

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

Melissa Meyerhoeffer, Assistant Director of Finance

Jennifer M. Whetzel, Director of Finance

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

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	8-9
Management's Discussion and Analysis	10-18

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	24
Statement of Activities	2	25-26
Fund Financial Statements:		
Balance Sheet—Governmental Funds	3	30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	31
Statement of Revenues, Expenditures and Change in Fund Balances— Governmental Funds	5	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6	33
Statement of Net Assets—Proprietary Funds	7	34
Statement of Revenues, Expenses, and Changes in Fund Net Assets— Proprietary Funds	8	35
Statement of Cash Flows—Proprietary Funds	9	36
Statement of Fiduciary Net Assets—Fiduciary Funds	10	37
Notes to the Financial Statements		38-72

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual:		
General Fund	11	76
Special Revenue Fund	12	77
Schedule of Pension Funding Progress	13	78
Other Post-Employment Benefit Program Schedule of Funding Progress	14	79
Other Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual:		
School Debt Service Fund	15	81
County Capital Projects Fund.....	16	82
School Capital Projects Fund.....	17	83
Combining and Individual Fund Statements and Schedules:		
Combining Statement of Fiduciary Net Assets—Fiduciary Funds.....	18	86
Combining Statement of Changes in Assets and Liabilities—Agency Funds	19	87-88
Combining Statement of Net Assets—Internal Service Funds.....	20	89
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds.....	21	90
Combining Statement of Cash Flows—Internal Service Funds.....	22	91
Capital Assets - Used in the Operation of Governmental Funds:		
Comparative Schedules by Source.....	23	93
Schedule by Function and Activity	24	94
Schedule of Changes by Function and Activity.....	25	95

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information: (continued)		
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet.....	26	97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds.....	27	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual.....	28	99-100
Statement of Fiduciary Net Assets—Fiduciary Fund.....	29	101
Statement of Changes in Fiduciary Net Assets—Fiduciary Funds.....	30	102
Nonmajor Special Revenue Funds:		
Combining Balance Sheet.....	31	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	32	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual.....	33	105-106
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedules by Source.....	34	107
Schedule of by Function and Activity.....	35	108
Schedule of Changes by Function and Activity.....	36	109
Combining Statement of Changes in Assets and Liabilities—Agency Funds.....	37	110
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues—Budget and Actual—Governmental Funds.....	1	112-118
Schedule of Expenditures—Budget and Actual—Governmental Funds.....	2	119-124

COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011 (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1	126-127
Changes in Net Assets	2	128-131
Governmental Activities Tax Revenues by Source	3	133
Fund Balances of Governmental Funds	4	134-135
Changes in Fund Balances of Governmental Funds	5	136-137
General Governmental Tax Revenues by Source	6	138
Assessed Value and Estimated Actual Value of Taxable Property	7	139
Property Tax Rates – Direct and Overlapping Governments	8	140
Principal Property Taxpayers	9	141
Property Tax Levies and Collections	10	142
Ratios of Outstanding Debt by Type	11	143
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita ...	12	144
Demographic and Economic Statistics	13	145
Principal Employers	14	147
Full-time Equivalent County Government Employees by Function	15	148-149
Operating Indicators by Function	16	150-151
Capital Asset Statistics by Function	17	152-153

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	155-156
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**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011 (CONTINUED)**

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION (CONTINUED)

	<u>Page</u>
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	157-158
Schedule of Expenditures of Federal Awards	159-161
Schedule of Findings and Questioned Costs	162

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 22, 2011

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, 2011 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Augusta issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

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

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by *Government Auditing Standards* and the *Specification for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has

complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2011 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

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

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

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

□ The Reporting Entity and Economic Outlook □

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

Although primarily a rural county, Augusta County's 2010 population was 73,750. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 22% of the jobs in the County. Agriculture accounts for less than 1% of the jobs in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. Manufacturing employs approximately 5,400 of 35,000 plus workers in the County's labor force and make-up approximately 4% of the total local property taxes. The unemployment rate for the County in 2011 is 5.9%. This rate is slightly lower than the 2010 rate of 6.6%. The County's rate remains lower than that of the State's unemployment rate of 6.3% and compares favorably to the national unemployment rate of 9.3%.

In fiscal year 2011 the County's local revenues remained stagnant or saw very slight increases. Local sales tax and business license taxes saw an increase over the previous fiscal year by 2.5% and 14.2%, respectively. Hotel lodging taxes and restaurant meals tax have remained flat over the previous fiscal year. However, they are still approximately 6% less than 2008 revenues. These local revenues show a slight increase in consumer spending and are consistent with the slow recovery from the 2009 recession. Total taxable sales for the County have also risen slightly from 2010 by 0.8%. Also property taxes

showed a slight increase of 3% from 2010. Interest revenue still remains significantly low for the County and total revenues from interest decreased 16% from fiscal year 2010. It is not probable that interest rates will increase in the near future as the federal government will continue to keep interest rates low as the Country continues to recover from the recession.

□ Major Initiatives and Goals □

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

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

In fiscal year 2011 the County completed a renovation of the County library and constructed a new County fire station. The County library under went a smaller renovation in fiscal year 2008 for the addition of a children’s wing, which included a separate area for the children’s library, reading groups, and computer stations. The current renovation included moving the front entrance and main circulation desk, carpet, HVAC, and lighting improvements, as well as, much needed upgrades to improve energy efficiency and remove asbestos. The new County fire station was built due to an increasing need for the presence of public safety in that specific area of the County. That portion of the County had currently been covered by outside agencies, which at times, could increase response times for the citizens. Both of these projects improved the cultural and public safety aspects of the County. The County is able to plan for such capital expenditures through a Capital Improvement Plan. The Capital Improvement Plan allows the government to continue with essential projects to improve and benefit its’ citizens, even through slow economic times.

□ Financial Information □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. In fiscal year 2011 the County established a Fund Balance policy to maintain an Unassigned General Fund Balance no less than 15% of General Fund Revenues. At June 30, 2011, total Unassigned General Fund Balance was \$13,416,628, which exceeds the minimum fund balance requirement. Unassigned General Fund Balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls.

Capital Improvement Plan

The Capital Improvement Plan provides a systematic approach to planning and financing capital improvements including future capital facility needs, correlating projects to community goals and growth, eliminating poorly planned expenditures, encouraging cooperation with other governmental units, and facilitation of private sector improvements consistent with the County Comprehensive Plan. As part of the budget process each year the County Administrator proposes a capital improvements plan. Each year, based on the availability of funds and specific general operating revenues, amounts are budgeted as a transfer from the general operating budget to the Capital Improvement Fund. These transfers may vary year to year depending on the anticipation or demand of new projects, the availability of revenues in the general operating fund, and year end fund balance surpluses. The Capital Improvement Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to development and maintaining County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and funding support for local organizations capital improvements, such as Blue Ridge Community College and Shenandoah Valley Regional Airport Commission. The Capital Improvement Plan is based on a five year outlook of replacement costs and needs. It anticipates future replacement costs by incorporating an inflationary

factor into the original purchase cost and allocating that amount over the life of the capital asset. This program has continued to be beneficial to the County. The Capital Improvement Plan has enabled the County to afford needed projects without bonding the cost. Currently the only outstanding debt the County has incurred is related to School Board construction and renovation projects. At June 30, 2011, the County had a number of debt issues outstanding related to school construction. These issues totaled \$64,932,384 in general obligation bonds.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 0.5 to 6 percent. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates continue to remain low at rates of 0.3 percent to 0.1 percent in 2011. The County continues to invest in money market accounts that were offering higher yields than what was available through LGIP. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.


□ **Awards and Acknowledgements** □

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This is the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

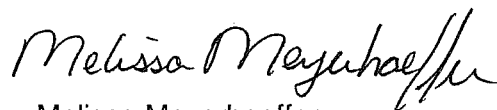
The preparation of this annual financial report could not have been accomplished without the dedicated effort of Mr. Patrick J. Coffield, County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, Director of Finance, School Board, and the members of their staffs. We would like to express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

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

Sincerely,



Jennifer M. Whetzel
Director of Finance



Melissa Meyerhoeffer
Assistant Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Augusta
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

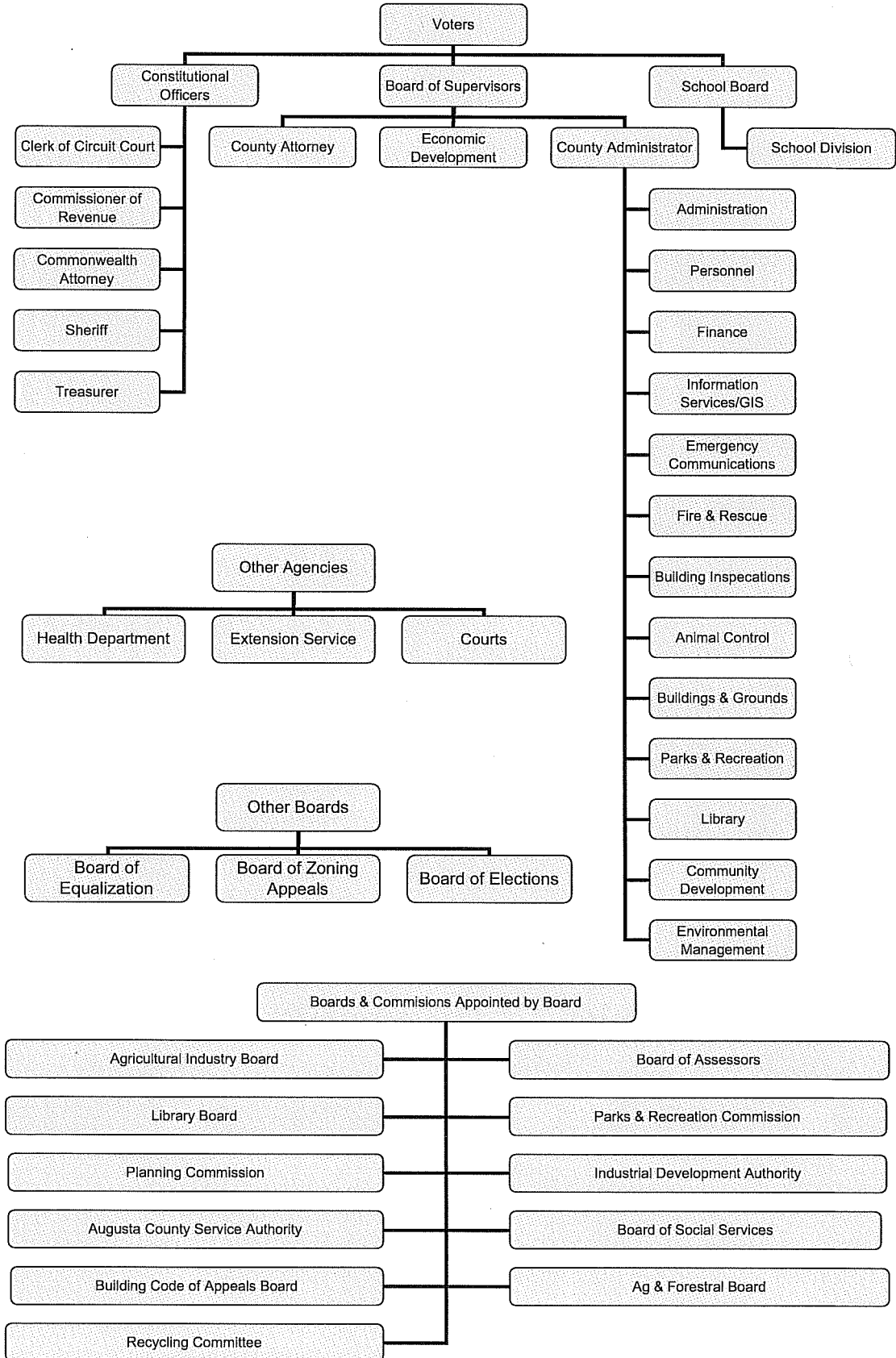
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

County of Augusta, Virginia Organizational Chart



COUNTY OF AUGUSTA, VIRGINIA

BOARD OF SUPERVISORS

Jeremy L. Shifflett, Chairman
Wendell L. Coleman, Vice-Chairman

Gerald W. Garber
Tracy C. Pyles, Jr.
David R. Beyeler

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

COUNTY SCHOOL BOARD

Nicholas T. Collins, Chairman
Timothy R. Quillen, Vice-Chairman

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

John L. Ocheltree
Roger L. Zirkle
Marsha K. Buehner, Clerk

OTHER OFFICIALS

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia, as of and for the year ended June 30, 2011, 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, 2011, 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.

As described in Note 1 to the financial statements, the County of Augusta, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011 on our consideration of the County of Augusta, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Augusta, Virginia's financial statements as a whole. The introductory section, other supplementary information and supporting schedules, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates

Verona, Virginia
November 22, 2011

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, 2011. This narrative is to be read in conjunction with the additional information that we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$66,080,818 (net assets). Of this amount, \$52,075,180 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$68,217,127 of which \$(1,930,375) is unrestricted. (See Exhibit 1.)
- The County's total net assets decreased by \$788,272. The School Board's total net assets increased by \$1,609,821. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$84,912,858 and \$103,422,163, respectively, for fiscal year 2011. (See Exhibit 2.)
- Expenses were \$85,701,130 for governmental activities and \$101,812,342 for School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,421,628, or 22.5 percent of the total general fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2012 budget as well as funding for future operating and capital expenditures as appropriated.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$53,784,609, an increase of \$3,829,421 in comparison with the prior year. Approximately 25 percent of this total amount, or \$13,416,628, is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental funds

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

Proprietary funds

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

The County of Augusta 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. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

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

Notes to the financial statements

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

Other information

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

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

Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the County of Augusta, assets exceeded liabilities by \$66,080,818 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>2011</u>	<u>2010</u>
Current and other assets	\$ 88,327,840	\$ 83,064,008
Capital assets	73,263,309	77,821,181
Total assets	<u>\$ 161,591,149</u>	<u>\$ 160,885,189</u>
Long-term liabilities	\$ 68,924,735	\$ 66,660,867
Other liabilities	26,585,596	27,355,232
Total liabilities	<u>\$ 95,510,331</u>	<u>\$ 94,016,099</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 14,005,638	\$ 13,116,731
Unrestricted	52,075,180	53,752,359
Total net assets	<u>\$ 66,080,818</u>	<u>\$ 66,869,090</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 21 percent of total net assets. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net assets, which is \$52,075,180 or 79 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

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

During the current fiscal year, the government's net assets decreased by \$788,272. This minimal decrease represents the effort of the government to closely match expenses with revenues, even though revenue growth has remained stagnant from the downturn in the economy which began in fiscal year 2008.

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

Governmental Activities

Governmental activities decreased the County's net assets by \$788,272. Key elements of this decrease are as follows:

County of Augusta's Changes in Net Assets

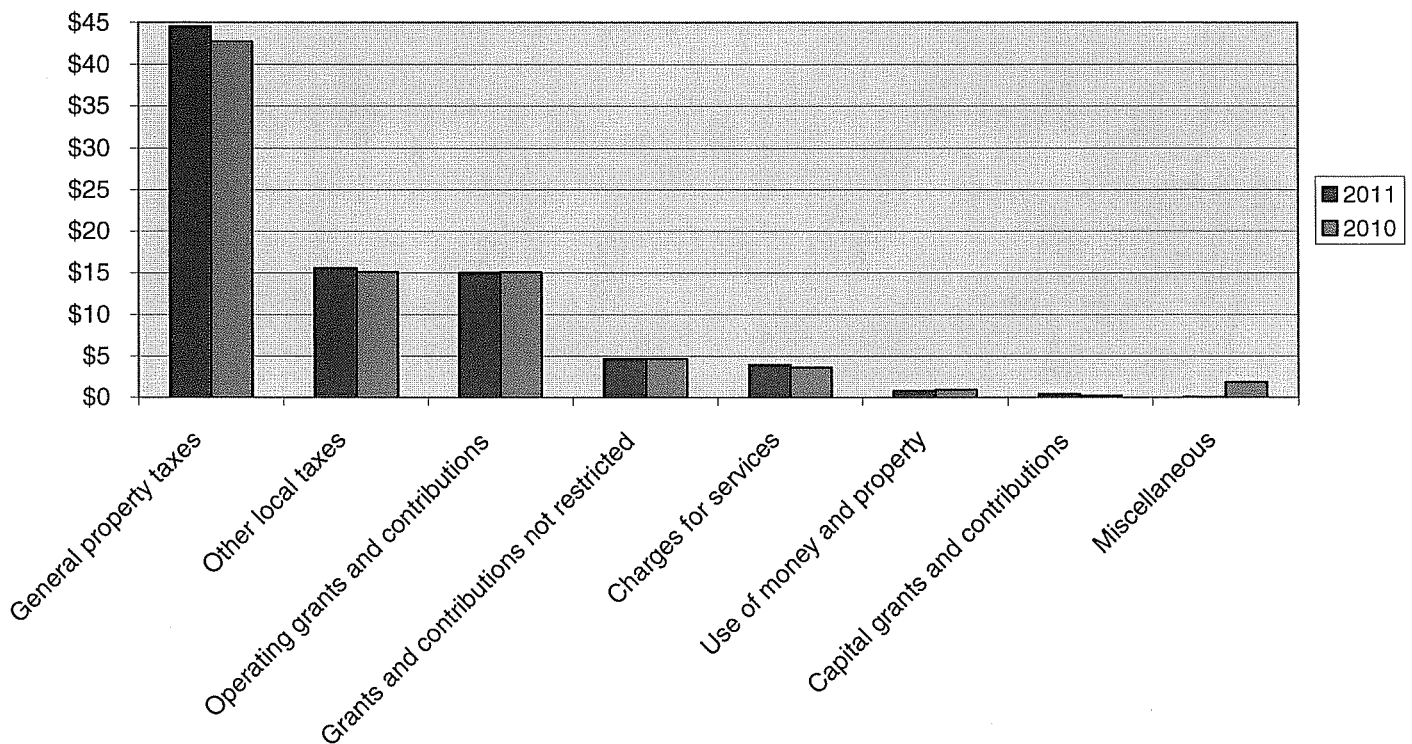
	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 3,906,809	\$ 3,557,531
Operating grants and contributions	15,042,625	15,052,450
Capital grants and contributions	432,880	197,886
General revenues:		
General property taxes	44,520,421	42,723,198
Other local taxes	15,590,286	15,144,841
Use of money and property	773,458	883,653
Miscellaneous	31,706	1,832,444
Grants and contributions not restricted to specific programs	4,614,673	4,639,546
Total revenues	\$ 84,912,858	\$ 84,031,549
Expenses:		
General government	\$ 4,692,239	\$ 4,184,974
Judicial administration	1,708,402	1,757,348
Public safety	15,980,626	15,364,669
Public works	3,612,340	4,314,949
Health and welfare	12,853,535	13,092,468
Education	39,017,924	37,563,872
Parks, recreation and cultural	3,488,980	3,029,700
Community development	1,575,691	1,777,548
Interest on long-term debt	2,771,393	3,058,358
Total expenses	\$ 85,701,130	\$ 84,143,886
Increase (decrease) in net assets	\$ (788,272)	\$ (112,337)
Net assets, July 1, 2010	66,869,090	66,981,427
Net assets, June 30, 2011	\$ 66,080,818	\$ 66,869,090

Governmental Activities – Revenues

- General property taxes have seen an increase due to public service corporation taxes. Assessments for public service have an inverse relationship with the housing market and are tied to the state sales assessment ratio. Even though the housing market has showed some decline in the past two years, the assessments for public service have remained steady or increased slightly, increasing the total taxes collected.
- Personal property assessments for vehicles also rebounded in fiscal year 2011 due to the decrease in fuel prices. A greater demand was seen in SUV's and light duty trucks which led the National Auto Dealers Association (NADA) to increase values for this segment of vehicles classes. This increase in values led to an increase in personal property taxes reflected in general property taxes.
- Other local taxes increased by approximately 3 percent. This is largely due to business license taxes. As the economy continues to recover, local businesses are exceeding the \$100,000 taxable threshold required for a license.
- Capital grants and contributions increased over fiscal year 2010 due to one time payments of an insurance reimbursement related to damages from a school cafeteria fire and a right-of-way reimbursement from the Virginia Department of Transportation for a future road expansion that was obtained under the original budget amount.

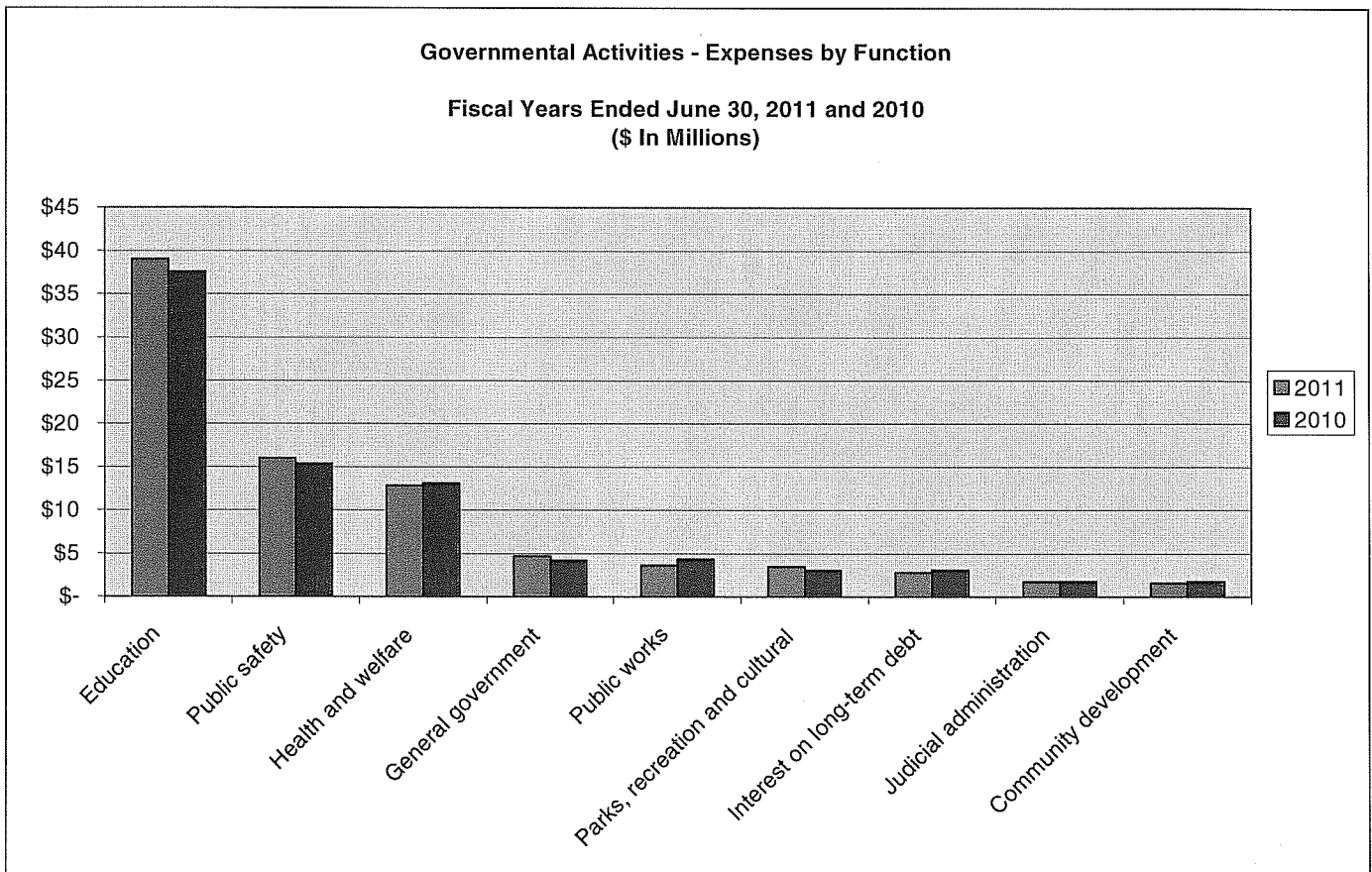
Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2011 and 2010
(\$ In Millions)



Governmental Activities – Expenses

- Education expenses increased due to a one time transfer from County capital funds that were reallocated and capital improvements for an elementary school project.
- Expenses for public safety increased over the previous fiscal year by approximately \$600,000. This is due to the addition of four new fire and rescue personnel at the beginning of the calendar year, an increase in funding to the Middle River Regional Jail, and increased costs for animal control services through the regional SPCA.
- General government expenses saw an increase due to continued replacement and updates of information technology hardware and miscellaneous building improvement projects that were less than the \$100,000 threshold for capitalization.
- Expenses for public works decreased due to the decrease of post-closure monitoring costs at the Augusta Regional Landfill in fiscal year 2011. This decrease was due to regulatory agency approval of a permit modification which increased the permitted airspace. The airspace utilization in open cells decreased from 94% in fiscal year 2010 to 80% this year.
- Parks and recreational expenses increased due to increased contributions to community association programs for upgrades and improvements to buildings, ball field improvements, etc.



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 \$53,784,609. Approximately 25 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance represents amounts not spendable in form. Nonspendable fund balance totals \$5,000 which is the total of prepaid items reported in the governmental funds. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from a bond issuance for an elementary school renovation. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The general fund is the chief operating fund of the County. As of June 30, 2011, total fund balance of the general fund was \$16,141,232, of which \$13,416,628 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 22.5 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$31,647,967.

The fund balance of the County's general fund increased by \$2,308,177 during the current fiscal year. The key factors in this increase are as follows:

- General property taxes increased primarily due to steady or increasing assessment values for public service corporations. Also personal property values increased as the demand for larger vehicles increased as the gas prices fell this fiscal year.
- In Fiscal Year 2010 the County implemented Revenue Recovery, which is a charge for EMS ambulance transports. Fiscal Year 2011 was the first full year of collections for this service.
- Expenses remained flat with an approximate \$820,000 increase over the previous fiscal year. This is attributable to public safety expenses for increased personnel and expenses related to pass-through of EMS transport fees to rescue agencies.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2011, total fund balances of these funds were \$0, \$30,299,004 and \$7,344,373 respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or the school capital projects funds, if applicable. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

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. In fiscal year 2011, the Self-Insurance Fund was closed. Remaining assets were transferred to the County and the School Board in the amounts of \$85,553 and \$148,144, respectively.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$212,446 increase. This is largely contributed to an increase in public safety personnel in Fire and Rescue at the beginning of the calendar year. Budgeted revenues increased by \$738,694. This increase is mainly attributable to property taxes for public service corporations. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year. The largest variance between the final budget appropriation and actual results was revenue projections for personal property taxes in the amount of \$213,857 and a federal FEMA disaster relief grant in the amount of \$108,423. Personal property taxes increased due to an increased valuation of SUV's and light trucks as gas prices began to fall this past year. Other personal property taxes also increased in value by approximately 6 percent. The federal FEMA disaster relief grant was not included in the final budget as the receipt of those funds was unknown at the time of the budget. These grant funds were reimbursement for a significant Presidentially declared disaster.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2011 is \$73,263,309 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, and construction in progress.

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

- Disposal of land for transfer to the Virginia Department of Transportation for a right-of-way project (\$175,804).
- Purchase of a 2010 Rosenbauer Rescue Pumper Fire Truck for public safety (\$484,984).
- Completion of HVAC upgrades for the Department of Social Services building, a total of five rooftop units (\$74,330).
- Government Center and Sheriff Office security upgrades (\$35,775).
- Construction of a new fire station (\$1,218,938).
- Completion of construction in progress for the Library Phase II renovations (\$1,342,162).
- Construction in progress for Verona Park (\$23,382) and New Hope Community Center improvements (\$91,782).

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

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Land	\$ 5,510,171	\$ 5,685,975
Buildings and system	64,365,043	67,794,107
Machinery and equipment	2,501,088	2,122,949
Land improvements	771,843	852,607
Construction in progress	115,164	1,365,543
Total	<u>\$ 73,263,309</u>	<u>\$ 77,821,181</u>

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

Long-term debt

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

County of Augusta's Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 64,932,384	\$ 62,760,277
Premium on bond issue	1,825,287	1,944,173
Compensated absences	1,434,064	1,411,417
Total	<u>\$ 68,191,735</u>	<u>\$ 66,115,867</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 June 28, 2011, the County issued \$7,500,000 in 2011A Series Virginia Public School Authority Bonds as Qualified School Construction Bonds for renovations to Wilson Elementary School. The Bond qualifies for a federal tax credit which will be reimbursed to VPSA and then transferred to the County.

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 2011 was 5.9 percent. The County's rate is slightly better than the state's unemployment rate of 6.3 percent and still compares favorably to the national average rate of 9.3 percent.
- The County depends of financial resources flowing from, or associated with, both the federal government and the Commonwealth of Virginia. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. Revenues from the Commonwealth of Virginia and the federal government represent approximately 35 percent and 10 percent, respectively, of total revenues for the County and the School Board.
- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by foreign governments and other holders of publicly held U.S. treasury securities.
- Overall the fiscal year 2012 budget was very conservative to the 2011 budget. Any slight changes in budget projections continue to be monitored very closely.
- As the economy continues to recover from the 2009 recession, the County does not anticipate growth for local taxes and building permits. However, it is anticipated that taxes related to public service corporations will remain steady.
- Tax rates remained the same for the fiscal year 2012 budget; Real Estate \$0.48 per \$100 value and Personal Property \$2.25 per \$100 value for all vehicles and \$1.90 per \$100 value for all other personal property.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

During fiscal year 2011, unassigned fund balance in the general fund increased by \$1,214,652. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2012 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, 2011

	Primary Government		Component
	Governmental Activities	Total	Unit School Board
ASSETS			
Cash and cash equivalents	\$ 29,745,643	\$ 29,745,643	\$ 1,839,820
Cash in custody of others	456,431	456,431	3,000
Investments	21,366,294	21,366,294	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	18,625,316	18,625,316	-
Accounts receivable	1,590,503	1,590,503	305,347
Notes receivable	1,064,796	1,064,796	-
Due from primary government	-	-	6,701,695
Due from component unit	198,577	198,577	-
Due from other governmental units	2,686,093	2,686,093	2,573,613
Inventories	13,822	13,822	-
Prepaid expenses	23,136	23,136	22,500
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents (in custody of others)	6,810,957	6,810,957	-
Equity interest in joint venture	5,746,272	5,746,272	-
Capital assets (net of accumulated depreciation):			
Land	5,510,171	5,510,171	2,090,973
Buildings and system	64,365,043	64,365,043	63,285,236
Machinery and equipment	2,501,088	2,501,088	3,764,087
Land improvement	771,843	771,843	-
Construction in progress	115,164	115,164	1,007,206
Total assets	<u>\$ 161,591,149</u>	<u>\$ 161,591,149</u>	<u>\$ 81,593,477</u>
LIABILITIES			
Accounts payable	\$ 847,354	\$ 847,354	\$ 4,306,857
Accrued liabilities	-	-	5,411,906
Accrued interest payable	1,300,368	1,300,368	-
Due to primary government	-	-	198,577
Due to component unit	6,701,695	6,701,695	-
Unearned revenue	17,146,683	17,146,683	139,487
Deposits held in escrow	589,496	589,496	-
Long-term liabilities:			
Due within one year			
Compensated absences	129,066	129,066	404,852
General obligation bonds	5,921,661	5,921,661	-
Due in more than one year			
Compensated absences	1,304,998	1,304,998	1,712,671
Net OPEB obligation	733,000	733,000	1,202,000
General obligation bonds	60,836,010	60,836,010	-
Total liabilities	<u>\$ 95,510,331</u>	<u>\$ 95,510,331</u>	<u>\$ 13,376,350</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 14,005,638	\$ 14,005,638	\$ 70,147,502
Unrestricted (deficit)	52,075,180	52,075,180	(1,930,375)
Total net assets	<u>\$ 66,080,818</u>	<u>\$ 66,080,818</u>	<u>\$ 68,217,127</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,692,239	\$ 666,334	\$ 402,328	\$ -
Judicial administration	1,708,402	298,686	1,069,793	-
Public safety	15,980,626	879,276	3,429,638	88,558
Public works	3,612,340	987,779	18,389	188,918
Health and welfare	12,853,535	352,321	9,960,843	-
Education	39,017,924	-	-	132,458
Parks, recreation, and cultural	3,488,980	722,413	161,634	22,946
Community development	1,575,691	-	-	-
Interest on long-term debt	2,771,393	-	-	-
Total governmental activities	\$ 85,701,130	\$ 3,906,809	\$ 15,042,625	\$ 432,880
Total primary government	\$ 85,701,130	\$ 3,906,809	\$ 15,042,625	\$ 432,880
COMPONENT UNITS:				
School Board	\$ 101,812,342	\$ 3,903,726	\$ 62,292,979	\$ -
Total component units	\$ 101,812,342	\$ 3,903,726	\$ 62,292,979	\$ -

General revenues:

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government		Component Unit	
Governmental Activities	Total	School Board	
\$ (3,623,577)	\$ (3,623,577)	\$ -	
(339,923)	(339,923)	-	
(11,583,154)	(11,583,154)	-	
(2,417,254)	(2,417,254)	-	
(2,540,371)	(2,540,371)	-	
(38,885,466)	(38,885,466)	-	
(2,581,987)	(2,581,987)	-	
(1,575,691)	(1,575,691)	-	
(2,771,393)	(2,771,393)	-	
<u>\$ (66,318,816)</u>	<u>\$ (66,318,816)</u>	<u>\$ -</u>	
<u>\$ (66,318,816)</u>	<u>\$ (66,318,816)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ (35,615,637)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,615,637)</u>	
\$ 44,520,421	\$ 44,520,421	\$ -	
4,493,294	4,493,294	-	
4,298,171	4,298,171	-	
3,034,935	3,034,935	-	
2,169,324	2,169,324	-	
1,594,562	1,594,562	-	
773,458	773,458	52,957	
31,706	31,706	710,643	
4,614,673	4,614,673	36,461,858	
<u>\$ 65,530,544</u>	<u>\$ 65,530,544</u>	<u>\$ 37,225,458</u>	
(788,272)	(788,272)	1,609,821	
66,869,090	66,869,090	66,607,306	
<u>\$ 66,080,818</u>	<u>\$ 66,080,818</u>	<u>\$ 68,217,127</u>	

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>County Capital Improvements</u>	<u>School Capital Projects Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 19,888,695	\$ 9,461	\$ 9,153,694	\$ 653,422	\$ 29,705,272
Cash in custody of others	452,131	4,300	-	-	456,431
Investments	-	-	21,366,294	-	21,366,294
Receivables (net of allowance for uncollectibles):					
Taxes receivable	18,625,316	-	-	-	18,625,316
Accounts receivable	1,507,620	-	-	-	1,507,620
Notes receivable	1,064,796	-	-	-	1,064,796
Due from other funds	1,179,562	-	-	-	1,179,562
Due from component unit	198,577	-	-	-	198,577
Due from other governmental units	1,465,113	1,145,265	75,715	-	2,686,093
Prepaid items	5,000	-	-	-	5,000
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	6,810,957	6,810,957
Total assets	\$ 44,386,810	\$ 1,159,026	\$ 30,595,703	\$ 7,464,379	\$ 83,605,918
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 430,649	\$ -	\$ 296,699	\$ 120,006	\$ 847,354
Due to other funds	-	1,149,562	-	-	1,149,562
Due to component unit	6,701,695	-	-	-	6,701,695
Deferred revenue	20,543,502	-	-	-	20,543,502
Deposits held in escrow	569,732	9,464	-	-	579,196
Total liabilities	\$ 28,245,578	\$ 1,159,026	\$ 296,699	\$ 120,006	\$ 29,821,309
Fund balances:					
Nonspendable	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Restricted	1,442,518	-	-	6,572,262	8,014,780
Committed	645,660	-	10,250,894	-	10,896,554
Assigned	631,426	-	20,048,110	772,111	21,451,647
Unassigned	13,416,628	-	-	-	13,416,628
Total fund balances	\$ 16,141,232	\$ -	\$ 30,299,004	\$ 7,344,373	\$ 53,784,609
Total liabilities and fund balances	\$ 44,386,810	\$ 1,159,026	\$ 30,595,703	\$ 7,464,379	\$ 83,605,918

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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 53,784,609
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,263,309
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. This amount represents deferred revenue.	3,396,819
Equity interest in joint venture not reported in the funds.	5,746,272
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.	114,912
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(70,225,103)</u>
Net assets of governmental activities	<u>\$ 66,080,818</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, 2011

	General	Virginia Public Assistance	School Debt Service	County Capital Improvements	School Capital Projects Fund	Total
REVENUES						
General property taxes	\$ 43,846,031	\$ -	\$ -	\$ -	\$ -	\$ 43,846,031
Other local taxes	15,590,286	-	-	-	-	15,590,286
Permits, privilege fees, and regulatory licenses	570,514	-	-	-	-	570,514
Fines and forfeitures	268,311	-	-	-	-	268,311
Revenue from the use of money and property	771,190	-	-	-	93	771,283
Charges for services	2,715,663	352,321	-	-	-	3,067,984
Miscellaneous	263,417	-	-	22,946	132,365	418,728
Recovered costs	193,751	944,318	-	-	-	1,138,069
Intergovernmental revenues:						
Commonwealth	9,214,220	4,868,507	-	186,347	-	14,269,074
Federal	499,642	5,074,929	-	91,129	-	5,665,700
Total revenues	<u>\$ 73,933,025</u>	<u>\$ 11,240,075</u>	<u>\$ -</u>	<u>\$ 300,422</u>	<u>\$ 132,458</u>	<u>\$ 85,605,980</u>
EXPENDITURES						
Current:						
General government administration	\$ 3,616,106	\$ -	\$ -	\$ -	\$ -	\$ 3,616,106
Judicial administration	1,684,155	-	-	-	-	1,684,155
Public safety	14,505,659	-	-	-	-	14,505,659
Public works	3,172,573	-	-	-	-	3,172,573
Health and welfare	893,924	12,928,354	-	-	-	13,822,278
Education	31,647,967	-	-	650,000	-	32,297,967
Parks, recreation, and cultural	2,527,128	-	-	-	-	2,527,128
Community development	1,371,828	-	-	-	-	1,371,828
Nondepartmental	164,005	-	-	-	-	164,005
Capital projects	-	-	-	6,905,765	947,462	7,853,227
Debt service:						
Principal retirement	-	-	5,327,893	-	-	5,327,893
Interest and other fiscal charges	-	-	3,019,293	-	-	3,019,293
Total expenditures	<u>\$ 59,583,345</u>	<u>\$ 12,928,354</u>	<u>\$ 8,347,186</u>	<u>\$ 7,555,765</u>	<u>\$ 947,462</u>	<u>\$ 89,362,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 14,349,680</u>	<u>\$ (1,688,279)</u>	<u>\$ (8,347,186)</u>	<u>\$ (7,255,343)</u>	<u>\$ (815,004)</u>	<u>\$ (3,756,132)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 300,496	\$ 1,688,279	\$ 8,347,186	\$ 3,343,594	\$ 14,483	\$ 13,694,038
Transfers out	(12,341,999)	-	-	(1,266,486)	-	(13,608,485)
Proceeds of general obligation bonds	-	-	-	-	7,500,000	7,500,000
Total other financing sources (uses)	<u>\$ (12,041,503)</u>	<u>\$ 1,688,279</u>	<u>\$ 8,347,186</u>	<u>\$ 2,077,108</u>	<u>\$ 7,514,483</u>	<u>\$ 7,585,553</u>
Net change in fund balances	\$ 2,308,177	\$ -	\$ -	\$ (5,178,235)	\$ 6,699,479	\$ 3,829,421
Fund balances - beginning	13,833,055	-	-	35,477,239	644,894	49,955,188
Fund balances - ending	<u>\$ 16,141,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,299,004</u>	<u>\$ 7,344,373</u>	<u>\$ 53,784,609</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, 2011

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

Net change in fund balances - total governmental funds	\$ 3,829,421
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.	(4,557,873)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	674,390
Revenues related to the equity interest in joint venture not reported as revenues in the funds.	1,686,768
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.	(2,172,107)
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.	37,253
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(286,124)</u>
Change in net assets of governmental activities	<u>\$ (788,272)</u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2011

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 40,371
Accounts receivables, net of allowances for uncollectibles	82,883
Inventories	13,822
Prepaid expenses	18,136
Total current assets	<u>\$ 155,212</u>
LIABILITIES	
Current liabilities:	
Due to other funds	\$ 30,000
Deposits held in escrow	10,300
Total current liabilities	<u>\$ 40,300</u>
NET ASSETS	
Unrestricted	\$ 114,912
Total net assets	<u>\$ 114,912</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, 2011

	Internal Service Funds
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ -
Total operating revenues	<u>\$ -</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 431
Insurance claims and expenses	388,770
Allocation to School Board	148,144
Total operating expenses	<u>\$ 537,345</u>
Operating income (loss)	<u>\$ (537,345)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 4,063
Transfer to general fund	(85,553)
Transfer to Valley Vocational Tech Center	(100,035)
Total nonoperating revenues (expenses)	<u>\$ (181,525)</u>
Change in net assets	<u>\$ (718,870)</u>
Total net assets - beginning	833,782
Total net assets - ending	<u><u>\$ 114,912</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, 2011

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for materials and supplies	\$ 37,950
Receipts for insurance premiums	12,833
Payments for premiums	(543,885)
Net cash provided by (used in) operating activities	<u>\$ (493,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	\$ 526,989
Interest and dividends received	4,063
Net cash provided by (used in) investing activities	<u>\$ 531,052</u>
Net increase (decrease) in cash and cash equivalents	\$ 37,950
Cash and cash equivalents - beginning	2,421
Cash and cash equivalents - ending	<u><u>\$ 40,371</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (537,345)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
(Increase) decrease in accounts receivable	9,550
(Increase) decrease in inventories	963
(Increase) decrease in prepaid items	43,525
Increase (decrease) in accounts payable	(6,971)
Increase (decrease) in deferred revenue	(2,824)
Total adjustments	<u>\$ 44,243</u>
Net cash provided by (used in) operating activities	<u><u>\$ (493,102)</u></u>
Noncash investing, capital, and financing activities:	
Increase (decrease) in fair value of investments	<u><u>\$ (13,475)</u></u>

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 3,578,476
Other receivables	32,930
Total assets	\$ <u>3,611,406</u>
LIABILITIES	
Accounts payable	\$ 405,406
Accrued liabilities	216,833
Amounts held for social services clients	151,584
Amounts held for Shenandoah Valley Regional Program	2,542,210
Amounts held for Valley Alcohol Safety Action Program	188,180
Amounts held for Valley Vocational Technical Education Center	100,035
Amounts held for Valley Children's Center	7,158
Total liabilities	\$ <u>3,611,406</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, 2011

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, 2011.

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

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

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

Undivided Interests - The Augusta Regional Landfill is an undivided interest contractually formed by the Cities of Staunton and Waynesboro and the County of Augusta, Virginia. The purposes for which the Landfill is formed are to develop regional garbage and refuse disposal, including development of systems and facilities for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, construction, and/or operating and maintaining regional solid waste disposal areas, systems and facilities. The Landfill began operations on December 11, 1970. For the year ended June 30, 2011, the County contributed \$362,496 to the Landfill for capital expenses.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (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, 2011 is as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 1,200,838	\$ 507,847	\$ 713,129
% of Total Revenues	49.58%	20.97%	29.45%

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, 2011 as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 3,115,910	\$ 699,804	\$ 521,705
% of Total Revenues	71.84%	16.13%	12.03%

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

Jointly Governed Organizations - The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$117,860 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$292,672 to the Shenandoah Valley Juvenile Detention Home and \$1,218,253 to the Middle River Regional Jail Authority. The School Board contributed \$1,235,213 to the Shenandoah Valley Regional Program for operations.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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, Revenue Recovery, and Industrial Development Funds.

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however interfund services provided and used are not eliminated in the process of consolidation. The Central Stores Fund is allocated based on the functions usage and the Self-Insurance Fund is allocated based on the functions number of employees.

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

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

3. Inventory and prepaid items

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$652,054 at June 30, 2011 and is composed solely of property taxes. This allowance represents .24% of the total levies for the previous six years.

6. Use of Estimates

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

7. Capital Assets

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

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

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

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

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

7. Capital Assets (continued)

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

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

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

8. Compensated Absences

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

9. Long-term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

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

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

10. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. See Note 18 for more information.

11. Net Assets

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

12. Restricted Assets

The primary government has restricted assets in the amount of \$6,810,957 for unspent debt proceeds at June 30, 2011. These funds will be spent during fiscal year 2012 for school capital projects.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net assets governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$70,225,103) and (\$3,319,523) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (66,757,671)	\$ -
Accrued interest payable	(1,300,368)	-
Net OPEB obligation payable	(733,000)	(1,202,000)
Compensated absences	(1,434,064)	(2,117,523)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (70,225,103)</u>	<u>\$ (3,319,523)</u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$(4,557,873) and \$2,210,485 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 3,576,993	\$ 3,782,297
Depreciation expense	(2,806,973)	(6,899,705)
Allocation of debt financed school assets based on current year repayments	<u>(5,327,893)</u>	<u>5,327,893</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>\$ (4,557,873)</u>	<u>\$ 2,210,485</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 \$(2,172,107) difference in the primary government are as follows:

Principal repayments:	
General obligation debt	\$ 5,327,893
Other:	
Issuance of long term debt	<u>(7,500,000)</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>\$ (2,172,107)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (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 \$37,253 and (\$443,432) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ (22,647)	\$ (159,432)
Net OPEB obligation	(188,000)	(284,000)
Accrued interest	129,015	-
Amortization of bond premium	<u>118,885</u>	<u>-</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>\$ 37,253</u>	<u>\$ (443,432)</u>

Note 3—Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

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

A. Budgetary information (continued)

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2011, there were no funds with expenditures exceeding appropriations.

C. Deficit fund equity

At June 30, 2011, there were no funds with deficit fund balances.

Note 4—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (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, 2011 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, 2011 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The ratings of AAA and AA represent long-term investments while the ratings of A-1 and SP1+ are for short term investments.

County's Rated Debt Investments' Values

	Fair Quality Ratings			
	AAA	AA	A-1	SP1+
U.S. Agencies	\$ 8,751,311	\$ -	\$ -	\$ -
Corporate Debt	711,381	3,734,895	999,062	-
Local Government				
Investment Pool	145,835	-	-	-
State Non-Arbitrage				
Program	6,810,957	-	-	-
Money Market Mutual Fund	158,667	-	-	-
Municipal Public Bonds	2,756,305	4,151,723	-	102,950
Total	\$ 19,334,456	\$ 7,886,618	\$ 999,062	\$ 102,950

Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Greater Than			
		1 Year	1-5 Years	6-10 Years	10 Years
Municipal Bonds	\$ 7,010,978	\$ 5,854,701	\$ 1,156,277	\$ -	\$ -
Corporate Debt	5,445,338	4,651,109	794,229	-	-
U.S. Agencies	8,751,311	5,229,906	3,521,405	-	-
Total	\$ 21,207,627	\$ 15,735,716	\$ 5,471,911	\$ -	\$ -

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

Note 4—Deposits and Investments: continued)

External Investment Pools

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

Note 5—Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 833,119	\$ -
State sales tax	-	1,813,277
Motor vehicle carrier's tax	78,533	-
State recordation tax	58,063	-
Excess fees-Clerk of Court	2,413	-
Reimbursement of shared services	353,334	-
Auto rental tax	13,519	-
Fire programs	21,285	-
Hazmat	10,000	-
Wireless PSAP	64,145	-
Other	22,591	-
Comprehensive services act	353,165	-
Virginia public assistance	304,904	-
<u>Federal Government:</u>		
Virginia public assistance	487,196	-
Criminal justice	10,245	-
Homeland security	49,046	-
Haz Mat Grant	6,499	-
Transportation Enhancement	18,036	-
School grants	-	448,548
Headstart	-	311,788
Totals	<u>\$ 2,686,093</u>	<u>\$ 2,573,613</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (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	\$ 1,179,562	\$ -	\$ 6,701,695	\$ 198,577
Central Stores Fund	-	30,000	-	-
VPA Fund	-	1,149,562	-	-
Total	<u>\$ 1,179,562</u>	<u>\$ 1,179,562</u>	<u>\$ 6,701,695</u>	<u>\$ 198,577</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 6,701,695
General Fund	-	-	198,577	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,577</u>	<u>\$ 6,701,695</u>

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

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 300,496	\$ 12,341,999
Virginia Public Assistance Fund	1,688,279	-
School Capital Projects Fund	14,483	-
School Debt Service Fund	8,347,186	-
County Capital Improvements Fund	3,343,594	1,266,486
Insurance Trust Fund	-	85,553
Total	<u>\$ 13,694,038</u>	<u>\$ 13,694,038</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, 2011 (CONTINUED)

Note 8—Long-Term Debt:

Primary Government-Governmental activity Indebtedness:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2012	\$ 5,802,775	\$ 2,732,838
2013	5,739,880	2,455,220
2014	5,618,591	2,182,150
2015	5,026,505	1,928,935
2016	5,073,675	1,691,299
2017	4,191,880	1,474,595
2018	4,230,707	1,285,111
2019	4,271,668	1,098,480
2020	3,556,804	928,097
2021	3,098,004	791,697
2022	3,112,781	668,864
2023	3,126,611	546,645
2024	3,141,822	423,874
2025	3,160,405	297,232
2026	2,511,862	184,907
2027	2,526,094	86,996
2028	742,320	18,929
Total	\$ <u>64,932,384</u>	\$ <u>18,795,869</u>

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
General obligation bonds	\$ 62,760,277	\$ 7,500,000	\$ 5,327,893	\$ 64,932,384
Premium on bond issue	1,944,173	-	118,886	1,825,287
Compensated absences	1,411,417	586,366	563,719	1,434,064
Total Long-Term Liabilities	\$ <u>66,115,867</u>	\$ <u>8,086,366</u>	\$ <u>6,010,498</u>	\$ <u>68,191,735</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

Note 8—Long-Term Debt: (continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction):</u>		
\$679,262 1991B Series, issued July 31, 1991, Virginia Public School Authority Bonds, due in annual installments from \$42,607 to \$44,119 through July 15, 2011 plus interest at 6.6%	44,119	44,119
\$2,330,000 1992A Series, issued December 17, 1992, Virginia Public School Authority Bonds, due in annual installments from \$70,000 to \$90,000 through December 15, 2012 plus interest at 5.85%	160,000	90,000
\$3,000,000 1993A Series, issued April 29, 1993, Virginia Public School Authority Bonds, due in annual installments from \$95,000 to \$120,000 through July 15, 2013, plus interest at 5.5%	205,000	110,000
\$3,000,000 1993B Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$15,000 to \$55,000 through July 15, 2013, plus interest at 5%	65,000	35,000
\$12,000,000 1994A Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$615,000 to \$620,000 through July 15, 2013, plus interest at 6.225% to 6.3%	1,850,000	615,000
\$6,000,000 1995A Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$300,000 through July 15, 2015, plus semi-annual interest at 5.1%	1,500,000	300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$562,104 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%	2,974,254	572,281
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$652,059 to \$742,320 through July 15, 2018, plus semi-annual interest at 4.6% to 5.1%	5,572,770	659,730
\$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 5.6% to 6.1%	900,000	100,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

Note 8—Long-Term Debt: (continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term-indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$295,360 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.6% to 6.1%	2,984,552	300,423
\$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.	4,105,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$300,311 to \$372,067 through January 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will amortized over the life of the bond.	4,736,207	305,254
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments of \$1,330,000 through July 2026, plus semi-annual interest at 4.225% to 5.1%. The bond was issued at a premium of \$791,524 which will amortized over the life of the bond.	21,280,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$570,452 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will amortized over the life of the bond.	11,055,482	577,218
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	7,500,000	468,750
Sub-total General obligation bonds payable	\$ 64,932,384	\$ 5,802,775
Unamortized premium on general obligation bonds	\$ 1,825,287	\$ 118,886
Compensated absences (payable from the general fund)	\$ 1,434,064	\$ 129,066
Total	<u>\$ 68,191,735</u>	<u>\$ 6,050,727</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

Note 8—Long-Term Debt: (continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of long-term-indebtedness: (continued)

Arbitrary Rebate Compliance:

As of June 30, 2011 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2011:

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Compensated absences	\$ 1,958,091	\$ 735,060	\$ 575,628	\$ 2,117,523
Total Long-Term Liabilities	<u>\$ 1,958,091</u>	<u>\$ 735,060</u>	<u>\$ 575,628</u>	<u>\$ 2,117,523</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Fund)	\$ <u>2,117,523</u>	\$ <u>404,852</u>

Note 9—Defined Benefit Pension Plan:

A. Plan Description

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

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

Note 9—Defined Benefit Pension Plan: (continued)

A. Plan Description (continued)

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

Note 9—Defined Benefit Pension Plan: (continued)

A. Plan Description (continued)

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County’s and School’s non-professional employee contribution rates for the fiscal year ended 2011 were 9.32% and 5.62%, respectively, of annual covered payroll.

The School’s professional employees contribution rate for fiscal year 2011 was 3.93% of covered payroll. The School Board’s contributions for professional employees were \$2,037,456, \$3,394,130, and \$4,841,081, to the teacher cost –sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 3.93%, 8.81%, and 8.81% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County’s annual pension cost of \$1,432,865 was equal to the County’s required and actual contributions.

For fiscal year 2011, the County School Board’s annual pension cost for the board’s non-professional employees was \$139,281 which was equal to the board’s required and actual contributions.

Three-Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County:			
6/30/11	\$ 1,432,865	100.00%	\$ -
6/30/10	1,145,233	100.00%	-
6/30/09	1,150,700	100.00%	-
Discretely Presented Component Unit:			
School Board Non-Professional			
6/30/11	\$ 139,281	100.00%	\$ -
6/30/10	135,701	100.00%	-
6/30/09	134,800	100.00%	-

Note 9—Defined Benefit Pension Plan: (continued)

C. Annual Pension Cost

The FY2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

D. Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 78.44% funded. The actuarial accrued liability for benefits was \$72,332,855, and the actuarial value of assets was \$56,738,257, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,594,598. The covered payroll (annual payroll of active employees covered by the plan) was \$15,540,379, and ratio of the UAAL to the covered payroll was 100.35%.

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's plan was 85.53% funded. The actuarial accrued liability for benefits was \$9,955,761, and the actuarial value of assets was \$8,515,223, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,440,538. The covered payroll (annual payroll of active employees covered by the plan) was \$2,518,663, and ratio of the UAAL to the covered payroll was 57.19%.

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

Note 10—Other Post-Employment Benefits Program:

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

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

County:

A. Plan Description:

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

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$458,000 for fiscal year 2011. The County has paid \$270,000 towards this obligation during FY11. The County's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

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

County: (continued)

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

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

Annual Required Contribution (ARC)	\$ 467,000
Interest on OPEB Obligation	25,000
Adjustment to ARC	(34,000)
Annual OPEB cost	<u>\$ 458,000</u>
Estimated Contributions Made During FY11	<u>(270,000)</u>
Increase in Net OPEB Obligation	\$ 188,000
Net OPEB Obligation - beginning of year	<u>545,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 733,000</u></u>

For 2011, the County's expected cash payment of \$270,000 was \$188,000 short of the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 458,000	58.95%	\$ 733,000
6/30/10	518,000	48.07%	545,000
6/30/09	499,000	44.69%	276,000

D. Funded Status and Funding Progress:

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

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

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

County: (continued)

D. Funded Status and Funding Progress: (continued)

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

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

E. Actuarial Methods and Assumptions

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

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. The actuarial assumptions included a 4.5% rate of return and a medical trend rate of 8%. The UAAL is being amortized on an increasing basis.

The remaining amortization at July 1, 2009 was 20 years. Data is net of any retiree contributions.

Actuarial Assumptions

Funding interest rate	4.50%
Annual amortization increase rate	2.50%

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

School Board:

Health Insurance Plan

A. Plan Description:

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

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$1,376,000 for fiscal year 2011. The School Board has paid \$1,092,000 towards this obligation during FY11. The School Board's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

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

School Board: (continued)

Health Insurance Plan (continued)

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

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

Annual Required Contribution (ARC)	\$ 1,392,000
Interest on OPEB Obligation	41,000
Adjustment to ARC	<u>(57,000)</u>
Annual OPEB cost	\$ 1,376,000
Estimated Contributions Made During FY11	<u>(1,092,000)</u>
Increase in Net OPEB Obligation	\$ 284,000
Net OPEB Obligation - beginning of year	<u>918,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,202,000</u></u>

Annual OPEB Cost

For 2011, the School Board's expected cash payment of \$1,092,000 was \$284,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 1,376,000	79.36%	\$ 1,202,000
6/30/10	1,288,000	65.37%	918,000
6/30/09	1,257,000	62.45%	472,000

D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 14,154,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 14,154,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 53,465,000
UAAL as a percentage of covered payroll	26.50%

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

School Board: (continued)

Health Insurance Plan (continued)

D. Funded Status and Funding Progress (continued)

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

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

E. Actuarial Methods and Assumptions

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

Cost Method

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

Actuarial Assumptions

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

VRS Health Insurance Credit Program

A. Plan Description

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

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

School Board: (continued)

VRS Health Insurance Credit Program (continued)

A. Plan Description (continued)

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

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

B. Funding Policy

The School board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$311,062, \$400,669, and \$593,483, respectively and equaled the required contributions for each year.

Note 11—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 \$17,146,683 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$688,531 at June 30, 2011.
- B. Receivables – Amounts not available to liquidate liabilities of current period totaled \$16,215,480 at June 30, 2011:

Property taxes	\$ 15,043,441
Repayment of loans from fire departments	1,064,796
EMS transport fees	107,243
Total	<u>\$ 16,215,480</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

Note 11—Unearned Revenue: (continued)

C. Deferred revenue – Revenue deferred in the amount of \$242,672 paid in advance for federal payment in lieu of taxes.

Note 12—Capital Assets:

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,685,975	\$ -	\$ (175,804)	\$ 5,510,171
Construction in Progress	1,365,544	91,782	(1,342,162)	115,164
Total capital assets not being depreciated	<u>\$ 7,051,519</u>	<u>\$ 91,782</u>	<u>\$ (1,517,966)</u>	<u>\$ 5,625,335</u>
Capital assets being depreciated:				
Buildings	\$ 86,044,689	\$ 2,846,357	\$ (5,327,893)	\$ 83,563,153
Machinery & Equipment	8,955,251	1,001,198	(232,412)	9,724,037
Land Improvements	1,245,059	-	-	1,245,059
Total capital assets being depreciated	<u>\$ 96,244,999</u>	<u>\$ 3,847,555</u>	<u>\$ (5,560,305)</u>	<u>\$ 94,532,249</u>
Less Accumulated depreciation for:				
Buildings	\$ (18,250,582)	\$ (2,106,530)	\$ 1,159,002	\$ (19,198,110)
Machinery & Equipment	(6,832,303)	(619,679)	229,033	(7,222,949)
Land Improvement	(392,452)	(80,764)	-	(473,216)
Total Accumulated depreciation	<u>(25,475,337)</u>	<u>(2,806,973)</u>	<u>1,388,035</u>	<u>(26,894,275)</u>
Total capital assets being depreciated, net	<u>\$ 70,769,662</u>	<u>\$ 1,040,582</u>	<u>\$ (4,172,270)</u>	<u>\$ 67,637,974</u>
Governmental activities capital assets, net	<u>\$ 77,821,181</u>	<u>\$ 1,132,364</u>	<u>\$ (5,690,236)</u>	<u>\$ 73,263,309</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

Note 12—Capital Assets: (continued)

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

Governmental activities:	
General government	\$ 817,977
Judicial administration	5,887
Public safety	471,387
Public works	25,728
Education	1,435,809
Parks, recreation, and cultural	<u>50,185</u>
Total depreciation expenses-governmental activities	<u>\$ 2,806,973</u>

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets not being depreciated:				
Land	\$ 2,090,973	\$ -	\$ -	\$ 2,090,973
Construction in Progress	<u>-</u>	<u>1,007,206</u>	<u>-</u>	<u>1,007,206</u>
Total capital assets not being depreciated	<u>\$ 2,090,973</u>	<u>\$ 1,007,206</u>	<u>\$ -</u>	<u>\$ 3,098,179</u>
Capital assets being depreciated:				
Buildings	\$ 100,261,879	\$ 6,435,260	\$ -	\$ 106,697,139
Machinery & Equipment	<u>21,250,345</u>	<u>231,914</u>	<u>(52,600)</u>	<u>21,429,659</u>
Total capital assets being depreciated	<u>\$ 121,512,224</u>	<u>\$ 6,667,174</u>	<u>\$ (52,600)</u>	<u>\$ 128,126,798</u>
Less Accumulated depreciation for:				
Buildings	\$ (39,022,381)	\$ (5,825,332)	\$ 1,435,810	\$ (43,411,903)
Machinery & Equipment	<u>(16,643,799)</u>	<u>(1,074,373)</u>	<u>52,600</u>	<u>(17,665,572)</u>
Total Accumulated depreciation	<u>\$ (55,666,180)</u>	<u>\$ (6,899,705)</u>	<u>\$ 1,488,410</u>	<u>\$ (61,077,475)</u>
Total capital assets being depreciated, net	<u>\$ 65,846,044</u>	<u>\$ (232,531)</u>	<u>\$ 1,435,810</u>	<u>\$ 67,049,323</u>
School Board Capital assets, net	<u>\$ 67,937,017</u>	<u>\$ 774,675</u>	<u>\$ 1,435,810</u>	<u>\$ 70,147,502</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

Note 12—Capital Assets: (continued)

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$	5,740,703
Transfer of accumulated depreciation from primary government for corresponding debt financed assets		<u>1,159,002</u>
Net increases in accumulated depreciation	\$	<u>6,899,705</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, 2011, is that school financed assets in the amount of \$57,432,384 are reported in the Primary Government for financial reporting purposes.

Note 13—Risk Management

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

Note 14—Contingent Liabilities:

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

Note 15—Reconciliation of Internal Service Fund Net Assets:

Internal Service Fund net assets were allocated as follows:

Total internal service fund net assets per Exhibit 7	\$ <u>114,912</u>
Total internal service fund net assets allocated to primary government per Exhibit 4	\$ <u>114,912</u>
Total	\$ <u>114,912</u>

Note 16—Landfill Closure and Postclosure Costs:

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

At June 30, 2011 the Augusta Regional Landfill reported as its landfill closure liability \$3,559,837 which represents the cumulative amount reported to date based on the use of 79.7% of the estimated capacity of the Permit #585 (Phases 1-3) landfill. The Augusta Regional Landfill reported a postclosure monitoring liability of \$2,942,223 at June 30, 2011. 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 79.7% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.43% responsible. Total closure and postclosure care costs and postclosure monitoring costs accrued at June 30, 2011 for both landfill permits are \$6,502,060. The Landfill will recognize the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$1,156,420 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$2,834,147 for the newly constructed Phase 4 cell as it is filled in the next six to eight years. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

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

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

Note 17—Construction Contracts Outstanding:

The Primary Government had the following material contracts outstanding at June 30, 2011:

Project	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Rural Rustic Road Improvements	\$ 319,098	\$ -	\$ 319,098
Rural Rustic Road Improvements #2	556,103	-	556,103
Wilson Elementary School Design	852,607	754,467	98,140
Wilson Elementary School Renovation	13,041,890	-	13,041,890
Total	<u>\$ 14,769,698</u>	<u>\$ 754,467</u>	<u>\$ 14,015,231</u>

Note 18—Fund Balance:

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 (CONTINUED)

Note 18—Fund Balance: (continued)

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

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

Fund balance had the following classifications at June 30, 2011:

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Projects</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 5,000	\$ -	\$ -	\$ 5,000
Restricted for:				
Fire revolving loan program	1,166,030	-	-	1,166,030
Drug enforcement	276,488	-	-	276,488
Capital projects- school renovation	-	-	6,572,262	6,572,262
Committed to:				
Health and welfare	234,581	-	-	234,581
Education	304,299	-	-	304,299
Emergency medical services	106,780	-	-	106,780
Other capital projects	-	10,250,894	-	10,250,894
Assigned to:				
Other capital projects	425,000	20,048,110	772,111	21,245,221
Fire revolving loan program	153,648	-	-	153,648
Drug enforcement	52,778	-	-	52,778
Unassigned:	<u>13,416,628</u>	<u>-</u>	<u>-</u>	<u>13,416,628</u>
Total	\$ <u>16,141,232</u>	\$ <u>30,299,004</u>	\$ <u>7,344,373</u>	<u>53,784,609</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)

Note 19—GASB 61 Early Implementation:

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

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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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 42,347,200	\$ 43,490,100	\$ 43,846,031	\$ 355,931
Other local taxes	14,916,615	15,499,655	15,590,286	90,631
Permits, privilege fees, and regulatory licenses	527,900	533,800	570,514	36,714
Fines and forfeitures	208,000	255,000	268,311	13,311
Revenue from the use of money and property	1,373,100	867,100	771,190	(95,910)
Charges for services	3,576,501	2,945,800	2,715,663	(230,137)
Miscellaneous	271,000	258,500	263,417	4,917
Recovered costs	115,000	188,000	193,751	5,751
Intergovernmental revenues:				
Commonwealth	9,196,355	9,224,050	9,214,220	(9,830)
Federal	421,300	429,660	499,642	69,982
Total revenues	<u>\$ 72,952,971</u>	<u>\$ 73,691,665</u>	<u>\$ 73,933,025</u>	<u>\$ 241,360</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,511,485	\$ 3,694,030	\$ 3,616,106	\$ 77,924
Judicial administration	1,748,201	1,732,193	1,684,155	48,038
Public safety	14,557,160	14,735,109	14,505,659	229,450
Public works	3,392,235	3,344,125	3,172,573	171,552
Health and welfare	1,000,815	894,820	893,924	896
Education	31,603,808	31,603,808	31,647,967	(44,159)
Parks, recreation, and cultural	2,658,425	2,684,155	2,527,128	157,027
Community development	1,437,097	1,437,342	1,371,828	65,514
Nondepartmental	174,405	170,495	164,005	6,490
Total expenditures	<u>\$ 60,083,631</u>	<u>\$ 60,296,077</u>	<u>\$ 59,583,345</u>	<u>\$ 712,732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,869,340</u>	<u>\$ 13,395,588</u>	<u>\$ 14,349,680</u>	<u>\$ 954,092</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 300,496	\$ 300,496
Transfers out	(11,019,791)	(11,409,851)	(12,341,999)	(932,148)
Total other financing sources and uses	<u>\$ (11,019,791)</u>	<u>\$ (11,409,851)</u>	<u>\$ (12,041,503)</u>	<u>\$ (631,652)</u>
Net change in fund balances	\$ 1,849,549	\$ 1,985,737	\$ 2,308,177	\$ 322,440
Fund balances - beginning	(1,849,549)	(1,985,737)	13,833,055	15,818,792
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,141,232</u>	<u>\$ 16,141,232</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 352,325	\$ 352,325	\$ 352,321	\$ (4)
Recovered costs	944,320	944,320	944,318	(2)
Intergovernmental revenues:				
Commonwealth	4,774,465	4,774,465	4,868,507	94,042
Federal	6,295,573	6,295,573	5,074,929	(1,220,644)
Total revenues	\$ 12,366,683	\$ 12,366,683	\$ 11,240,075	\$ (1,126,608)
EXPENDITURES				
Current:				
Health and welfare	\$ 14,323,200	\$ 14,323,200	\$ 12,928,354	\$ 1,394,846
Total expenditures	\$ 14,323,200	\$ 14,323,200	\$ 12,928,354	\$ 1,394,846
Excess (deficiency) of revenues over (under) expenditures	\$ (1,956,517)	\$ (1,956,517)	\$ (1,688,279)	\$ 268,238
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,956,517	\$ 1,956,517	\$ 1,688,279	\$ (268,238)
Total other financing sources and uses	\$ 1,956,517	\$ 1,956,517	\$ 1,688,279	\$ (268,238)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Schedule of Pension Funding Progress
As of June 30, 2011

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)
06/30/10 \$	56,738,257 \$	72,332,855 \$	15,594,598	78.44% \$	15,540,379	100.35%
06/30/09	57,030,988	65,451,866	8,420,878	87.13%	15,760,844	53.43%
06/30/08	56,837,932	61,807,836	4,969,904	91.96%	15,436,487	32.20%
06/30/07	51,901,499	55,341,773	3,440,274	93.78%	14,236,700	24.16%
06/30/06	46,228,179	49,242,258	3,014,079	93.88%	17,051,457	17.68%
06/30/05	42,947,708	49,409,915	6,462,207	86.92%	13,510,229	47.83%
06/30/04	41,517,368	45,493,890	3,976,522	91.26%	12,559,811	31.66%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

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

Other Post-Employment Benefit Program
 Schedule of Funding Progress
 As of June 30, 2011

PRIMARY GOVERNMENT:

County Other Post-Employment Benefit Program

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

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Post-Employment Benefit Program

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

Note:

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

OTHER SUPPLEMENTARY INFORMATION

School Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 5,327,893	\$ 5,327,893	\$ 5,327,893	\$ -
Interest and other fiscal charges	3,019,107	3,019,407	3,019,293	114
Total expenditures	<u>\$ 8,347,000</u>	<u>\$ 8,347,300</u>	<u>\$ 8,347,186</u>	<u>\$ 114</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(8,347,000)</u>	\$ <u>(8,347,300)</u>	\$ <u>(8,347,186)</u>	\$ <u>114</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,347,000	\$ 8,347,300	\$ 8,347,186	\$ (114)
Total other financing sources and uses	<u>\$ 8,347,000</u>	<u>\$ 8,347,300</u>	<u>\$ 8,347,186</u>	<u>\$ (114)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 22,946	\$ 22,946
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ 186,347	\$ 186,347
Federal	-	-	91,129	91,129
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,422</u>	<u>\$ 300,422</u>
EXPENDITURES				
Contribution to School Board	\$ 650,000	\$ 650,000	\$ 650,000	\$ -
Capital projects	3,016,050	3,297,594	6,905,765	(3,608,171)
Total expenditures	<u>\$ 3,666,050</u>	<u>\$ 3,947,594</u>	<u>\$ 7,555,765</u>	<u>\$ (3,608,171)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,666,050)</u>	<u>\$ (3,947,594)</u>	<u>\$ (7,255,343)</u>	<u>\$ (3,307,749)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,016,050	\$ 3,297,594	\$ 3,343,594	\$ 46,000
Transfers out	(1,309,950)	(2,117,571)	(1,266,486)	851,085
Total other financing sources and uses	<u>\$ 1,706,100</u>	<u>\$ 1,180,023</u>	<u>\$ 2,077,108</u>	<u>\$ 897,085</u>
Net change in fund balances	\$ (1,959,950)	\$ (2,767,571)	\$ (5,178,235)	\$ (2,410,664)
Fund balances - beginning	1,959,950	2,767,571	35,477,239	32,709,668
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,299,004</u>	<u>\$ 30,299,004</u>

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 93	\$ 93
Miscellaneous	-	-	132,365	132,365
Total revenues	\$ -	\$ -	\$ 132,458	\$ 132,458
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ 918,665	\$ 947,462	\$ (28,797)
Total expenditures	\$ -	\$ 918,665	\$ 947,462	\$ (28,797)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (918,665)	\$ (815,004)	\$ 103,661
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 856,511	\$ 14,483	\$ (842,028)
Proceeds of general obligation bonds	-	-	7,500,000	7,500,000
Total other financing sources and uses	\$ -	\$ 856,511	\$ 7,514,483	\$ 6,657,972
Net change in fund balances	\$ -	\$ (62,154)	\$ 6,699,479	\$ 6,761,633
Fund balances - beginning	-	62,154	644,894	582,740
Fund balances - ending	\$ -	\$ -	\$ 7,344,373	\$ 7,344,373

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	Agency Funds					Total
	Special Welfare	Shenandoah Valley Regional Program	Valley Alcohol Safety Action Program	Valley Vocational Technical Education Center	Valley Children's Center	
ASSETS						
Cash and cash equivalents	\$ 151,584	\$ 2,845,999	\$ 190,443	\$ 374,082	\$ 16,368	\$ 3,578,476
Other receivables	-	-	-	32,930	-	32,930
Total assets	<u>\$ 151,584</u>	<u>\$ 2,845,999</u>	<u>\$ 190,443</u>	<u>\$ 407,012</u>	<u>\$ 16,368</u>	<u>\$ 3,611,406</u>
LIABILITIES						
Accounts payable	\$ -	\$ 208,766	\$ 2,263	\$ 185,167	\$ 9,210	\$ 405,406
Accrued liabilities	-	95,023	-	121,810	-	216,833
Amounts held for social services clients	151,584	-	-	-	-	151,584
Amounts held for Shenandoah Valley Regional Program	-	2,542,210	-	-	-	2,542,210
Amounts held for Valley Alcohol Safety Action Program	-	-	188,180	-	-	188,180
Amounts held for Valley Vocational Technical Education Center	-	-	-	100,035	-	100,035
Amounts held for Valley Children's Center	-	-	-	-	7,158	7,158
Total liabilities	<u>\$ 151,584</u>	<u>\$ 2,845,999</u>	<u>\$ 190,443</u>	<u>\$ 407,012</u>	<u>\$ 16,368</u>	<u>\$ 3,611,406</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 91,958	\$ 225,060	\$ 165,434	\$ 151,584
Other receivables	14,080	-	14,080	-
Total assets	<u>\$ 106,038</u>	<u>\$ 225,060</u>	<u>\$ 179,514</u>	<u>\$ 151,584</u>
LIABILITIES				
Amounts held for social services clients	\$ 106,038	\$ 225,060	\$ 179,514	\$ 151,584
Total liabilities	<u>\$ 106,038</u>	<u>\$ 225,060</u>	<u>\$ 179,514</u>	<u>\$ 151,584</u>
Shenandoah Valley Regional Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 2,796,876	\$ 8,092,995	\$ 8,043,872	\$ 2,845,999
Total assets	<u>\$ 2,796,876</u>	<u>\$ 8,092,995</u>	<u>\$ 8,043,872</u>	<u>\$ 2,845,999</u>
LIABILITIES				
Accounts payable	\$ 151,767	\$ 208,766	\$ 151,767	\$ 208,766
Accrued liabilities	89,957	95,023	89,957	95,023
Amounts held for Shenandoah Valley Regional Program	2,555,152	8,092,995	8,105,937	2,542,210
Total liabilities	<u>\$ 2,796,876</u>	<u>\$ 8,396,784</u>	<u>\$ 8,347,661</u>	<u>\$ 2,845,999</u>
Valley Alcohol Safety Action Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 189,545	\$ 322,809	\$ 321,911	\$ 190,443
Other receivables	9,047	-	9,047	-
Total assets	<u>\$ 198,592</u>	<u>\$ 322,809</u>	<u>\$ 330,958</u>	<u>\$ 190,443</u>
LIABILITIES				
Accounts payable	\$ 1,940	\$ 2,263	\$ 1,940	\$ 2,263
Amounts held for Valley Alcohol Safety Action Program	196,652	322,809	331,281	188,180
Total liabilities	<u>\$ 198,592</u>	<u>\$ 325,072</u>	<u>\$ 333,221</u>	<u>\$ 190,443</u>
Valley Vocational Technical Education Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 406,864	\$ 4,473,420	\$ 4,506,202	\$ 374,082
Other receivables	-	32,930	-	32,930
Total assets	<u>\$ 406,864</u>	<u>\$ 4,506,350</u>	<u>\$ 4,506,202</u>	<u>\$ 407,012</u>
LIABILITIES				
Accounts payable	\$ 264,254	\$ 185,167	\$ 264,254	\$ 185,167
Accrued liabilities	142,610	121,810	142,610	121,810
Amounts held for Valley Vocational Technical Education Center	-	4,473,420	4,373,385	100,035
Total liabilities	<u>\$ 406,864</u>	<u>\$ 4,780,397</u>	<u>\$ 4,780,249</u>	<u>\$ 407,012</u>
Valley Children's Center Fund:				
ASSETS				
Cash and cash equivalents	\$ -	\$ 106,209	\$ 89,841	\$ 16,368
Total assets	<u>\$ -</u>	<u>\$ 106,209</u>	<u>\$ 89,841</u>	<u>\$ 16,368</u>
LIABILITIES				
Accounts payable	\$ -	\$ 9,210	\$ -	\$ 9,210
Amounts held for Valley Children's Center	-	106,209	99,051	7,158
Total liabilities	<u>\$ -</u>	<u>\$ 115,419</u>	<u>\$ 99,051</u>	<u>\$ 16,368</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011 (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	\$ 3,485,243	\$ 13,220,493	\$ 13,127,260	\$ 3,578,476
Other receivables	23,127	32,930	23,127	32,930
Total assets	<u>\$ 3,508,370</u>	<u>\$ 13,253,423</u>	<u>\$ 13,150,387</u>	<u>\$ 3,611,406</u>
LIABILITIES				
Accounts payable	\$ 417,961	\$ 405,406	\$ 417,961	\$ 405,406
Accrued liabilities	232,567	216,833	232,567	216,833
Amounts held for social services clients	106,038	225,060	179,514	151,584
Amounts held for Shenandoah Valley Regional Program	2,555,152	8,092,995	8,105,937	2,542,210
Amounts held for Valley Alcohol Safety Action Program	196,652	322,809	331,281	188,180
Amounts held for Valley Vocational Technical Education Center	-	4,473,420	4,373,385	100,035
Amounts held for Valley Children's Center	-	106,209	99,051	7,158
Total liabilities	<u>\$ 3,508,370</u>	<u>\$ 13,842,732</u>	<u>\$ 13,739,696</u>	<u>\$ 3,611,406</u>

Combining Statement of Net Assets
 Internal Service Funds
 June 30, 2011

	<u>Central Stores Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 40,371	\$ -	\$ 40,371
Accounts receivables, net of allowances for uncollectibles	82,883	-	82,883
Inventories	13,822	-	13,822
Prepaid expense	18,136	-	18,136
Total current assets	<u>\$ 155,212</u>	<u>\$ -</u>	<u>\$ 155,212</u>
LIABILITIES			
Current liabilities:			
Due to other funds	\$ 30,000	\$ -	\$ 30,000
Deposits held in escrow	10,300	-	10,300
Total liabilities	<u>\$ 40,300</u>	<u>\$ -</u>	<u>\$ 40,300</u>
NET ASSETS			
Unrestricted	<u>\$ 114,912</u>	<u>\$ -</u>	<u>\$ 114,912</u>
Total net assets	<u><u>\$ 114,912</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,912</u></u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Funds
 For the Year Ended June 30, 2011

	Central Stores Fund	Self- Insurance Fund	Total
OPERATING REVENUES			
Charges for services:			
Insurance premiums	\$ -	\$ -	\$ -
Total operating revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES			
Other supplies and expenses	\$ 431	\$ -	\$ 431
Insurance claims and expenses	-	388,770	388,770
Allocation to School Board	-	148,144	148,144
Total operating expenses	<u>\$ 431</u>	<u>\$ 536,914</u>	<u>\$ 537,345</u>
Operating income (loss)	<u>\$ (431)</u>	<u>\$ (536,914)</u>	<u>\$ (537,345)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ -	\$ 4,063	\$ 4,063
Transfer to general fund	-	(85,553)	(85,553)
Transfer to Valley Vocational Tech Center	-	(100,035)	(100,035)
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ (181,525)</u>	<u>\$ (181,525)</u>
Change in net assets	<u>\$ (431)</u>	<u>\$ (718,439)</u>	<u>\$ (718,870)</u>
Total net assets - beginning	<u>\$ 115,343</u>	<u>\$ 718,439</u>	<u>\$ 833,782</u>
Total net assets - ending	<u>\$ 114,912</u>	<u>\$ -</u>	<u>\$ 114,912</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Central Stores Fund	Self- Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 37,950	\$ -	\$ 37,950
Receipts for insurance premiums	-	12,833	12,833
Payments for premiums	-	(543,885)	(543,885)
Net cash provided by (used in) operating activities	<u>\$ 37,950</u>	<u>\$ (531,052)</u>	<u>\$ (493,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	\$ -	\$ 526,989	\$ 526,989
Interest and dividends received	-	4,063	4,063
Net cash provided by (used in) investing activities	<u>\$ -</u>	<u>\$ 531,052</u>	<u>\$ 531,052</u>
Net increase (decrease) in cash and cash equivalents	\$ 37,950	\$ -	\$ 37,950
Cash and cash equivalents - beginning	2,421	-	2,421
Cash and cash equivalents - ending	<u>\$ 40,371</u>	<u>\$ -</u>	<u>\$ 40,371</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (431)	\$ (536,914)	\$ (537,345)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable	\$ (3,283)	\$ 12,833	\$ 9,550
(Increase) decrease in inventories	963	-	963
(Increase) decrease in prepaid items	43,525	-	43,525
Increase (decrease) in accounts payable	-	(6,971)	(6,971)
Increase (decrease) in deferred revenue	(2,824)	-	(2,824)
Total adjustments	<u>\$ 38,381</u>	<u>\$ 5,862</u>	<u>\$ 44,243</u>
Net cash provided by (used in) operating activities	<u>\$ 37,950</u>	<u>\$ (531,052)</u>	<u>\$ (493,102)</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>\$ (13,475)</u>	<u>\$ (13,475)</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, 2011

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 5,510,171	\$ 5,685,975
Buildings	83,563,153	86,044,689
Machinery and equipment	9,724,037	8,955,251
Land improvement	1,245,059	1,245,059
Construction in progress	115,164	1,365,544
Total governmental funds capital assets	<u>\$ 100,157,584</u>	<u>\$ 103,296,518</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 99,907,530	\$ 103,046,464
Special revenue funds	250,054	250,054
Total governmental funds capital assets by source	<u>\$ 100,157,584</u>	<u>\$ 103,296,518</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2011

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,881,364	\$ 1,161,436	\$ 25,404,892	\$ 581,426	\$ 115,164	\$ 31,144,282
County administrator	-	-	-	44,171	-	44,171
Commissioner of revenue	-	-	-	53,071	-	53,071
Central accounting	-	-	-	22,175	-	22,175
Management information systems	-	-	-	602,286	-	602,286
Total general government administration	\$ 3,881,364	\$ 1,161,436	\$ 25,404,892	\$ 1,303,129	\$ 115,164	\$ 31,865,985
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 187,795	\$ -	\$ 187,795
General District Court	-	-	-	19,252	-	19,252
Total judicial administration	\$ -	\$ -	\$ -	\$ 207,047	\$ -	\$ 207,047
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,394,648	\$ -	\$ 2,394,648
Emergency operations	-	-	-	1,448,985	-	1,448,985
Fire department	-	-	202,537	2,685,643	-	2,888,180
Emergency services	-	-	-	81,333	-	81,333
Juvenile detention and probation	-	-	12,520	5,913	-	18,433
Building inspections	-	-	-	115,033	-	115,033
Animal control	-	-	-	68,251	-	68,251
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ -	\$ -	\$ 215,057	\$ 6,871,090	\$ -	\$ 7,086,147
Public works:						
Sanitation and waste removal	60,446	-	-	169,209	-	229,655
Maintenance of buildings and grounds	45,700	30,000	198,858	172,371	-	446,929
Total public works	\$ 106,146	\$ 30,000	\$ 198,858	\$ 341,580	\$ -	\$ 676,584
Education:						
Schools	\$ -	\$ -	\$ 57,432,384	\$ -	\$ -	\$ 57,432,384
Total education	\$ -	\$ -	\$ 57,432,384	\$ -	\$ -	\$ 57,432,384
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 250,054	\$ -	\$ 250,054
Total health and welfare	\$ -	\$ -	\$ -	\$ 250,054	\$ -	\$ 250,054
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 403,072	\$ -	\$ 2,291,318
Library	-	-	-	234,607	-	234,607
Total parks, recreation, and cultural	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 637,679	\$ -	\$ 2,525,925
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 113,458	\$ -	\$ 113,458
Total community development	\$ -	\$ -	\$ -	\$ 113,458	\$ -	\$ 113,458
Total governmental funds capital assets	\$ 5,510,171	\$ 1,245,059	\$ 83,563,153	\$ 9,724,037	\$ 115,164	\$ 100,157,584

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2011

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets June 30, 2011
	June 30, 2010	Additions	Deductions	Transfers	
General government administration:					
Board of supervisors	\$ 29,431,700	\$ 3,054,744	\$ (1,342,162)	\$ -	\$ 31,144,282
County administrator	44,171	-	-	-	44,171
Commissioner of revenue	60,203	-	-	(7,132)	53,071
Central accounting	22,175	-	-	-	22,175
Management information systems	502,884	61,915	(5,629)	43,116	602,286
Total general government administration	\$ 30,061,133	\$ 3,116,659	\$ (1,347,791)	\$ 35,984	\$ 31,865,985
Judicial administration:					
Clerk of Circuit Court	\$ 187,795	\$ -	\$ -	\$ -	\$ 187,795
General District Court	19,252	-	-	-	19,252
Commonwealth's Attorney	5,438	-	(5,438)	-	-
Total judicial administration	\$ 212,485	\$ -	\$ (5,438)	\$ -	\$ 207,047
Public safety:					
Sheriff	\$ 2,350,526	\$ 215,341	\$ (158,262)	\$ (12,958)	\$ 2,394,647
Emergency operations	1,458,184	-	(15,090)	5,891	1,448,985
Fire department	2,385,533	502,647	-	-	2,888,180
Emergency services	81,333	-	-	-	81,333
Juvenile detention and probation	18,433	-	-	-	18,433
Building inspections	115,033	-	-	-	115,033
Animal control	59,596	46,525	(37,869)	-	68,252
Drug enforcement	71,284	-	-	-	71,284
Total public safety	\$ 6,539,922	\$ 764,513	\$ (211,221)	\$ (7,067)	\$ 7,086,147
Public works:					
Highways and roads	\$ 175,804	\$ -	\$ (175,804)	\$ -	\$ -
Sanitation and waste removal	229,655	-	-	-	229,655
Maintenance of buildings and grounds	446,929	-	-	-	446,929
Total public works	\$ 852,388	\$ -	\$ (175,804)	\$ -	\$ 676,584
Education:					
Schools	\$ 62,760,277	\$ -	\$ (5,327,893)	\$ -	\$ 57,432,384
Total education	\$ 62,760,277	\$ -	\$ (5,327,893)	\$ -	\$ 57,432,384
Health and welfare:					
Social services	\$ 250,054	\$ -	\$ -	\$ -	\$ 250,054
Total health and welfare	\$ 250,054	\$ -	\$ -	\$ -	\$ 250,054
Parks, recreation, and cultural:					
Parks and recreation	\$ 2,265,527	\$ 25,791	\$ -	\$ -	\$ 2,291,318
Library	217,986	32,374	(10,124)	(5,629)	234,607
Total parks, recreation, and cultural	\$ 2,483,513	\$ 58,165	\$ (10,124)	\$ (5,629)	\$ 2,525,925
Community development:					
Community development	\$ 136,746	\$ -	\$ -	\$ (23,288)	\$ 113,458
Total community development	\$ 136,746	\$ -	\$ -	\$ (23,288)	\$ 113,458
Total governmental funds capital assets	\$ 103,296,518	\$ 3,939,337	\$ (7,078,271)	\$ -	\$ 100,157,584

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2011

	<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	\$ -	\$ 1,739,448	\$ 258,640	\$ 1,998,088
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	305,347	-	-	305,347
Due from primary government	6,700,724	-	971	6,701,695
Due from other governmental units	2,260,545	1,280	311,788	2,573,613
Prepaid items	22,500	-	-	22,500
Total assets	<u>\$ 9,292,116</u>	<u>\$ 1,740,728</u>	<u>\$ 571,399</u>	<u>\$ 11,604,243</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 158,268	\$ 158,268
Accounts payable	4,050,675	169,853	86,329	4,306,857
Accrued liabilities	5,136,471	147,210	128,225	5,411,906
Due to primary government	-	-	198,577	198,577
Deferred revenue	104,970	34,517	-	139,487
Total liabilities	<u>\$ 9,292,116</u>	<u>\$ 351,580</u>	<u>\$ 571,399</u>	<u>\$ 10,215,095</u>
Fund balances:				
Nonspendable				
Prepaid expense	\$ 22,500	\$ -	\$ -	\$ 22,500
Assigned	-	1,389,148	-	1,389,148
Unassigned	(22,500)	-	-	(22,500)
Total fund balances	<u>\$ -</u>	<u>\$ 1,389,148</u>	<u>\$ -</u>	<u>\$ 1,389,148</u>
Total liabilities and fund balances	<u>\$ 9,292,116</u>	<u>\$ 1,740,728</u>	<u>\$ 571,399</u>	<u>\$ 11,604,243</u>

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

Total fund balances per above \$ 1,389,148

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 70,147,502

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (3,319,523)

Net assets of governmental activities \$ 68,217,127

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	<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	\$ 32,247	\$ 18,915	\$ -	\$ 51,162
Charges for services	836,223	2,361,089	706,414	3,903,726
Miscellaneous	704,304	-	6,339	710,643
Intergovernmental revenues:				
Local government	32,273,750	-	18,947	32,292,697
Commonwealth	49,109,603	77,172	476,675	49,663,450
Federal	8,128,999	2,386,657	2,114,143	12,629,799
Total revenues	<u>91,085,126</u>	<u>4,843,833</u>	<u>3,322,518</u>	<u>99,251,477</u>
EXPENDITURES				
Current:				
Education	\$ 91,085,126	\$ 4,568,321	\$ 3,322,518	\$ 98,975,965
Contribution to Primary Government	-	-	-	-
Total expenditures	<u>\$ 91,085,126</u>	<u>\$ 4,568,321</u>	<u>\$ 3,322,518</u>	<u>\$ 98,975,965</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 275,512	\$ -	\$ 275,512
Net change in fund balances	\$ -	\$ 275,512	\$ -	\$ 275,512
Fund balances - beginning	-	1,113,636	-	1,113,636
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,389,148</u>	<u>\$ -</u>	<u>\$ 1,389,148</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	\$ 275,512
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	2,210,485
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.	(443,432)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(432,744)</u>
Change in net assets of governmental activities	<u>\$ 1,609,821</u>

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	<u>School Operating Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 16,502	\$ 29,725	\$ 32,247	\$ 2,522
Charges for services	836,003	880,958	836,223	(44,735)
Miscellaneous	962,510	706,117	704,304	(1,813)
Intergovernmental revenues:				
Local government	32,248,808	32,248,808	32,273,750	24,942
Commonwealth	49,915,402	50,374,166	49,109,603	(1,264,563)
Federal	6,374,152	7,345,032	8,128,999	783,967
Total revenues	<u>\$ 90,353,377</u>	<u>\$ 91,584,806</u>	<u>\$ 91,085,126</u>	<u>\$ (499,680)</u>
EXPENDITURES				
Current:				
Education	\$ 90,353,377	\$ 91,584,806	\$ 91,085,126	\$ 499,680
Total expenditures	<u>\$ 90,353,377</u>	<u>\$ 91,584,806</u>	<u>\$ 91,085,126</u>	<u>\$ 499,680</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 34,000	\$ 23,000	\$ 18,915	\$ (4,085)
2,868,292	2,567,348	2,361,089	(206,259)
-	-	-	-
-	-	-	-
77,256	77,172	77,172	-
2,087,000	2,044,305	2,386,657	342,352
<u>\$ 5,066,548</u>	<u>\$ 4,711,825</u>	<u>\$ 4,843,833</u>	<u>\$ 132,008</u>
<u>\$ 5,066,548</u>	<u>\$ 4,711,825</u>	<u>\$ 4,568,321</u>	<u>\$ 143,504</u>
<u>\$ 5,066,548</u>	<u>\$ 4,711,825</u>	<u>\$ 4,568,321</u>	<u>\$ 143,504</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,512</u>	<u>\$ 275,512</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,512</u>	<u>\$ 275,512</u>
<u>-</u>	<u>-</u>	<u>1,113,636</u>	<u>1,113,636</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,389,148</u></u>	<u><u>\$ 1,389,148</u></u>

Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2011

	Matthews Training Private- Purpose Trust
ASSETS	
Cash and cash equivalents	\$ <u>74,866</u>
NET ASSETS	
Held in trust for scholarships	\$ <u>74,866</u>

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2011

	Matthews Training Private- Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 3,711
Total additions	<u>\$ 3,711</u>
DEDUCTIONS	
Scholarships	\$ -
Total deductions	<u>\$ -</u>
Change in net assets	\$ 3,711
Net assets - beginning	<u>71,155</u>
Net assets - ending	<u><u>\$ 74,866</u></u>

Combining Balance Sheet

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

June 30, 2011

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 258,640	\$ 258,640
Due from primary government	971	-	971
Due from other governmental units	311,788	-	311,788
Total assets	<u>\$ 312,759</u>	<u>\$ 258,640</u>	<u>\$ 571,399</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Reconciled overdraft	\$ 158,268	\$ -	\$ 158,268
Accounts payable	62,509	23,820	86,329
Accrued liabilities	91,982	36,243	128,225
Due to primary government	-	198,577	198,577
Total liabilities	<u>\$ 312,759</u>	<u>\$ 258,640</u>	<u>\$ 571,399</u>
Total liabilities and fund balances	<u>\$ 312,759</u>	<u>\$ 258,640</u>	<u>\$ 571,399</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, 2011

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ -	\$ 706,414	\$ 706,414
Miscellaneous	-	6,339	6,339
Intergovernmental revenues:			
Local government	-	18,947	18,947
Commonwealth	270	476,405	476,675
Federal	2,114,143	-	2,114,143
Total revenues	<u>\$ 2,114,413</u>	<u>\$ 1,208,105</u>	<u>\$ 3,322,518</u>
EXPENDITURES			
Current:			
Education	\$ 2,114,413	\$ 1,208,105	\$ 3,322,518
Total expenditures	<u>\$ 2,114,413</u>	<u>\$ 1,208,105</u>	<u>\$ 3,322,518</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, 2011

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	270	270
Federal	2,087,202	2,272,349	2,114,143	(158,206)
Total revenues	<u>\$ 2,087,202</u>	<u>\$ 2,272,349</u>	<u>\$ 2,114,413</u>	<u>\$ (157,936)</u>
EXPENDITURES				
Current:				
Education	\$ 2,087,202	\$ 2,272,349	\$ 2,114,413	\$ 157,936
Total expenditures	<u>\$ 2,087,202</u>	<u>\$ 2,272,349</u>	<u>\$ 2,114,413</u>	<u>\$ 157,936</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>

Governor's School Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 693,948	\$ 692,383	\$ 706,414	\$ 14,031
12,600	10,000	6,339	(3,661)
50,001	63,000	18,947	(44,053)
466,389	477,800	476,405	(1,395)
-	-	-	-
\$ 1,222,938	\$ 1,243,183	\$ 1,208,105	\$ (35,078)
\$ 1,222,938	\$ 1,243,183	\$ 1,208,105	\$ 35,078
\$ 1,222,938	\$ 1,243,183	\$ 1,208,105	\$ 35,078
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Comparative Schedules by Source
 June 30, 2011

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 2,090,973	\$ 2,090,973
Buildings	106,697,139	100,261,879
Machinery and equipment	21,429,659	21,250,345
Construction in progress	1,007,206	-
Total governmental funds capital assets	<u>\$ 131,224,977</u>	<u>\$ 123,603,197</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	<u>\$ 131,224,977</u>	<u>\$ 123,603,197</u>
Total governmental funds capital assets	<u>\$ 131,224,977</u>	<u>\$ 123,603,197</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2011

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progrss</u>	<u>Total</u>
Education:					
Schools	\$ 2,090,973	\$ 106,697,139	\$ 21,429,659	\$ 1,007,206	\$ 131,224,977
Total governmental funds capital assets	<u>\$ 2,090,973</u>	<u>\$ 106,697,139</u>	<u>\$ 21,429,659</u>	<u>\$ 1,007,206</u>	<u>\$ 131,224,977</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, 2011

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2011</u>
Education:				
Schools	\$ 123,603,197	\$ 7,674,380	\$ (52,600)	\$ 131,224,977
Total governmental funds capital assets	<u>\$ 123,603,197</u>	<u>\$ 7,674,380</u>	<u>\$ (52,600)</u>	<u>\$ 131,224,977</u>

Combining Statement of Changes in Assets and Liabilities - Agency Funds
 Discretely Presented Component Unit - School Board
 June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>School Activity Funds</u>				
Assets:				
Cash and temporary investments	\$ 1,436,282	\$ 4,350,349	\$ 4,110,604	\$ 1,676,027
Total assets	<u>\$ 1,436,282</u>	<u>\$ 4,350,349</u>	<u>\$ 4,110,604</u>	<u>\$ 1,676,027</u>
Liabilities:				
Collections held in trust	\$ 1,436,282	\$ 4,350,349	\$ 4,110,604	\$ 1,676,027
Total liabilities	<u>\$ 1,436,282</u>	<u>\$ 4,350,349</u>	<u>\$ 4,110,604</u>	<u>\$ 1,676,027</u>

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SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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	\$ 31,022,000	\$ 31,256,500	\$ 31,343,414	\$ 86,914
Real and personal public service corporation taxes	987,200	1,310,600	1,310,950	350
Personal property taxes	6,695,000	7,202,000	7,415,857	213,857
Mobile home taxes	137,000	158,000	160,592	2,592
Machinery and tools taxes	2,986,000	3,043,000	3,039,846	(3,154)
Penalties	300,000	290,000	305,066	15,066
Interest	220,000	230,000	270,306	40,306
Total general property taxes	<u>\$ 42,347,200</u>	<u>\$ 43,490,100</u>	<u>\$ 43,846,031</u>	<u>\$ 355,931</u>
Other local taxes:				
Local sales and use taxes	\$ 4,400,000	\$ 4,450,000	\$ 4,493,294	\$ 43,294
Consumers' utility taxes	4,230,000	4,275,000	4,298,171	23,171
Business license taxes	2,500,000	3,000,000	3,034,935	34,935
Utility license taxes	270,000	270,000	269,374	(626)
Bank stock taxes	217,000	230,000	233,358	3,358
Taxes on recordation and wills	615,000	626,000	624,546	(1,454)
Hotel and motel room taxes	420,000	435,000	433,027	(1,973)
Restaurant food taxes	2,224,615	2,173,655	2,169,324	(4,331)
Interest on local taxes	40,000	40,000	34,257	(5,743)
Total other local taxes	<u>\$ 14,916,615</u>	<u>\$ 15,499,655</u>	<u>\$ 15,590,286</u>	<u>\$ 90,631</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 40,000	\$ 45,000	\$ 54,615	\$ 9,615
Land use application fees	22,000	29,000	28,904	(96)
Transfer fees	3,000	2,000	1,693	(307)
Cellular tower fees	14,700	8,500	8,000	(500)
Permits and other licenses	448,200	449,300	477,302	28,002
Total permits, privilege fees, and regulatory licenses	<u>\$ 527,900</u>	<u>\$ 533,800</u>	<u>\$ 570,514</u>	<u>\$ 36,714</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 190,000	\$ 230,000	\$ 244,818	\$ 14,818
Dog violation fines	18,000	25,000	23,493	(1,507)
Total fines and forfeitures	<u>\$ 208,000</u>	<u>\$ 255,000</u>	<u>\$ 268,311</u>	<u>\$ 13,311</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 1,000,000	\$ 502,100	\$ 401,400	\$ (100,700)
Revenue from use of property	373,100	365,000	369,790	4,790
Total revenue from use of money and property	<u>\$ 1,373,100</u>	<u>\$ 867,100</u>	<u>\$ 771,190</u>	<u>\$ (95,910)</u>
Charges for services:				
Excess fees of clerk	\$ 68,000	\$ 34,000	\$ 43,049	\$ 9,049
Charges for law enforcement and traffic control	6,000	7,600	4,212	(3,388)
Charges for courthouse maintenance	114,000	114,000	97,206	(16,794)
Treasurer's collection fees	44,000	74,000	95,820	21,820
Concealed weapons permits	9,000	6,000	6,367	367
Courthouse security fees	160,000	165,000	154,215	(10,785)
Charges for Commonwealth's Attorney	3,000	4,000	4,216	216
Miscellaneous jail and inmate fees	10,000	15,000	14,351	(649)
Charges for sanitation and waste removal	1,125,000	1,000,000	987,779	(12,221)
Charges for parks and recreation	523,500	463,000	333,010	(129,990)
Charges for after school programs	312,000	312,000	281,889	(30,111)
Charges for day care	104,000	104,000	92,394	(11,606)
Charges for library	19,200	17,200	15,120	(2,080)
EMS transport service	1,078,801	630,000	586,035	(43,965)
Total charges for services	<u>\$ 3,576,501</u>	<u>\$ 2,945,800</u>	<u>\$ 2,715,663</u>	<u>\$ (230,137)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive, (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 51,000	\$ 57,000	\$ 53,457	\$ (3,543)
Repayment of loans from fire companies	220,000	194,000	203,489	9,489
Seized funds	-	7,500	6,471	(1,029)
Total miscellaneous revenue	<u>\$ 271,000</u>	<u>\$ 258,500</u>	<u>\$ 263,417</u>	<u>\$ 4,917</u>
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 101,000	\$ 101,000	\$ 100,723	\$ (277)
Juvenile and domestic relations court costs	11,500	24,000	23,850	(150)
Other recovered costs	2,500	63,000	69,178	6,178
Total recovered costs	<u>\$ 115,000</u>	<u>\$ 188,000</u>	<u>\$ 193,751</u>	<u>\$ 5,751</u>
Total revenue from local sources	<u>\$ 63,335,316</u>	<u>\$ 64,037,955</u>	<u>\$ 64,219,163</u>	<u>\$ 181,208</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 78,000	\$ 78,200	\$ 78,532	\$ 332
Mobile home titling tax	130,000	130,000	115,857	(14,143)
Timber sales	600	3,000	3,021	21
Motor vehicle rental tax	35,000	40,000	44,256	4,256
Abandoned vehicles	300	300	-	(300)
State recordation tax	230,000	160,000	218,242	58,242
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Reduction in state aid	(315,000)	(315,000)	(350,816)	(35,816)
Total noncategorical aid	<u>\$ 4,454,900</u>	<u>\$ 4,392,500</u>	<u>\$ 4,405,085</u>	<u>\$ 12,585</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 505,300	\$ 528,800	\$ 525,206	\$ (3,594)
Sheriff	2,632,300	2,709,300	2,699,082	(10,218)
Commissioner of revenue	197,200	202,200	202,121	(79)
Treasurer	150,100	153,800	152,834	(966)
Registrar/electoral board	48,700	54,100	47,373	(6,727)
Clerk of the Circuit Court	425,700	405,700	398,323	(7,377)
Total shared expenses	<u>\$ 3,959,300</u>	<u>\$ 4,053,900</u>	<u>\$ 4,024,939</u>	<u>\$ (28,961)</u>
Other categorical aid:				
Emergency medical services	\$ 69,000	\$ 69,000	\$ 80,636	\$ 11,636
Department of health fire instructional grant	-	12,000	14,821	2,821
Litter control grant	14,000	16,600	16,560	(40)
Library grant	156,100	156,200	156,208	8
Grant for restoration of records	4,500	54,100	54,061	(39)
Victim-witness grant	59,925	70,500	68,971	(1,529)
Performing arts grant	5,000	5,150	5,426	276
Fireman's insurance fund	180,000	166,000	186,619	20,619
Technology trust fund	55,130	48,400	23,232	(25,168)
Seized funds	11,500	20,000	23,301	3,301
Valley Children's Center	57,000	17,500	17,407	(93)
E-911 wireless funding	168,000	140,000	134,805	(5,195)
Spay and neuter funds	2,000	2,200	2,149	(51)
Total other categorical aid	<u>\$ 782,155</u>	<u>\$ 777,650</u>	<u>\$ 784,196</u>	<u>\$ 6,546</u>
Total categorical aid	<u>\$ 4,741,455</u>	<u>\$ 4,831,550</u>	<u>\$ 4,809,135</u>	<u>\$ (22,415)</u>
Total revenue from the Commonwealth	<u>\$ 9,196,355</u>	<u>\$ 9,224,050</u>	<u>\$ 9,214,220</u>	<u>\$ (9,830)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 355,000	\$ 238,000	\$ 209,588	\$ (28,412)
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ 44,400	\$ 45,436	\$ 1,036
Domestic violence grant	41,600	34,600	30,675	(3,925)
Sane grant	16,300	16,300	6,725	(9,575)
Seized funds	-	30,000	45,017	15,017
DEQ royalty grant	-	900	1,829	929
Justice assistance grant	-	36,800	43,479	6,679
Homeland security grant	-	20,260	3,258	(17,002)
ARRA-domestic violence grant	8,400	8,400	5,212	(3,188)
FEMA disaster relief	-	-	108,423	108,423
Total categorical aid	<u>\$ 66,300</u>	<u>\$ 191,660</u>	<u>\$ 290,054</u>	<u>\$ 98,394</u>
Total revenue from the federal government	<u>\$ 421,300</u>	<u>\$ 429,660</u>	<u>\$ 499,642</u>	<u>\$ 69,982</u>
Total General Fund	<u>\$ 72,952,971</u>	<u>\$ 73,691,665</u>	<u>\$ 73,933,025</u>	<u>\$ 241,360</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 352,325	\$ 352,325	\$ 352,321	\$ (4)
Recovered costs:				
City of Staunton, Virginia	\$ 465,445	\$ 465,445	\$ 465,445	\$ -
City of Waynesboro, Virginia	478,875	478,875	478,873	(2)
Total recovered costs	<u>\$ 944,320</u>	<u>\$ 944,320</u>	<u>\$ 944,318</u>	<u>\$ (2)</u>
Total revenue from local sources	<u>\$ 1,296,645</u>	<u>\$ 1,296,645</u>	<u>\$ 1,296,639</u>	<u>\$ (6)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,671,290	\$ 2,671,290	\$ 2,671,290	\$ -
Other grants and programs	150,000	150,000	150,740	740
Comprehensive Services Act program	1,953,175	1,953,175	2,046,477	93,302
Total categorical aid	<u>\$ 4,774,465</u>	<u>\$ 4,774,465</u>	<u>\$ 4,868,507</u>	<u>\$ 94,042</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 6,187,573	\$ 6,187,573	\$ 5,010,269	\$ (1,177,304)
ARRA-public assistance and welfare administration	108,000	108,000	64,660	(43,340)
Total revenue from the federal government	<u>\$ 6,295,573</u>	<u>\$ 6,295,573</u>	<u>\$ 5,074,929</u>	<u>\$ (1,220,644)</u>
Total Virginia Public Assistance Fund	<u>\$ 12,366,683</u>	<u>\$ 12,366,683</u>	<u>\$ 11,240,075</u>	<u>\$ (1,126,608)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Contribution	\$ -	\$ -	\$ 22,946	\$ 22,946
Total miscellaneous revenue	\$ -	\$ -	\$ 22,946	\$ 22,946
Total revenue from local sources	\$ -	\$ -	\$ 22,946	\$ 22,946
Revenue from the Commonwealth:				
Categorical aid:				
Department of conservation grant	\$ -	\$ -	\$ 750	\$ 750
Hazardous Material Grant	-	-	20,000	20,000
Reimbursement Department of Transportation	-	-	122,323	122,323
Department of fire programs training grant	-	-	2,094	2,094
E-911 wireless grant	-	-	41,180	41,180
Total categorical aid	\$ -	\$ -	\$ 186,347	\$ 186,347
Revenue from the federal government:				
Categorical aid:				
Hazardous Material Grant	\$ -	\$ -	\$ 25,284	\$ 25,284
Transportation enhancement	-	-	65,845	65,845
Total categorical aid	\$ -	\$ -	\$ 91,129	\$ 91,129
Total County Capital Improvements Fund	\$ -	\$ -	\$ 300,422	\$ 300,422
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 93	\$ 93
Total revenue from use of money and property	\$ -	\$ -	\$ 93	\$ 93
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 132,365	\$ 132,365
Total miscellaneous revenue	\$ -	\$ -	\$ 132,365	\$ 132,365
Total revenue from local sources	\$ -	\$ -	\$ 132,458	\$ 132,458
Total School Capital Improvements Fund	\$ -	\$ -	\$ 132,458	\$ 132,458
Total Primary Government	\$ 85,319,654	\$ 86,058,348	\$ 85,605,980	\$ (452,368)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 16,502	\$ 29,725	\$ 32,247	\$ 2,522
Total revenue from use of money and property	\$ 16,502	\$ 29,725	\$ 32,247	\$ 2,522
Charges for services:				
Charges for education	\$ 448,018	\$ 479,786	\$ 479,403	\$ (383)
Tuition and payments from other divisions	387,985	401,172	356,820	(44,352)
Total charges for services	\$ 836,003	\$ 880,958	\$ 836,223	\$ (44,735)
Miscellaneous revenue:				
Other miscellaneous	\$ 962,510	\$ 706,117	\$ 704,304	\$ (1,813)
Total revenue from local sources	\$ 1,815,015	\$ 1,616,800	\$ 1,572,774	\$ (44,026)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 32,248,808	\$ 32,248,808	\$ 32,273,750	\$ 24,942
Total revenues from local governments	\$ 32,248,808	\$ 32,248,808	\$ 32,273,750	\$ 24,942

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (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:				
Categorical aid:				
Share of state sales tax	\$ 10,138,063	\$ 10,550,000	\$ 10,563,465	\$ 13,465
Basic school aid	28,340,293	28,322,195	27,088,565	(1,233,630)
Remedial summer education	69,356	59,706	59,706	-
Regular foster care	119,789	36,432	47,412	10,980
Adult secondary education	72,980	92,484	97,442	4,958
Gifted and talented	307,391	309,613	309,797	184
Remedial education	573,796	577,944	578,288	344
Special education	2,015,116	2,029,683	2,030,891	1,208
Textbook payment	358,895	361,490	361,705	215
Standards of learning-project graduation	-	35,725	32,925	(2,800)
Vocational standards of quality payments	1,373,011	1,382,936	1,383,759	823
Vocational adult education	19,790	19,790	21,087	1,297
Social security fringe benefits	1,680,401	1,692,549	1,693,556	1,007
Retirement fringe benefits	997,311	1,004,521	1,005,119	598
Group life insurance instructional	61,478	61,923	61,959	36
Early reading intervention	100,024	90,022	90,022	-
Homebound education	65,357	41,179	41,179	-
Regional program tuition	688,155	701,648	691,181	(10,467)
Vocational education - equipment	34,948	32,983	29,078	(3,905)
Vocational occupational preparedness	86,212	143,352	161,352	18,000
Mentor teacher program	7,810	7,810	9,253	1,443
Special education - foster children	72,320	43,114	35,423	(7,691)
At risk payments	318,923	321,168	321,449	281
Primary class size	312,733	298,040	298,040	-
Technology	596,000	596,000	596,000	-
Standards of Learning algebra readiness	69,709	73,809	73,809	-
At risk four-year olds	454,296	454,296	454,296	-
English as a second language	91,693	89,560	89,560	-
Race to GED	-	42,801	42,801	-
Composite index hold harmless	699,708	685,060	685,060	-
Other state funds	189,844	216,333	155,424	(60,909)
Total categorical aid	<u>\$ 49,915,402</u>	<u>\$ 50,374,166</u>	<u>\$ 49,109,603</u>	<u>\$ (1,264,563)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 203,969	\$ 200,778	\$ 200,778	-
Adult literacy	149,588	146,958	143,420	(3,538)
Title I	1,118,236	1,227,149	936,615	(290,534)
Title VI-B, special education flow-through	2,283,152	2,239,763	2,239,304	(459)
Vocational education	129,750	134,938	135,252	314
Title VI-B, special education pre-school	62,361	66,026	69,022	2,996
Drug free schools	27,973	27,973	19,258	(8,715)
21st century grant	150,790	134,848	101,621	(33,227)
Enhancing education through technology	12,368	12,368	11,361	(1,007)
Language acquisition	25,000	25,000	21,487	(3,513)
Title II Part A	347,945	307,593	346,841	39,248
ITCV grant	-	-	55,252	55,252
ARRA-education technology grant-Title II	-	-	862	862
ARRA-Title I grant	330,714	355,749	399,476	43,727
ARRA-IDEA Part B	1,370,142	1,275,402	1,224,134	(51,268)
ARRA-IDEA Part B preschool grant	51,024	51,064	47,213	(3,851)
ARRA-State fiscal stabilization funds	52,057	1,117,250	2,154,930	1,037,680
ARRA-ITCV grant	59,083	22,173	22,173	-
Total categorical aid	<u>\$ 6,374,152</u>	<u>\$ 7,345,032</u>	<u>\$ 8,128,999</u>	<u>\$ 783,967</u>
Total School Operating Fund	<u>\$ 90,353,377</u>	<u>\$ 91,584,806</u>	<u>\$ 91,085,126</u>	<u>\$ (499,680)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (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)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 34,000	\$ 23,000	\$ 18,915	\$ (4,085)
Charges for services:				
Cafeteria sales	\$ 2,868,292	\$ 2,567,348	\$ 2,361,089	\$ (206,259)
Total revenue from local sources	\$ 2,902,292	\$ 2,590,348	\$ 2,380,004	\$ (210,344)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 77,256	\$ 77,172	\$ 77,172	\$ -
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,087,000	\$ 2,044,305	\$ 2,051,037	\$ 6,732
USDA donated food	-	-	335,620	335,620
Total categorical aid	\$ 2,087,000	\$ 2,044,305	\$ 2,386,657	\$ 342,352
Total revenue from the federal government	\$ 2,087,000	\$ 2,044,305	\$ 2,386,657	\$ 342,352
Total School Cafeteria Fund	\$ 5,066,548	\$ 4,711,825	\$ 4,843,833	\$ 132,008
Head Start Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ -	\$ -	\$ 270	\$ 270
Total revenues from local governments	\$ -	\$ -	\$ 270	\$ 270
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 1,978,738	\$ 2,098,220	\$ 1,956,085	\$ (142,135)
ARRA	108,464	174,129.00	158,058	(16,071)
Total categorical aid	\$ 2,087,202	\$ 2,272,349	\$ 2,114,143	\$ (158,206)
Total revenue from the federal government	\$ 2,087,202	\$ 2,272,349	\$ 2,114,143	\$ (158,206)
Total Head Start Fund	\$ 2,087,202	\$ 2,272,349	\$ 2,114,413	\$ (157,936)
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 693,948	\$ 692,383	\$ 706,414	\$ 14,031
Total charges for services	\$ 693,948	\$ 692,383	\$ 706,414	\$ 14,031
Miscellaneous revenue:				
Other miscellaneous	\$ 12,600	\$ 10,000	\$ 6,339	\$ (3,661)
Total miscellaneous revenue	\$ 12,600	\$ 10,000	\$ 6,339	\$ (3,661)
Total revenue from local sources	\$ 706,548	\$ 702,383	\$ 712,753	\$ 10,370

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Governor's School Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 50,001	\$ 63,000	\$ 18,947	\$ (44,053)
Total revenues from local governments	<u>\$ 50,001</u>	<u>\$ 63,000</u>	<u>\$ 18,947</u>	<u>\$ (44,053)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 440,389	\$ 451,800	\$ 450,405	\$ (1,395)
Technology funds	26,000	26,000	26,000	-
Total categorical aid	<u>\$ 466,389</u>	<u>\$ 477,800</u>	<u>\$ 476,405</u>	<u>\$ (1,395)</u>
Total revenue from the Commonwealth	<u>\$ 466,389</u>	<u>\$ 477,800</u>	<u>\$ 476,405</u>	<u>\$ (1,395)</u>
Total Governor's School Fund	<u>\$ 1,222,938</u>	<u>\$ 1,243,183</u>	<u>\$ 1,208,105</u>	<u>\$ (35,078)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 98,730,065</u>	<u>\$ 99,812,163</u>	<u>\$ 99,251,477</u>	<u>\$ (560,686)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

<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	\$ 163,920	\$ 164,945	\$ 156,768	\$ 8,177
General and financial administration:				
County administrator	\$ 584,355	\$ 592,470	\$ 585,447	\$ 7,023
Personnel	173,120	172,125	165,418	6,707
Legal services	196,155	244,985	247,410	(2,425)
Commissioner of revenue	744,295	758,380	747,351	11,029
Treasurer	542,575	542,685	540,069	2,616
Central accounting	322,230	320,270	317,729	2,541
Management information systems	468,930	477,920	461,834	16,086
Other general and financial administration	110,400	215,900	201,531	14,369
Total general and financial administration	\$ 3,142,060	\$ 3,324,735	\$ 3,266,789	\$ 57,946
Board of elections:				
Electoral board and officials	\$ 205,505	\$ 204,350	\$ 192,549	\$ 11,801
Total board of elections	\$ 205,505	\$ 204,350	\$ 192,549	\$ 11,801
Total general government administration	\$ 3,511,485	\$ 3,694,030	\$ 3,616,106	\$ 77,924
Judicial administration:				
Courts:				
Circuit court	\$ 89,201	\$ 84,871	\$ 81,154	\$ 3,717
General district court	5,600	5,600	5,061	539
Special magistrates	5,725	5,350	4,937	413
Clerk of the circuit court	705,820	755,815	712,831	42,984
Total courts	\$ 806,346	\$ 851,636	\$ 803,983	\$ 47,653
Commonwealth's attorney:				
Commonwealth's attorney	\$ 941,855	\$ 880,557	\$ 880,172	\$ 385
Total commonwealth's attorney	\$ 941,855	\$ 880,557	\$ 880,172	\$ 385
Total judicial administration	\$ 1,748,201	\$ 1,732,193	\$ 1,684,155	\$ 48,038
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,888,825	\$ 4,963,620	\$ 4,917,476	\$ 46,144
Emergency operations center	1,553,400	1,520,080	1,438,200	81,880
Total law enforcement and traffic control	\$ 6,442,225	\$ 6,483,700	\$ 6,355,676	\$ 128,024
Fire and rescue services:				
Fire department	\$ 2,931,865	\$ 3,147,915	\$ 3,096,331	\$ 51,584
Volunteer emergency operations	1,669,199	1,692,824	1,599,730	93,094
Fire training center	255,535	266,810	258,788	8,022
Fire revolving fund loan disbursements	200,000	200,000	200,000	-
EMS transport service	900,211	552,950	657,522	(104,572)
Total fire and rescue services	\$ 5,956,810	\$ 5,860,499	\$ 5,812,371	\$ 48,128
Correction and detention:				
Probation and detention	\$ 1,368,290	\$ 1,387,290	\$ 1,393,450	\$ (6,160)
Total correction and detention	\$ 1,368,290	\$ 1,387,290	\$ 1,393,450	\$ (6,160)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 413,840	\$ 405,660	\$ 403,418	\$ 2,242
Total inspections	<u>\$ 413,840</u>	<u>\$ 405,660</u>	<u>\$ 403,418</u>	<u>\$ 2,242</u>
Other protection:				
Animal control	\$ 302,790	\$ 476,160	\$ 426,148	\$ 50,012
Drug enforcement funds	73,205	121,800	114,596	7,204
Total other protection	<u>\$ 375,995</u>	<u>\$ 597,960</u>	<u>\$ 540,744</u>	<u>\$ 57,216</u>
Total public safety	<u>\$ 14,557,160</u>	<u>\$ 14,735,109</u>	<u>\$ 14,505,659</u>	<u>\$ 229,450</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 12,000	\$ 16,000	\$ 13,345	\$ 2,655
Streetlights	120,000	114,000	109,488	4,512
Total maintenance of highways, streets, bridges & sidewalks:	<u>\$ 132,000</u>	<u>\$ 130,000</u>	<u>\$ 122,833</u>	<u>\$ 7,167</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,766,230	\$ 1,786,155	\$ 1,774,399	\$ 11,756
Recycling program	132,600	137,300	136,980	320
Total sanitation and waste removal	<u>\$ 1,898,830</u>	<u>\$ 1,923,455</u>	<u>\$ 1,911,379</u>	<u>\$ 12,076</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,361,405	\$ 1,290,670	\$ 1,138,361	\$ 152,309
Total maintenance of general buildings and grounds	<u>\$ 1,361,405</u>	<u>\$ 1,290,670</u>	<u>\$ 1,138,361</u>	<u>\$ 152,309</u>
Total public works	<u>\$ 3,392,235</u>	<u>\$ 3,344,125</u>	<u>\$ 3,172,573</u>	<u>\$ 171,552</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 492,700	\$ 390,000	\$ 397,148	\$ (7,148)
Total health	<u>\$ 492,700</u>	<u>\$ 390,000</u>	<u>\$ 397,148</u>	<u>\$ (7,148)</u>
Mental health and mental retardation:				
Community services board	\$ 117,860	\$ 117,860	\$ 117,860	\$ -
Total mental health and mental retardation	<u>\$ 117,860</u>	<u>\$ 117,860</u>	<u>\$ 117,860</u>	<u>\$ -</u>
Welfare:				
Valley Education Alliance	\$ 943	\$ 943	\$ 943	\$ -
Valley Program for the Aging	15,404	15,404	15,404	-
Coordinated Area Transportation Services	31,751	31,751	31,751	-
Community Centers	11,250	11,250	11,250	-
Verona Food Pantry	20,300	20,300	20,300	-
Lions Sight and Hearing/Oak Grove Theatre	3,120	3,120	3,117	3
CAPSAW	34,232	34,232	34,232	-
Craigsville personal property	23,255	19,960	19,957	3
Tax relief for the elderly	250,000	250,000	241,962	8,038
Total welfare	<u>\$ 390,255</u>	<u>\$ 386,960</u>	<u>\$ 378,916</u>	<u>\$ 8,044</u>
Total health and welfare	<u>\$ 1,000,815</u>	<u>\$ 894,820</u>	<u>\$ 893,924</u>	<u>\$ 896</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	31,598,808	31,598,808	31,642,967	(44,159)
Total education	<u>\$ 31,603,808</u>	<u>\$ 31,603,808</u>	<u>\$ 31,647,967</u>	<u>\$ (44,159)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,519,615	\$ 1,514,160	\$ 1,391,140	\$ 123,020
Total parks and recreation	<u>\$ 1,519,615</u>	<u>\$ 1,514,160</u>	<u>\$ 1,391,140</u>	<u>\$ 123,020</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,024,545	\$ 1,056,955	\$ 1,024,738	\$ 32,217
Churchville library	104,265	103,040	101,250	1,790
Total library	<u>\$ 1,128,810</u>	<u>\$ 1,159,995</u>	<u>\$ 1,125,988</u>	<u>\$ 34,007</u>
Total parks, recreation, and cultural	<u>\$ 2,658,425</u>	<u>\$ 2,684,155</u>	<u>\$ 2,527,128</u>	<u>\$ 157,027</u>
Community development:				
Planning and community development:				
Community development	\$ 909,430	\$ 912,860	\$ 879,122	\$ 33,738
Tourism development	64,860	64,860	53,492	11,368
Economic development	172,960	173,165	171,027	2,138
Contribution to Industrial Development Authority	46,000	52,000	51,568	432
Total planning and community development	<u>\$ 1,193,250</u>	<u>\$ 1,202,885</u>	<u>\$ 1,155,209</u>	<u>\$ 47,676</u>
Environmental management:				
Contribution to soil and water district	\$ 36,572	\$ 36,572	\$ 36,572	\$ -
Other environmental management	59,675	59,285	58,622	663
Total environmental management	<u>\$ 96,247</u>	<u>\$ 95,857</u>	<u>\$ 95,194</u>	<u>\$ 663</u>
Cooperative extension program:				
Extension office	\$ 144,600	\$ 135,600	\$ 121,425	\$ 14,175
Agricultural development	3,000	3,000	-	3,000
Total cooperative extension program	<u>\$ 147,600</u>	<u>\$ 138,600</u>	<u>\$ 121,425</u>	<u>\$ 17,175</u>
Total community development	<u>\$ 1,437,097</u>	<u>\$ 1,437,342</u>	<u>\$ 1,371,828</u>	<u>\$ 65,514</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	\$ -
Contingencies	50,000	46,090	39,600	6,490
Total nondepartmental	<u>\$ 174,405</u>	<u>\$ 170,495</u>	<u>\$ 164,005</u>	<u>\$ 6,490</u>
Total General Fund	<u>\$ 60,083,631</u>	<u>\$ 60,296,077</u>	<u>\$ 59,583,345</u>	<u>\$ 712,732</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (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	\$ 6,688,500	\$ 7,103,200	\$ 6,970,033	\$ 133,167
Public assistance	3,530,000	3,530,000	2,787,736	742,264
Comprehensive services	3,500,000	3,460,000	2,957,977	502,023
Family resource center	604,700	230,000	212,608	17,392
Total welfare and social services	<u>\$ 14,323,200</u>	<u>\$ 14,323,200</u>	<u>\$ 12,928,354</u>	<u>\$ 1,394,846</u>
Total health and welfare	<u>\$ 14,323,200</u>	<u>\$ 14,323,200</u>	<u>\$ 12,928,354</u>	<u>\$ 1,394,846</u>
Total Virginia Public Assistance Fund	<u>\$ 14,323,200</u>	<u>\$ 14,323,200</u>	<u>\$ 12,928,354</u>	<u>\$ 1,394,846</u>
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 5,327,893	\$ 5,327,893	\$ 5,327,893	\$ -
Interest and other fiscal charges	3,019,107	3,019,407	3,019,293	114
Total School Debt Service Fund	<u>\$ 8,347,000</u>	<u>\$ 8,347,300</u>	<u>\$ 8,347,186</u>	<u>\$ 114</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Contribution to County School Board	\$ 650,000	\$ 650,000	\$ 650,000	\$ -
Total contribution	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ -</u>
Capital projects expenditures:				
Landfill	\$ 400,000	\$ 400,000	\$ 675,062	\$ (275,062)
Recreation facilities	56,350	56,350	93,962	(37,612)
County schools	-	281,544	-	281,544
Secondary roads	650,000	650,000	1,132,246	(482,246)
Programs	495,000	495,000	1,390,282	(895,282)
Equipment replacement	128,050	128,050	1,106,624	(978,574)
Building renovations and construction	840,500	840,500	1,926,557	(1,086,057)
Economic development	100,000	100,000	83,585	16,415
Community contributions	346,150	346,150	469,403	(123,253)
Grants	-	-	28,044	(28,044)
Total capital projects	<u>\$ 3,016,050</u>	<u>\$ 3,297,594</u>	<u>\$ 6,905,765</u>	<u>\$ (3,608,171)</u>
Total Capital Projects Fund	<u>\$ 3,666,050</u>	<u>\$ 3,947,594</u>	<u>\$ 7,555,765</u>	<u>\$ (3,608,171)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
WES Renovations	\$ -	\$ 816,511	\$ 927,830	\$ (111,319)
Other	-	62,154	-	62,154
Building renovations	-	40,000	19,632	20,368
Total capital projects	<u>\$ -</u>	<u>\$ 918,665</u>	<u>\$ 947,462</u>	<u>\$ (28,797)</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 918,665</u>	<u>\$ 947,462</u>	<u>\$ (28,797)</u>
Total Primary Government	<u>\$ 86,419,881</u>	<u>\$ 87,832,836</u>	<u>\$ 89,362,112</u>	<u>\$ (1,529,276)</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (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	\$ 164,813	\$ 164,875	\$ 150,563	\$ 14,312
Executive administration services	516,723	531,217	510,821	20,396
Personnel	249,243	261,838	247,648	14,190
Fiscal services	413,545	418,807	421,698	(2,891)
Data processing services	328,914	326,126	348,612	(22,486)
Total administration of schools	<u>\$ 1,673,238</u>	<u>\$ 1,702,863</u>	<u>\$ 1,679,342</u>	<u>\$ 23,521</u>
Instruction costs:				
Elementary and secondary schools	\$ 59,348,161	\$ 59,477,300	\$ 59,302,021	\$ 175,279
Guidance services	2,310,280	2,307,825	2,297,416	10,409
Social worker services	346,260	390,553	392,018	(1,465)
Other instructional costs	1,597,698	1,610,153	1,625,196	(15,043)
Media services	1,712,284	1,721,374	1,732,498	(11,124)
Technology services	2,189,055	2,202,126	2,295,602	(93,476)
Office of the principal	5,498,743	5,588,748	5,584,053	4,695
Total instruction costs	<u>\$ 73,002,481</u>	<u>\$ 73,298,079</u>	<u>\$ 73,228,804</u>	<u>\$ 69,275</u>
Operating costs:				
Attendance and health services	\$ 1,218,007	\$ 1,095,104	\$ 1,119,986	\$ (24,882)
Pupil transportation	5,612,323	5,716,600	5,864,809	(148,209)
Operation and maintenance of school plant	8,847,328	9,772,160	9,192,185	579,975
Total operating costs	<u>\$ 15,677,658</u>	<u>\$ 16,583,864</u>	<u>\$ 16,176,980</u>	<u>\$ 406,884</u>
Total education	<u>\$ 90,353,377</u>	<u>\$ 91,584,806</u>	<u>\$ 91,085,126</u>	<u>\$ 499,680</u>
Total School Fund	<u>\$ 90,353,377</u>	<u>\$ 91,584,806</u>	<u>\$ 91,085,126</u>	<u>\$ 499,680</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 5,066,548	\$ 4,711,825	\$ 4,568,321	\$ 143,504
Total Cafeteria Fund	<u>\$ 5,066,548</u>	<u>\$ 4,711,825</u>	<u>\$ 4,568,321</u>	<u>\$ 143,504</u>
Head Start Fund:				
Education:				
Instruction	\$ 1,686,440	\$ 1,755,962	\$ 1,668,686	\$ 87,276
Administration, attendance, and health	337,112	386,510	329,613	56,897

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
Head Start Fund: (Continued)				
Education: (Continued)				
Transportation services	\$ 63,650	\$ 104,747	\$ 105,034	\$ (287)
Operations and maintenance services	-	25,130	11,080	14,050
Total education	<u>\$ 2,087,202</u>	<u>\$ 2,272,349</u>	<u>\$ 2,114,413</u>	<u>\$ 157,936</u>
Total Head Start Fund	<u>\$ 2,087,202</u>	<u>\$ 2,272,349</u>	<u>\$ 2,114,413</u>	<u>\$ 157,936</u>
Governor's School Fund:				
Education:				
Instruction	\$ 1,191,938	\$ 1,211,883	\$ 1,184,753	\$ 27,130
Operations and maintenance services	31,000	31,300	23,352	7,948
Total education	<u>\$ 1,222,938</u>	<u>\$ 1,243,183</u>	<u>\$ 1,208,105</u>	<u>\$ 35,078</u>
Total Governor's School Fund	<u>\$ 1,222,938</u>	<u>\$ 1,243,183</u>	<u>\$ 1,208,105</u>	<u>\$ 35,078</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 98,730,065</u>	<u>\$ 99,812,163</u>	<u>\$ 98,975,965</u>	<u>\$ 836,198</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-6
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7-10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	11-12
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13-14
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	15-17
Sources:	

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

COUNTY OF AUGUSTA, VIRGINIA

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

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

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

Table 1

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 14,005,638	
<u>50,066,709</u>	<u>55,895,205</u>	<u>55,696,593</u>	<u>53,752,359</u>	<u>52,075,180</u>	
<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	<u>\$ 66,080,818</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 14,005,638	
-	-	-	-	-	
<u>50,066,709</u>	<u>55,895,205</u>	<u>55,696,593</u>	<u>53,752,359</u>	<u>52,075,180</u>	
<u>\$ 69,371,167</u>	<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	<u>\$ 66,080,818</u>	

COUNTY OF AUGUSTA, VIRGINIA

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

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

Table 2

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	4,311,447	\$	5,509,093	\$	5,065,770	\$	4,184,974	\$	4,692,239
	1,594,317		1,851,046		1,842,573		1,757,348		1,708,402
	13,644,513		15,262,308		15,832,972		15,364,669		15,980,626
	5,247,249		5,696,530		7,711,226		4,314,949		3,612,340
	11,680,282		12,994,411		11,340,693		13,092,468		12,853,535
	37,298,801		42,733,092		39,022,157		37,563,872		39,017,924
	2,501,010		3,291,280		3,604,760		3,029,700		3,488,980
	1,628,788		2,213,214		1,944,793		1,777,548		1,575,691
	2,653,362		3,353,767		3,445,502		3,058,358		2,771,393
\$	<u>80,559,769</u>	\$	<u>92,904,741</u>	\$	<u>89,810,446</u>	\$	<u>84,143,886</u>	\$	<u>85,701,130</u>
\$	-	\$	-	\$	-	\$	-	\$	-
\$	<u>80,559,769</u>	\$	<u>92,904,741</u>	\$	<u>89,810,446</u>	\$	<u>84,143,886</u>	\$	<u>85,701,130</u>
\$	723,199	\$	744,154	\$	662,395	\$	570,568	\$	666,334
	614,220		433,807		371,909		299,426		298,686
	50,341		226,257		237,223		405,743		879,276
	2,257,679		1,332,972		1,111,324		1,149,190		987,779
	188,485		326,113		361,690		382,719		352,321
	649,233		654,110		722,807		749,885		722,413
	-		-		-		-		-
	13,542,540		15,423,055		15,777,283		15,052,450		15,042,625
	2,227,600		2,769,821		3,241,550		197,886		432,880
\$	<u>20,253,297</u>	\$	<u>21,910,289</u>	\$	<u>22,486,181</u>	\$	<u>18,807,867</u>	\$	<u>19,382,314</u>
\$	-	\$	-	\$	-	\$	-	\$	-
\$	<u>20,253,297</u>	\$	<u>21,910,289</u>	\$	<u>22,486,181</u>	\$	<u>18,807,867</u>	\$	<u>19,382,314</u>
\$	(60,306,472)	\$	(70,994,452)	\$	(67,324,265)	\$	(65,336,019)	\$	(66,318,816)
\$	<u>(60,306,472)</u>	\$	<u>(70,994,452)</u>	\$	<u>(67,324,265)</u>	\$	<u>(65,336,019)</u>	\$	<u>(66,318,816)</u>

COUNTY OF AUGUSTA, VIRGINIA

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

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

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

Table 2 (continued)

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	40,998,297	\$	41,016,853	\$	43,396,769	\$	42,723,198	\$	44,520,421
	4,846,918		5,016,195		4,477,956		4,384,864		4,493,294
	1,823,630		1,798,392		55,167		-		-
	4,281,024		4,532,958		4,278,675		4,295,733		4,298,171
	3,009,798		3,142,260		3,141,510		2,655,872		3,034,935
	2,255,343		2,294,098		2,250,640		2,169,738		2,169,324
	2,000,072		1,871,161		1,656,024		1,638,634		1,594,562
	5,209,278		5,012,362		4,905,684		4,639,546		4,614,673
	3,554,050		2,817,589		1,822,584		883,653		773,458
	-		-		-		-		-
	475,137		1,948,943		493,157		1,832,444		31,706
	(622,633)		-		-		-		-
	-		-		-		-		-
\$	<u>67,830,914</u>	\$	<u>69,450,811</u>	\$	<u>66,478,166</u>	\$	<u>65,223,682</u>	\$	<u>65,530,544</u>
\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-
	-		-		-		-		-
\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
\$	<u>67,830,914</u>	\$	<u>69,450,811</u>	\$	<u>66,478,166</u>	\$	<u>65,223,682</u>	\$	<u>65,530,544</u>
\$	7,524,442	\$	(1,543,641)	\$	(846,099)	\$	(112,337)	\$	(788,272)
	-		-		-		-		-
\$	<u>7,524,442</u>	\$	<u>(1,543,641)</u>	\$	<u>(846,099)</u>	\$	<u>(112,337)</u>	\$	<u>(788,272)</u>

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax ⁽¹⁾	Restaurant Tax	Business License Tax	Total
2011	\$ 44,520,421	\$ 4,493,294	\$ 4,298,171	\$ -	\$ 2,169,324	\$ 3,034,935	\$ 58,516,145
2010	42,723,198	4,384,864	4,295,733	-	2,169,738	2,655,872	56,229,405
2009	43,396,769	4,477,956	4,278,675	55,167	2,250,640	3,141,510	57,600,717
2008	41,016,853	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,800,756
2007	40,998,297	4,846,918	4,281,024	1,823,630	2,255,343	3,009,798	57,215,010
2006	36,591,540	4,738,044	2,879,209	1,823,862	2,128,691	2,879,209	51,040,555
2005	35,098,887	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,613,810
2004	31,126,142	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,713,538
2003	30,086,807	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,917,883
2002	29,235,710	3,474,194	2,671,531	1,709,028	1,766,369	2,007,787	40,864,619

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

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 228,518	\$ 175,165	\$ 407,538	\$ 407,017	\$ 741,541
Unreserved	14,363,062	14,138,810	12,800,893	17,598,056	16,263,261
Nonpendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ <u>14,591,580</u>	\$ <u>14,313,975</u>	\$ <u>13,208,431</u>	\$ <u>18,005,073</u>	\$ <u>17,004,802</u>
All other governmental funds					
Reserved	\$ 17,599,214	\$ 19,821,562	\$ 26,779,004	\$ 28,523,195	\$ 25,442,249
Unreserved, reported in:					
Capital projects funds	173,408	1,665	-	-	-
Debt services funds	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	\$ <u>17,772,622</u>	\$ <u>19,823,227</u>	\$ <u>26,779,004</u>	\$ <u>28,523,195</u>	\$ <u>25,442,249</u>

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

Table 4

Fiscal Year					
2007	2008	2009	2010	2011 ⁽¹⁾	
\$ 1,085,858	\$ 1,332,428	\$ 1,135,867	\$ 1,631,079	\$ -	
20,592,646	17,289,242	13,363,450	12,201,976	-	
-	-	-	-	5,000	
-	-	-	-	1,442,518	
-	-	-	-	645,660	
-	-	-	-	631,426	
-	-	-	-	13,416,628	
<u>\$ 21,678,504</u>	<u>\$ 18,621,670</u>	<u>\$ 14,499,317</u>	<u>\$ 13,833,055</u>	<u>\$ 16,141,232</u>	
\$ 34,275,104	\$ 34,894,572	\$ 35,887,286	\$ 35,477,239	\$ -	
(7,541,836)	581,874	650,341	644,894	-	
-	(500)	(500)	-	-	
-	-	-	-	6,572,262	
-	-	-	-	10,250,894	
-	-	-	-	20,820,221	
<u>\$ 26,733,268</u>	<u>\$ 35,475,946</u>	<u>\$ 36,537,127</u>	<u>\$ 36,122,133</u>	<u>\$ 37,643,377</u>	

COUNTY OF AUGUSTA, VIRGINIA

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

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

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

Table 5

							Fiscal Year					
							2006	2007	2008	2009	2010	2011
\$	37,850,345	\$	40,945,162	\$	40,856,658	\$	42,760,266	\$	42,548,270	\$	43,846,031	
	17,956,305		18,216,785		18,655,064		15,859,972		15,144,841		15,590,286	
	765,606		702,238		697,717		590,168		503,698		570,514	
	186,124		224,266		195,626		206,887		237,312		268,311	
	2,224,715		3,498,183		2,766,852		1,792,056		876,207		771,283	
	2,456,587		2,521,143		2,824,070		2,670,293		2,816,521		3,067,984	
	742,133		536,046		1,930,812		437,853		346,108		418,728	
	2,440,028		1,181,549		848,945		841,161		952,433		1,138,069	
	17,387,178		14,935,463		17,115,948		17,557,521		12,703,348		14,269,074	
	6,129,690		6,043,955		6,089,290		6,366,997		7,186,534		5,665,700	
\$	<u>88,138,711</u>	\$	<u>88,804,790</u>	\$	<u>91,980,982</u>	\$	<u>89,083,174</u>	\$	<u>83,315,272</u>	\$	<u>85,605,980</u>	
\$	3,237,610	\$	3,515,136	\$	4,227,869	\$	4,036,220	\$	3,343,925	\$	3,616,106	
	1,268,300		1,502,163		1,885,147		1,789,570		1,699,758		1,684,155	
	15,314,641		13,410,881		14,790,155		14,791,170		14,011,363		14,505,659	
	2,886,088		3,034,064		3,144,129		3,624,473		3,070,550		3,172,573	
	11,868,923		12,395,465		13,686,090		14,605,119		13,843,889		13,822,278	
	28,010,867		30,072,708		31,763,370		31,884,595		31,615,617		32,297,967	
	2,340,685		2,515,714		2,678,852		2,718,695		2,534,024		2,527,128	
	1,495,977		1,635,706		1,743,298		1,721,192		1,552,743		1,535,833	
	19,805,811		36,605,957		17,424,291		7,868,417		4,092,663		7,853,227	
	3,572,479		3,580,578		4,921,853		5,400,528		5,332,496		5,327,893	
	2,418,547		1,973,221		3,446,208		3,704,367		3,299,500		3,019,293	
\$	<u>92,219,928</u>	\$	<u>110,241,593</u>	\$	<u>99,711,262</u>	\$	<u>92,144,346</u>	\$	<u>84,396,528</u>	\$	<u>89,362,112</u>	
\$	<u>(4,081,217)</u>	\$	<u>(21,436,803)</u>	\$	<u>(7,730,280)</u>	\$	<u>(3,061,172)</u>	\$	<u>(1,081,256)</u>	\$	<u>(3,756,132)</u>	
\$	22,610,887	\$	15,973,349	\$	20,031,363	\$	16,999,833	\$	15,170,842	\$	13,694,038	
	(22,610,887)		(15,973,349)		(20,031,363)		(16,999,833)		(15,170,842)		(13,608,485)	
	-		26,610,000		12,729,426		-		-		7,500,000	
	-		791,524		686,698		-		-		-	
\$	<u>-</u>	\$	<u>27,401,524</u>	\$	<u>13,416,124</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>7,585,553</u>	
\$	<u>(4,081,217)</u>	\$	<u>5,964,721</u>	\$	<u>5,685,844</u>	\$	<u>(3,061,172)</u>	\$	<u>(1,081,256)</u>	\$	<u>3,829,421</u>	
	<u>7.51%</u>		<u>7.00%</u>		<u>9.24%</u>		<u>10.16%</u>		<u>10.83%</u>		<u>9.73%</u>	

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax ⁽¹⁾	Restaurant Tax	Business License Tax	Total
2011 \$	43,846,031	\$ 4,493,294	\$ 4,298,171	\$ -	\$ 2,169,324	\$ 3,034,935	\$ 57,841,755
2010	42,548,270	4,384,864	4,295,733	-	2,169,738	2,655,872	56,054,477
2009	42,760,266	4,477,956	4,278,675	55,167	2,250,640	3,141,510	56,964,214
2008	40,856,658	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,640,561
2007	40,945,162	4,846,918	3,420,384	1,823,630	2,263,351	3,009,798	56,309,243
2006	37,850,345	4,738,044	2,719,884	1,823,862	2,128,691	2,879,209	52,140,035
2005	34,616,279	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,131,202
2004	31,292,004	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,879,400
2003	30,153,447	3,647,816	2,577,327	1,682,703	1,800,881	2,122,349	41,984,523
2002	29,215,101	3,472,270	2,741,379	1,709,028	1,815,438	2,067,401	41,020,617

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

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

Fiscal Year	Real Estate ⁽¹⁾	Personal Property ⁽²⁾	Machinery and Tools	Public Service ⁽³⁾	Total Taxable Assessed Value ⁽⁵⁾	Estimated Actual Taxable Value	State Sales Assessment Ratio ⁽⁴⁾
2011	\$ 6,574,353,920	\$ 571,552,370	\$ 160,112,380	\$ 271,260,646	\$ 7,577,279,316	\$ 7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	8,016,778,571	92.90%
2009	5,877,675,585	623,193,070	156,511,140	168,363,142	6,825,742,937	8,426,843,132	81.00%
2008	5,206,226,035	597,497,180	150,731,330	172,858,139	6,127,312,684	8,703,569,153	70.40%
2007	5,093,036,897	586,582,760	147,337,390	177,676,959	6,004,634,006	8,305,164,600	72.30%
2006	4,956,905,910	549,490,860	88,306,340	202,847,610	5,797,550,720	7,558,736,271	76.70%
2005	4,383,324,880	521,161,070	133,732,440	172,866,940	5,211,085,330	5,726,467,396	91.00%
2004	3,828,661,520	521,559,370	128,012,550	189,376,250	4,667,609,690	5,923,362,551	78.80%
2003	3,729,409,610	497,578,090	123,908,310	191,713,638	4,542,609,648	5,312,993,740	85.50%
2002	3,623,889,980	486,492,230	113,824,640	194,655,330	4,418,862,180	4,680,998,072	94.40%

Source: Commissioner of Revenue

⁽¹⁾ Real estate is assessed at 100% of fair market value.⁽²⁾ Includes PPTRA⁽³⁾ Assessed values are established by the State Corporation Commission.⁽⁴⁾ Source: Virginia Department of Taxation.⁽⁵⁾ Weighted average of direct rates for Fiscal Year 2011 is \$0.62. In Fiscal Year 2010 and 2009 the weighted average was \$0.63 and \$0.70 respectively. This is calculated by the Total Tax Levy (Table 10) divided by the Total Taxable Assessed Value (Table 7.) See Table 8 for Direct Rates.

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

Fiscal Years	Direct Rates				
	Real Estate	Personal Property Vehicle	Personal Property Other	Mobile Homes	Machinery and Tools
2011	0.48	2.25	1.90	0.48	1.90
2010	0.48	2.25	1.90	0.48	1.90
2009	0.48	2.25	1.90	0.48	1.90
2008	0.58	1.90	1.90	0.58	1.90
2007	0.58	1.90	1.90	0.58	1.90
2006	0.58	1.90	1.90	0.58	1.90
2005	0.58	1.90	1.90	0.58	1.90
2004	0.58	1.90	1.90	0.58	1.90
2003	0.58	1.90	1.90	0.58	1.90
2002	0.58	1.90	1.90	0.58	1.90

⁽¹⁾ Per \$100 of assessed value

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2011		Fiscal Year 2002	
		2010 Assessed Valuation	% of Total Assessed Valuation	2001 Assessed Valuation	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 130,612,220	1.75%	\$ 76,246,429	1.73%
Hershey Foods Corporation	Food Manufacturer	92,773,700	1.25%	85,482,260	1.93%
McKee Baking Company	Food Manufacturer	62,887,191	0.84%	68,988,780	1.56%
Shenandoah Valley Electric	Public Utility	46,296,039	0.62%	28,612,040	0.65%
Target Corporation	Distribution Center	41,614,780	0.56%	43,048,370	0.97%
Verizon	Public Utility	22,878,671	0.31%	28,764,450	0.65%
MeadWestvaco ⁽¹⁾	Paper Mfg. Warehouse	20,540,400	0.28%	-	0.00%
Staunton Mall Realty Management ⁽¹⁾	Real Estate	17,066,800	0.23%	-	0.00%
Reynolds Metals	Flexible Packaging	15,465,260	0.21%	14,033,090	0.32%
Hollister, Inc	Medical Supplies Mfg.	15,202,369	0.20%	11,137,689	0.25%
		<u>\$ 465,337,431</u>	<u>6.25%</u>	<u>\$ 356,313,108</u>	<u>8.06%</u>

Source: Commissioner of Revenue

⁽¹⁾ New principal taxpayer in Fiscal Year 2009.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year ⁽²⁾	Collected within the Fiscal Year of the Levy ⁽¹⁾		Collections in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 47,793,052	\$ 46,770,536	97.86%	\$ -	46,770,536	97.86%
2010	46,713,547	45,481,724	97.36%	926,649	46,408,373	99.35%
2009	47,600,593	46,038,275	96.72%	728,351	46,766,626	98.25%
2008	44,831,962	44,100,666	98.37%	535,444	44,636,110	99.56%
2007	43,889,074	43,610,632	99.37%	313,836	43,924,468	100.08%
2006	41,591,742	41,074,320	98.76%	1,140,638	42,214,958	101.50%
2005	38,126,417	37,394,807	98.08%	480,276	37,875,083	99.34%
2004	34,964,974	34,102,933	97.53%	864,373	34,967,306	100.01%
2003	33,867,550	33,163,348	97.92%	501,398	33,664,746	99.40%
2002	32,943,338	31,888,262	96.80%	781,711	32,669,973	99.17%

Source: Commissioner of Revenue, County Treasurer's office

Note:

- ⁽¹⁾ Includes PPTRA collections from the Commonwealth of Virginia.
- ⁽²⁾ The total tax levy for the fiscal year represent half of each calendar year levy.
- ⁽³⁾ Subsequent year collections is the total amount of delinquent taxes collected on prior year levies.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2011	\$ 64,932,384	\$ -	\$ -	\$ -	\$ -	\$ 64,932,384	2.66%	880
2010	62,760,277	-	-	-	-	62,760,277	2.57%	851
2009	68,092,773	-	-	-	-	68,092,773	2.86%	945
2008	73,493,301	-	-	-	-	73,493,301	3.04%	1,027
2007	65,685,728	-	-	-	-	65,685,728	2.82%	928
2006	42,656,306	-	-	-	-	42,656,306	1.94%	609
2005	46,228,785	-	-	-	-	46,228,785	2.23%	671
2004	42,768,570	-	-	33,375,167	84,235	76,227,972	3.90%	1,128
2003	40,058,417	-	-	29,731,295	90,026	69,879,738	3.79%	1,041
2002	43,227,261	225,642	34,797	28,985,942	95,276	72,568,918	4.17%	1,095

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

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⁾
2011	\$ 64,932,384	\$ -	\$ 64,932,384	0.86%	880
2010	62,760,277	-	62,760,277	0.84%	851
2009	68,092,773	-	68,092,773	1.00%	945
2008	73,493,301	-	73,493,301	1.20%	1,027
2007	65,685,728	-	65,685,728	1.09%	928
2006	42,656,306	-	42,656,306	0.74%	609
2005	46,228,785	-	46,228,785	0.89%	671
2004	42,768,570	-	42,768,570	0.92%	633
2003	40,058,417	-	40,058,417	0.88%	597
2002	43,227,261	-	43,227,261	0.98%	652

⁽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>
2011	73,750 \$	33,114	44.90%	45-49	10,457	5.90%
2010	73,750	33,114	44.90%	45-49	10,515	6.60%
2009	72,020	33,114	45.98%	45-49	10,688	6.60%
2008	71,586	33,776	47.18%	45-49	10,716	3.60%
2007	70,747	32,877	46.47%	45-49	10,798	2.60%
2006	70,034	31,453	44.91%	40	10,769	2.60%
2005	68,900	30,146	43.75%	40	10,691	2.90%
2004	67,600	28,918	42.78%	N/A	10,662	2.90%
2003	67,100	27,469	40.94%	N/A	10,624	3.10%
2002	66,300	26,275	39.63%	N/A	10,720	3.10%

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

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

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Principal Employers
Current Year and Period Nine Years Prior

Employer	Fiscal Year 2011			Fiscal Year 2002		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.20%	1000+	1	4.30%
Augusta Medical Center	1000+	2	4.20%	1000+	2	4.30%
McKee Foods Corporation	500-999	3	2.10%	1000+	3	4.30%
Hershey Chocolate of Virginia	500-999	4	2.10%	500-999	6	2.20%
Target Corp.	500-999	5	2.10%	1000+	4	4.30%
AAF McQuay, Inc.	500-999	6	2.10%	500-999	7	2.20%
Hollister, Inc.	250-499	7	1.05%	250-499	8	1.08%
Blue Ridge Community College	250-499	8	1.05%			
Augusta Correctional Center	250-499	9	1.05%			
Ply Gem Siding Group (Alcoa Building Products)	250-499	10	1.05%	250-499	10	1.08%
Western State Hospital				500-999	5	2.20%
Woodrow Wilson Rehab. Center				250-499	9	1.08%
Totals-average	<u>7,500</u>		<u>21.00%</u>	<u>9,375</u>		<u>27.04%</u>
Total County Employment	<u>35,542</u>			<u>34,668</u>		

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

COUNTY OF AUGUSTA, VIRGINIA

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

Function	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General government	48	53	51	53	48	52
Judicial administration	19	21	21	19	22	22
Public safety						
Sheriffs department (1)	121	122	129	129	85	81
Emergency communication center	16	14	17	18	18	21
Fire & rescue	14	20	27	27	37	44
Building inspections	6	7	7	8	9	9
Animal control	2	2	2	2	2	3
Public works						
General maintenance	21	22	22	21	20	19
Health and welfare						
Department of social services (2)	91	83	110	116	118	121
Culture and recreation						
Parks and recreation	6	7	7	8	9	11
Library	15	16	16	16	16	17
Community development	10	10	10	12	13	13
Economic development	-	-	-	-	-	-
Totals	369	377	419	429	397	413

Source: Individual county departments

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

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

Table 15

Fiscal Year			
2008	2009	2010	2011
52	50	46	46
22	26	26	26
81	76	74	74
20	19	18	19
44	48	47	51
9	7	7	6
3	3	3	3
18	18	17	17
120	121	129	129
11	10	11	11
16	17	15	15
13	12	12	12
-	-	1	1
<u>409</u>	<u>407</u>	<u>406</u>	<u>410</u>

COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

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

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

Table 16

Fiscal Year				
2007	2008	2009	2010	2011
79	81	76	76	74
3,975	3,692	3,421	2,203	1,935
7,000	6,434	6,656	6,124	5,608
-	-	-	-	-
17,974	19,401	17,508	18,065	17,800
923	1,001	1,003	1,006	802
43	43	48	47	51
1,241	1,117	868	791	N/A
4,056	3,866	3,948	3,218	N/A
7	7	7	7	7
8,734	9,034	9,889	11,053	12,148
323	377	349	324	300
539	598	565	494	N/A
1,135	1,140	1,147	1,155	1,136
465	478	483	485	481
1,600	1,618	1,630	1,640	1,617
\$ 3,325	\$ 3,745	\$ 3,835	\$ 3,828	\$ 3,887

COUNTY OF AUGUSTA, VIRGINIA

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General government							
Administration buildings	16	16	16	16	16	16	17
Vehicles	5	5	4	5	5	5	5
Public safety							
Sheriffs department:							
Number of stations	3	3	3	3	3	3	3
Patrol units	59	59	59	59	68	68	79
Other vehicles	20	20	15	18	17	18	10
Fire and rescue:							
Number of fire stations	14	14	14	14	14	14	14
Number of rescue stations	8	8	8	8	8	8	8
Number of apparatus	155	155	163	159	162	161	169
Building inspections:							
Vehicles	6	6	6	5	6	6	6
Animal control:							
Vehicles	3	3	3	2	2	3	3
Mobile Command Units	-	-	-	-	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.

Table 17

Fiscal Year		
2009	2010	2011
17	17	17
5	5	5
3	1	1
71	71	71
10	9	11
14	14	15
8	8	10
172	177	166
6	5	5
3	3	3
1	1	1
7	7	7
10	10	10
26	27	27
6	6	6
8	13	13
4	5	5
115	210	210
1	2	2
18	18	18
1	1	1
7	4	4
12	12	12
4	4	4
5	5	5

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COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia as of and for the year ended June 30, 2011, which collectively comprise the County of Augusta, Virginia's basic financial statements and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting:

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

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

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

Compliance and Other Matters:

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

We noted certain matters that we reported to management of the County of Augusta, Virginia in a separate letter dated November 22, 2011.

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 22, 2011

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

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

Compliance

We have audited County of Augusta, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each the County of Augusta, Virginia's major federal programs for the year ended June 30, 2011. County of Augusta, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Augusta, Virginia's management. Our responsibility is to express an opinion on the County of Augusta, Virginia's compliance based on our audit.

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

In our opinion, County of Augusta, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of County of Augusta, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Augusta, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Augusta, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Verona, Virginia
November 22, 2011

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Health and Human Services:			
Direct Payments:			
Headstart program	93.600		\$ 1,956,085
ARRA Headstart program	93.708		<u>158,058</u>
Total Dept. Health & Human Services - direct payments			<u>\$ 2,114,143</u>
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556		\$ 24,296
Temporary assistance to needy families (TANF)	93.558		1,385,935
Refugee and entrant assistance - discretionary grants	93.566		1,998
Low income home energy assistance	93.568		42,166
Child Care and Development Cluster:			
Child care and development block grant	93.575		209,500
Child care and development fund - matching funds	93.596		306,919
ARRA Childcare and development block grant	93.713		29,199
Chafee education and training vouchers	93.599		8,746
Child welfare services - state grants	93.645		4,120
Foster care - Title IV-E	93.658		519,563
ARRA Foster care - Title IV-E	93.658		15,286
Adoption assistance	93.659		319,196
ARRA Adoption assistance	93.659		20,175
Social services block grant	93.667		595,651
Chafee foster care independence	93.674		26,624
State children's health insurance program	93.767		29,045
Medical assistance program (Title XIX)	93.778		<u>571,317</u>
Total Dept. Health & Human Services - pass-through payments			<u>\$ 4,109,736</u>
Total Department Health and Human Services			<u>\$ 6,223,879</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster Food distribution	10.555		\$ 335,620
Department of Education:			
Child Nutrition Cluster:			
National school breakfast program	10.553		412,858
National school lunch program	10.555		1,627,333
Fresh fruit & vegetable grant	10.582		10,846
Secure payments for states and counties containing federal lands	10.665		200,778
Department of Social Services:			
State admin matching grants for the supplemental nutrition assistance program	10.561		<u>965,193</u>
Total Department of Agriculture - pass-through payments			<u>\$ 3,552,628</u>
Total Department of Agriculture			<u>\$ 3,552,628</u>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in lieu of taxes	15.226		<u>\$ 209,588</u>
Department of Justice:			
Direct payments:			
Asset forfeiture proceeds	16.000		\$ 45,017
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		12,759
ARRA Edward Byrne Memorial Justice Assistance Grant	16.804		<u>30,720</u>
Total Department of Justice - direct payments			<u>\$ 88,496</u>

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence against women (SANE)	16.588	10-F4704VA09	\$ 4,881
Violence against women (SANE)	16.588	11-G4704VA10	1,844
Violence against women	16.588	10-L3161VA09	9,323
Violence against women	16.588	11-M3161VA10	20,485
ARRA violence against women	16.588	10-A6046VS09	5,212
Crime Victim Assistance Grant	16.582	11-087	<u>867</u>
Total Department of Justice - pass-through payments			\$ <u>42,612</u>
Total Department of Justice			\$ <u>131,108</u>
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ royalty grants	66.000		\$ <u>1,829</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	K8-2010-50136-3756	\$ 22,359
Alcohol Open Container Requirements	20.607	154AL-2011-511111-4053	23,077
Department of Transportation:			
Highway Planning and Construction	20.205	EN08-007-123	<u>65,845</u>
Total Department of Transportation - pass-through payments			\$ <u>111,281</u>
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
State homeland security grant-Haz-Mat Team Equipment & Training	97.073		\$ 25,284
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	015-99015-00	108,423
Department of Criminal Justice Services:			
State homeland security grant-Crime Records Network	97.073	11-A2278HS10	<u>3,258</u>
Total Department of Homeland Security - pass-through payments			\$ <u>136,965</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult basic education	84.002		\$ 143,420
Title I Cluster:			
Title I: Grants to Local Educational Agencies	84.010		936,615
ARRA Title I: Grants to Local Educational Agencies	84.389		399,476
Special Education Cluster:			
Title VI-B: special education grants to states	84.027		2,239,304
Career and technology Education: basic grants to states	84.048		135,252
Title VI-B: special education preschool grant	84.173		69,022
ARRA IDEA Part B	84.391		1,224,134
ARRA IDEA preschool grant	84.392		47,213
Safe and drug free schools and communities	84.186		19,258
Twenty-First century community learning centers	84.287		101,621

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Pass-through Identifying Number	Expenditures
Department of Education (continued):			
Pass Through Payments:			
Department of Education:			
Education technology grants	84.318		\$ 11,361
English language acquisition grants	84.365		21,487
Education technology grants	84.318		55,252
ARRA Education technology grants	84.318		22,173
Title II Part A - Improving teacher quality	84.367		346,841
ARRA Title II Part A - Improving teacher quality	84.367		862
ARRA State fiscal stabilization funds	84.397		2,154,930
Total Department of Education pass-through payments			<u>\$ 7,928,221</u>
Total Federal Assistance			<u>\$ 18,295,499</u>

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of federal expenditures includes the federal grant activity of the County of Augusta, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C-FOOD DISTRIBUTION

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

NOTE D-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
Governmental funds		\$ 5,665,700
Total primary government		<u>\$ 5,665,700</u>
Discretely presented component unit - School Board:		
School operating fund		\$ 8,128,999
School cafeteria fund		2,386,657
Head start fund		2,114,143
Total discretely presented component unit - School Board		<u>\$ 12,629,799</u>
Total federal expenditures per basic financial statements		<u>\$ 18,295,499</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards		<u>\$ 18,295,499</u>

County of Augusta, Virginia

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.659	Adoption Assistance
93.659	ARRA Adoption Assistance
10.561	State admin matching grants for food stamp program
84.394	ARRA State Fiscal Stabilization Fund
93.778	Medical assistance program - Title XIX
	Special Education Cluster
84.027	Title VI-B special education state grants
84.391	ARRA Title VI-B special education state grants
84.173	Title VI-B-handicapped preschool incentive grant
84.392	ARRA Title VI-B-handicapped preschool incentive grant
	Title I Cluster
84.010	Title I-Grants to local education agencies
84.389	ARRA Title I-Grants to local education agencies
	Child Care Cluster
93.575	Child care and development block grant
93.596	Child care mandatory and matching funds of the child care and development fund
93.713	ARRA Child care and development block grant

Dollar threshold used to distinguish between type A and type B programs: \$548,862

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.