gang grant	16.579	1,889
Domestic violence grant	16.588	31,480
Forfeited assets	16.000	<u>121,888</u>
Total Department of Justice - pass-through payments		\$ <u>164,558</u>
Total Department of Justice		\$ <u>164,558</u>
Environmental Protection Agency:		
Pass Through Payments:		
Department of Environmental Quality:		
DEQ royalty grants	66.000	\$ <u>88</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ <u>24,505</u>
Total Department of Transportation pass-through payments		\$ <u>24,505</u>
U.S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
Assistance to firefighters grant	97.044	\$ 36,640
Homeland security	97.067	<u>21,200</u>
Total Department of Homeland Security pass-through payments		\$ <u>57,840</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult basic education	84.002	\$ 191,249
Title I: educationally deprived children	84.010	1,182,222
Title VI-B: handicapped state grants	84.027	2,280,204
Vocational Education: basic grants to states	84.048	156,463
Title VI-B: handicapped preschool incentive grant	84.173	50,447
Drug free schools and communities	84.186	29,542
Title VI-libraries	93.110	9,776
Language acquisition	84.365	26,078
Twenty-First century community learning centers	84.287	165,813

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Department of Education: Pass Through Payments: Department of Education: Enhancing education through technology	84.318	\$ 7,516
American history grant	84.215	5,726
Title II Part A	84.367	<u>384,717</u>
Total Department of Education		\$ <u>4,489,753</u>
Total Federal Assistance		\$ <u>14,599,276</u>

NOTE A-BASIS OF PRESENTATION

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

County of Augusta, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes _x_ no

- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes _x_ none reported

Non compliance material to financial statements noted?

Federal Awards

Internal control over major programs: unqualified

- Material weaknesses identified? ___ yes _x_ no

- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes _x_ no

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:

Table with 2 columns: CFDA Numbers and Name of Federal Program or Cluster. Rows include Head Start, Medical assistance program (Title XIX), State administration grant for food stamp program, Title I: educationally deprived children, CHILD CARE CLUSTER, Payments to states for child care assistance, and Child care and development fund.

Dollar threshold used to distinguish between type A and type B programs: \$437,978

Auditee qualified as low-risk auditee? _x_ yes ___ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None